

UNISON NSYNC

ANNUAL
REPORT
2017



VISION

SPH REIT aims to be a premier retail real estate investment trust in Singapore and Asia Pacific, with a portfolio of quality income-producing retail properties.

MISSION

To be the landlord of choice for our tenants and shoppers and be committed in our delivery of quality products and services. To provide Unitholders of SPH REIT with regular and stable distributions, and sustainable long-term growth in distribution per unit and net asset value per unit, while maintaining an appropriate capital structure.

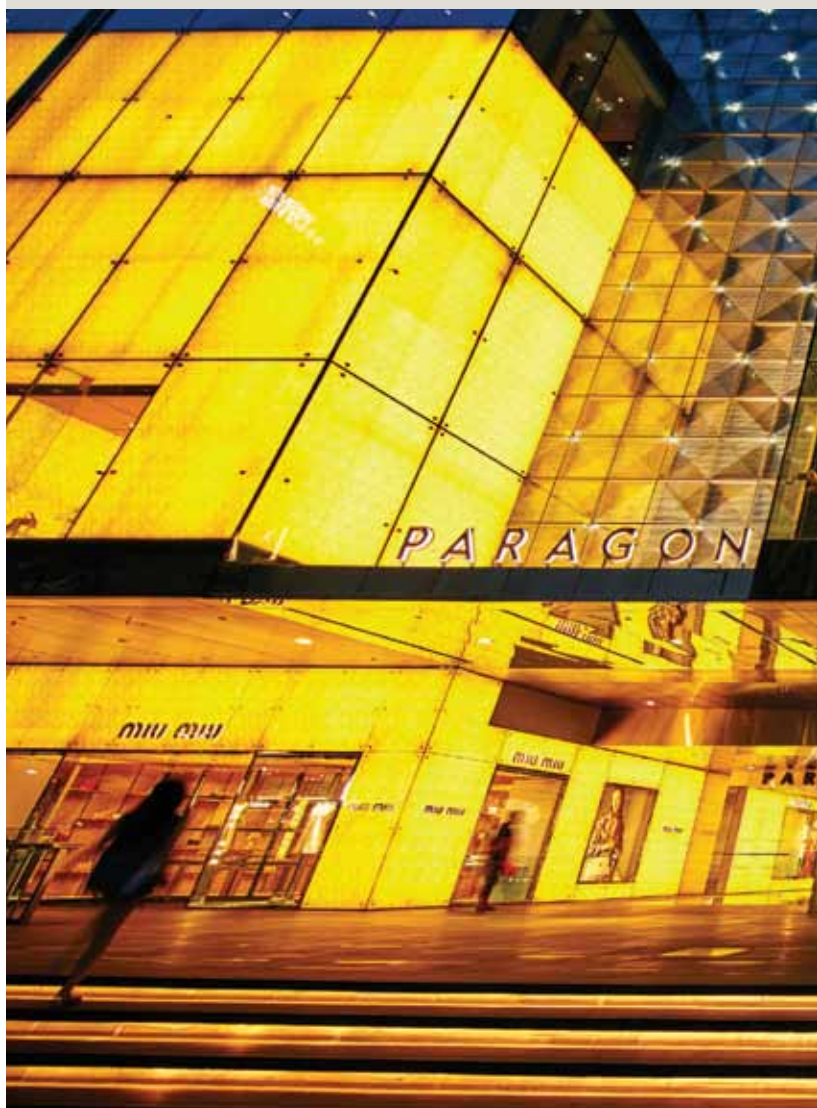
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CORPORATE PROFILE

SPH REIT is a Singapore-based Real Estate Investment Trust ("REIT") established principally to invest, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for retail purposes in Asia-Pacific, as well as real estate related assets.

SPH REIT was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 24 July 2013 and is sponsored by Singapore Press Holdings Limited ("SPHL" or the "Sponsor"), Asia's leading media organisation, with publications across multiple languages and platforms.



As at 31 August 2017, SPH REIT comprises two high quality and well located commercial properties in Singapore totalling 910,395 sq ft Net Lettable Area ("NLA") with an aggregate appraised value of S\$3.278 billion. The portfolio consists of:

PARAGON, a premier upscale retail mall and medical suite/office property located in the heart of Orchard Road, Singapore's most famous shopping and tourist precinct. Paragon consists of a six-storey retail podium and one basement level with 492,267 sq ft of retail NLA ("Paragon Mall") with a 14-storey tower and another three-storey tower sitting on top of the retail podium

with a total 223,097 sq ft of medical suite/office NLA ("Paragon Medical"); and

THE CLEMENTI MALL, a mid-market suburban mall located in the centre of Clementi town, an established residential estate in the west of Singapore. The retail mall, which also houses a public library, is part of an integrated mixed-use development that includes Housing & Development Board ("HDB") residential blocks and a bus interchange. The property is connected to the Clementi Mass Rapid Transit ("MRT") station. The Clementi Mall consists of a five-storey retail podium and one basement level with 195,031 sq ft of retail NLA.

SPH REIT is managed by SPH REIT Management Pte. Ltd. (the "Manager"), a wholly-owned subsidiary of SPHL.



FINANCIAL HIGHLIGHTS

For the financial year ended 31 August	2017 S\$ million	2016 S\$ million	Change %
Gross Revenue	212.8	209.6	1.5
Net Property Income	168.1	160.9	4.5
Income Available for Distribution	141.2	141.1	0.1
Distribution per Unit (cents)	5.53	5.50	0.5

As at 31 August	2017 S\$ million	2016 S\$ million	Change %
Total Assets	3,346.7	3,311.3	1.1
Total Liabilities	925.6	922.7	0.3
Borrowings	847.4	845.9	0.2
Net Assets Attributable to Unitholders	2,421.1	2,388.5	1.4
Number of Units in Issue (million)	2,556.1	2,546.7	0.4
Net Asset Value per Unit (S\$)	0.95	0.94	1.1

Financial Ratios	2017	2016
Annualised Distribution Yield (%)		
• Based on closing price ¹	5.53	5.73
Gearing Ratio (%)	25.4	25.7
Interest Cover Ratio (times)	6.1	6.0
Average All-in-Cost of Debt (% per annum)	2.82	2.82
Average Term to Maturity for Debt (years)	2.1	3.1

Note:

(1) Based on closing price of S\$1.00 per unit on 31 August 2017 (31 August 2016: S\$0.96).

5.53 CENTS

DISTRIBUTION PER UNIT

▲ Up 0.5% Compared To 2016

S\$168.1 MILLION

NET PROPERTY INCOME

▲ Up 4.5% Compared To 2016

S\$3.278 BILLION

VALUATION OF
INVESTMENT PROPERTIES

▲ Up 1.5% Compared To 31 August 2016

5.53%

DISTRIBUTION YIELD

Based On Closing Price Of S\$1.00
On 31 August 2017

25.4%

GEARING

Strong Balance Sheet

100.0%

COMMITTED OCCUPANCY

Solid Track Record

DRIVEN BY VISION

To achieve our vision as a premier retail real estate investment trust, we will continually strengthen the quality and positioning of our properties. We remain focused on creating differentiated and engaging retail experiences to stay relevant and keep abreast of the fast-changing and competitive retail landscape.







STATEMENT BY CHAIRMAN AND CEO



Ms Susan Leng Mee Yin

Dr Leong Horn Kee

“SPH REIT’s resilience is underpinned by the well established brand positioning of the assets in the portfolio.”

DEAR UNITHOLDERS,

On behalf of the Board of Directors of SPH REIT Management Pte. Ltd., the Manager of SPH REIT (the “Manager”), we are pleased to present you with the SPH REIT’s Annual Report for the period from 1 September 2016 to 31 August 2017 (“FY2017”).

DRIVEN BY VISION

SPH REIT has continued to maintain its good track record on several fronts since its Initial Public Offering in July 2013. Through proactive leasing, our properties maintained its track record of 100% committed occupancy. For expiries in FY2017, tenant retention rate of 86% was achieved demonstrating the strong landlord and tenant partnership and attest to the quality of our assets. Notwithstanding the uncertain retail environment, we delivered consistent distribution growth for Unitholders, on the back of steady performance of our properties.

Gross revenue grew by S\$3.2 million (1.5%) to S\$212.8 million and with proactive management of expenditure, we turned in a net property income (“NPI”) of S\$168.1 million for FY2017, which was S\$7.2 million (4.5%) higher than last year.

Total income available for distribution to Unitholders was S\$141.2 million for FY2017.

The aggregate distribution per unit (“DPU”) for FY2017 of 5.53 cents was 0.5% higher than last year and translated to a distribution yield of 5.53% based on the closing price of S\$1.00 as at 31 August 2017.

MOTIVATED BY MISSION

The Manager has strived for long-term sustainability of financial returns of the properties so as to provide Unitholders with regular and stable distributions.

SPH REIT’s resilience is underpinned by the well established brand positioning of the assets in the portfolio which serves as a strong foundation to meet the fast-changing consumer expectations and consumption behavior. Our focus continues on improving and fine tuning the tenancy mix, creating differentiated and engaging activities to strengthen our malls. Working in close collaboration with our tenants, our mission is to elevate the shopping experience to delight our shoppers.

At Paragon during the year, Nike trippled its store size to about 5,000 sq ft. Emporio Armani’s flagship store was added to Paragon’s suite of international brands. Greyhound Café, a much sought after name opened its first store in Singapore. Marks & Spencer and Lalique expanded their presence to introduce a wider range of their products to our shoppers.

Committed
Occupancy

100.0%

Distribution
Per Unit

5.53¢

Gearing

25.4%

STATEMENT BY CHAIRMAN AND CEO

Shoppers were treated to the big brush water calligraphy by Japanese Ms Shoko Kanazawa and concert pianist from Singapore Mr Azariah Tan during the celebration of 50th Anniversary of Singapore-Japan diplomatic relations. During the three week Switzerland-Singapore national day celebration, shoppers experienced a unique alpine golf and ski chair challenge.

The Clementi Mall, a suburban mall in a well-established residential estate, welcomed an exciting array of new F&B offerings. The selection and number of food kiosks at the basement were widened with a fresh new look. In addition to these, new-to-market dine-in restaurants were also introduced to provide fresh options to our shoppers.

To engage the local community, an array of activities were held. The focus for the year was on nostalgia. One such event was introducing traditional snacks and activities to bring back the fond memories of yesteryear and provide opportunities for the young and old to interact.

Paragon and The Clementi Mall continued to attract high visitor traffic of 18.3 million and 29.9 million respectively. Tenant sales at Paragon increased by 2.1%, benefitting from more tourist arrivals and continued support from locals. The Clementi Mall recorded a 5.8% decline in tenant sales due to the weak economic sentiment that dampened consumer spending.

POWERED BY PASSION

The Manager is committed to delivering a trusted and widely recognised brand of properties in Singapore. We continue to identify asset enhancement opportunities to create value and to keep our assets relevant with evolving consumer expectations.

The Manager embarked on a project in 2016 to decant areas occupied

by Air Handling Units at Paragon, which were due for replacement. This multi-phased project is scheduled to be completed by 2018 and will yield approximately 7,000 sq ft of additional lettable area and generate S\$0.9 million incremental gross rental revenue per year. The new equipment would also improve operational efficiencies. During the year, Paragon commenced the second phase of the project and progress is well on schedule.

In line with SPH REIT's prudent capital management strategy, we maintained our strong balance sheet with stable gearing rate of 25.4% as at 31 August 2017. The debt profile for the total borrowing of S\$850 million is well staggered with a weighted average term to maturity of 2.1 years at an average cost of 2.82% per annum. About 86% of the loan is on fixed rate basis.

As at 31 August 2017, the SPH REIT portfolio was valued at S\$3.278 billion, an increase of S\$48.0 million (1.5%) from last year's valuation of S\$3.23 billion.

LOOKING AHEAD

The retail environment is expected to remain challenging amid modest economic growth and continuing structural changes in consumer trend towards online purchasing. The Ministry of Trade and Industry has announced that the Singapore economy grew by 2.9% year-on-year in the second quarter of 2017, faster than the 2.5% growth in the previous quarter.

We will continue to build upon the firm partnerships achieved with our tenants to embrace challenges in an evolving retail scene. To enhance shopper engagement in an integrated and seamless format, we will engage with our tenants to deliver quality and unique experiences. We will

seek further opportunities of asset enhancement initiatives to strengthen the value of our assets.

The well-established positioning of our assets and their strategic locations would underpin the long-term sustainability of SPH REIT.

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to thank Mr Alan Chan, who has retired from the Board on 1 August 2017, for his invaluable contributions and unstinting support since the IPO of SPH REIT in 2013.

We would also like to welcome Mr Ng Yat Chung to the Board. Mr Ng was appointed as a non-independent non-executive director to the Board with effect from 1 August 2017. He is also a member of the Nominating and Remuneration Committee. Mr Ng will offer a wealth of experience and strong insights to guide the setting of SPH REIT's strategies and directions.

Our sincere gratitude to our Board members, management team and staff for their dedication and commitment in the past year.

Finally, on behalf of the Board and management, we would like to express our appreciation to our Unitholders, business partners, tenants and shoppers for their continued and unwavering support.

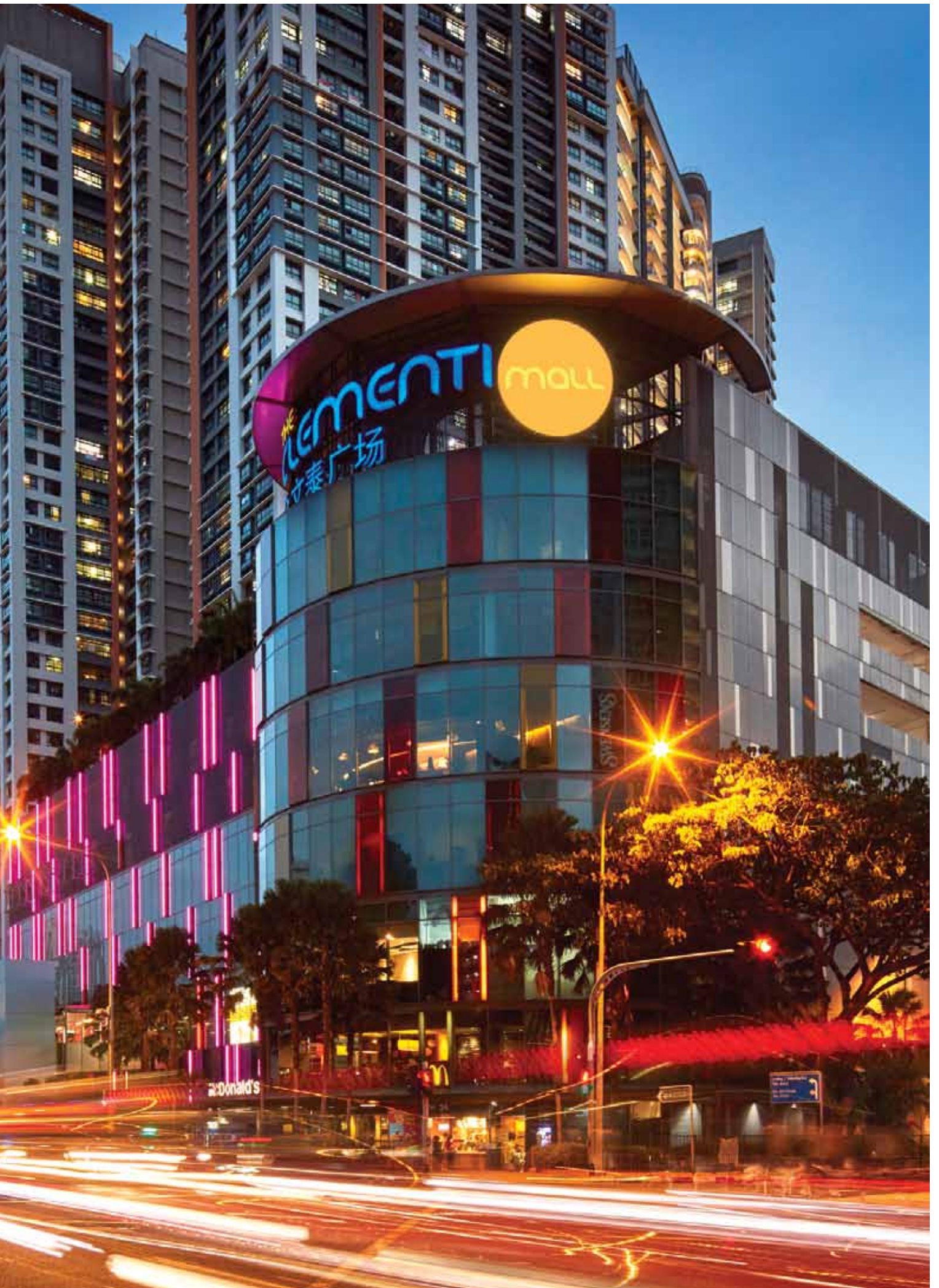
We look forward to continued success and sustained performance in the coming year ahead.

DR LEONG HORN KEE

Chairman, Non-Executive and Independent Director

MS SUSAN LENG MEE YIN

Chief Executive Officer



YEAR IN REVIEW

2016

SEPTEMBER

- Water Efficient Building Certification Programme 2016 by PUB, Singapore's National Water Agency – Water Efficient (Basic) Award (Paragon)
- Water Efficient Building Certification Programme 2016 by PUB, Singapore's National Water Agency – Water Efficient (Basic) Award (The Clementi Mall)

DECEMBER

- Orchard Road Business Association's Best Dressed Building Contest 2016 – Merit Award

2017

JANUARY

- SPH REIT announced DPU of 1.34 cents for 1st Quarter ended 30 November 2016. Net property income increased 3.3% year-on-year.



APRIL

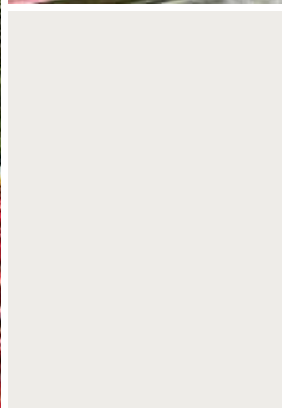
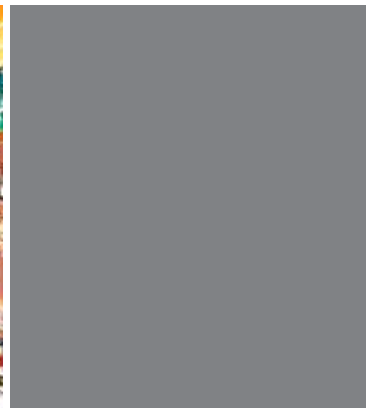
- SPH REIT announced DPU of 1.40 cents for 2nd Quarter ended 28 February 2017. Net property income increased 5.2% year-on-year.

JULY

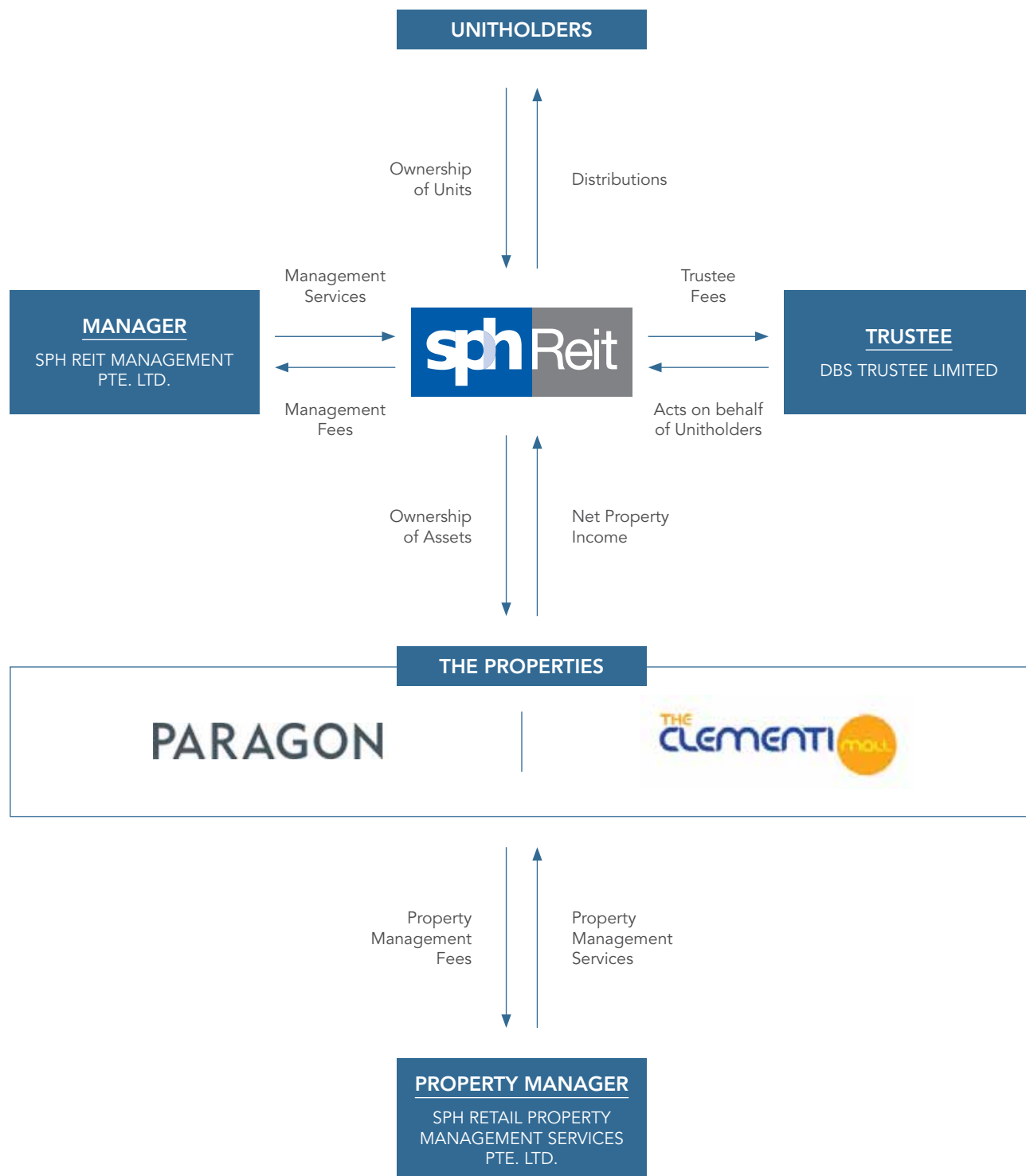
- SPH REIT announced DPU of 1.37 cents for 3rd Quarter ended 31 May 2017. Net property income increased 5.4% year-on-year.

AUGUST

- SPH REIT's aggregate DPU of 5.53 cents was 0.5% higher year-on-year. The DPU was 1.42 cents for the 4th Quarter ended 31 August 2017.
- Net property income for FY2017 increased 4.5% year-on-year.
- Valuation of SPH REIT portfolio of properties was S\$3.278 billion as at 31 August 2017.



TRUST STRUCTURE



ORGANISATION STRUCTURE



BOARD OF DIRECTORS



Standing from left
Anthony Mallek
David Chia Chay Poh
Soon Tit Koon

Seated from left
Alan Chan Heng Loon
Ginney Lim May Ling
Leong Horn Kee
Ng Yat Chung
Rachel Eng Yaag Ngee

LEONG HORN KEE

CHAIRMAN, NON-EXECUTIVE AND
INDEPENDENT DIRECTOR / MEMBER,
NOMINATING & REMUNERATION COMMITTEE

Dr Leong is the Chairman of CapitalCorp Partners Private Limited, a corporate finance advisory firm. He is currently Singapore's non-resident High Commissioner to Cyprus. From 1994 to 2008, Dr Leong was an executive director of Far East Organization, CEO of Orchard Parade Holdings Ltd and CEO of

Yeo Hiap Seng Ltd. From 1984 to 1993, he worked in the venture capital and merchant banking sector. From 1977 to 1983, he was a deputy director at the Ministry of Finance and Ministry of Trade & Industry. Dr Leong was a Member of Parliament for 22 years from 1984 to 2006.

Dr Leong holds Bachelor degrees in Production Engineering, Economics, and Chinese; Master of Business Administration from INSEAD; Master of Business Research and Doctorate of Business Administration from the University of Western Australia (UWA).

SOON TIT KOON

NON-EXECUTIVE AND INDEPENDENT
DIRECTOR / CHAIRMAN, AUDIT & RISK
COMMITTEE / MEMBER, NOMINATING
& REMUNERATION COMMITTEE

Mr Soon held a series of senior positions in OCBC Bank from 2002 to December 2011 when he retired from the bank. He was the Chief Financial Officer of OCBC Bank from September 2002 to June 2008, and from April 2010 to November 2011. He was the Head of Group Investments of OCBC Bank from June 2008 to April 2010.

Mr Soon is also a director of Wah Hin and Company Private Limited, Great Eastern Holdings Limited and OCBC Wing Hang Bank Limited.

Prior to joining OCBC Bank, from 2000 to 2002, Mr Soon was the Chief Financial Officer of Wilmar Holdings Pte Ltd. From 1983 to 2000, he worked in Citicorp Investment Bank (Singapore) Limited and was Managing Director from 1993 to 2000. Mr Soon holds a Bachelor of Science (Honours) in Applied Chemistry from the University of Singapore and a Master of Business Administration from University of Chicago. He also completed the Advanced Management Program at Harvard Business School in 1997.

DAVID CHIA CHAY POH

NON-EXECUTIVE AND INDEPENDENT
DIRECTOR / CHAIRMAN, NOMINATING
& REMUNERATION COMMITTEE /
MEMBER, AUDIT & RISK COMMITTEE

Mr Chia is the Managing Director and sole proprietor of Associated Property Consultants Pte Ltd, a property consultancy company since late 2002, when it was acquired.

From 1999 to 2002, Mr Chia was the Managing Director and shareholder of FPD Savills (Singapore) Pte Ltd, a leading international property consultancy company.

From 1987 to 1999, he was with Chesterton International Property

Consultants Pte Ltd rising to the position of the Executive Director of the company in 1996. From 1981 to 1987, he served as the District Valuer in the Property Tax Division of the Inland Revenue Authority of Singapore (IRAS). Prior to that, he served as an Estate/Projects Officer in the Singapore Ministry of Defence from 1978 to 1981. Mr Chia was a member of the Property Committee in the Singapore International Chamber of Commerce and a Board Member of CISCO Police from 1996 to 2002.

Mr Chia obtained his professional valuation qualifications in New Zealand in 1978 under a Colombo Plan Scholarship.

He is an Associate Member of the New Zealand Institute of Valuers and a Fellow Member of the Singapore Institute of Surveyors and Valuers.

RACHEL ENG YAAG NGE

NON-EXECUTIVE AND
INDEPENDENT DIRECTOR / MEMBER,
AUDIT & RISK COMMITTEE
MEMBER, NOMINATING &
REMUNERATION COMMITTEE

Ms Eng is the Deputy Chairman of WongPartnership LLP and is involved in listings, corporate advisory, corporate governance and regulatory work.

She graduated from the National University of Singapore and was admitted to the Singapore Bar and to the Roll of Solicitors of England & Wales. She also holds a Certified Diploma in Accounting and Finance from the Chartered Association of Certified Accountants (UK).

She is an independent non-executive director of StarHub Ltd. and Olam International Limited, and a board member of Certis CISCO Security Pte Ltd. She is also a board member of the Public Utilities Board. In addition, she sits on the Board of Trustees of Singapore Institute of Technology, the Council of the Singapore Business Federation, the Monetary Authority of Singapore's Corporate Governance Council,

and SingHealth Fund, SGH Health Development Fund Committee.

Ms Eng was awarded Law Firm Managing Partner of the Year at the ALB South East Asia Law Awards 2013. She also bagged the award in 2011, making her the first person to win twice in the award's history. She was named "Her World Woman of the Year 2014" by SPH Magazines' Her World and was one of the 10 women honoured in November 2015 by The Peak in its Power List 2015.

ALAN CHAN HENG LOON

NON-EXECUTIVE AND NON-
INDEPENDENT DIRECTOR / MEMBER,
NOMINATING & REMUNERATION
COMMITTEE (UP TO 1 AUGUST 2017)

Mr Chan joined SPH as its Group President on 1 July 2002, and was appointed Chief Executive Officer on 1 January 2003.

He was responsible for managing the group's portfolio of businesses for the past 15 years, and resigned as Director of SPH REIT Management Pte Ltd with effect from 1 August 2017. He resigned as Director and CEO of SPH with effect from 1 September 2017. He served on the boards of several SPH subsidiaries. He was also a Director of Singapore Press Holdings Foundation Limited, MediaCorp TV Holdings Pte Ltd and MediaCorp Press Ltd.

Mr Chan is currently a Director of Lan Ting Holdings Pte Ltd, Pavilion Energy Pte Ltd and Pavilion Gas Pte Ltd. He is the Chairman of the Land Transport Authority of Singapore, External Review Panel for SAF Safety and the Singapore-China Foundation. He is also a member of the Public Service Commission (PSC) and the Singapore Symphony Orchestra Council, as well as a Director of Business China. He chaired the Council that revised the Code of Corporate Governance in 2012.

Before joining SPH, Mr Chan was an Administrative Officer in the Civil Service. He has worked in the Government

BOARD OF DIRECTORS

for 25 years and some of his previous appointments included Permanent Secretary of the Ministry of Transport, Deputy Secretary of the Ministry of Foreign Affairs, Principal Private Secretary to Senior Minister Lee Kuan Yew and Director of Manpower, Ministry of Defence.

Mr Chan holds a Diplome d'Ingenieur from the Ecole Nationale de l'Aviation Civile, France and MBA (with Distinction) from INSEAD, France. He is a President's Scholar and was conferred the Public Administration Medal (Gold and Silver) and Meritorious Service Medal for his contributions to public service. In 2009, he was selected by INSEAD as "one of 50 Alumni who changed the world".

NG YAT CHUNG

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR / MEMBER, NOMINATING & REMUNERATION COMMITTEE (FROM 1 AUGUST 2017)

Mr Ng was appointed a Director of SPH on 1 August 2016 and CEO-designate on 1 July 2017. He became the CEO on 1 September 2017. He was appointed as Director of SPH REIT Management Pte Ltd on 1 August 2017.

He is the Chairman of the Singapore Institute of Technology Board of Trustees.

He was the Executive Director of Neptune Orient Lines Ltd, having served as its Group President and CEO. He was Senior Managing Director at Temasek Holdings (Private) Limited. Before joining Temasek Holdings, he was the Chief of Defence Force in the Singapore Armed Forces. He has also served as a Director of Fraser & Neave Limited and Singapore Technologies Engineering Ltd.

Mr Ng holds a Bachelor of Arts (Engineering Tripos) and a Master

of Arts from Cambridge University, a Master of Military Art and Science (General Studies) from the US Army Command & General Staff College, USA, and an MBA from Stanford University. He has been conferred several awards, including the Meritorious Service Medal (Military) and the Public Administration Medal (Gold) (Military).

ANTHONY MALLEK

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR / MEMBER, NOMINATING & REMUNERATION COMMITTEE

Mr Mallek is the Chief Financial Officer of SPH. He also oversees SPH's Retail Property business. Before this appointment in January 2010, he served as Executive Vice-President, Finance from July 2006 and Senior Vice-President, Finance when he joined in June 2003.

Prior to this, he was General Manager, Finance for Intraco Limited from 1999 to 2001. Originally from Hong Kong, he started his career in 1978 in the United Kingdom and has been with various US multinationals until 1991 when he was posted to Singapore.

His Singapore experience has mainly been in the healthcare industry, including general manager positions in finance and business development for Parkway Holdings Limited from 1994 to 1997.

Mr Mallek holds a Bachelor of Technology (Honours) degree in Operations Management from The University of Bradford. He is a Fellow of the Chartered Institute of Management Accountants and Fellow Chartered Accountant Singapore. He has served on the Council of Institute of Singapore Chartered Accountants (ISCA) since 2014.

He was named Best Chief Financial Officer (market capitalisation \$1 billion and above) at the Singapore Corporate Awards in 2016.

GINNEY LIM MAY LING

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR / MEMBER, NOMINATING & REMUNERATION COMMITTEE

Ms Lim is General Counsel, Executive Vice-President, Corporate Communications & CSR, and Group Company Secretary of Singapore Press Holdings Limited (SPH). She joined SPH in 1991 and set up the Secretariat/Legal Division. She is responsible for the corporate secretarial, legal, insurance and corporate communications functions in SPH Group. She is concurrently the General Manager of Singapore Press Holdings Foundation Limited, an Institution of Public Character established in 2003 by SPH, a position she held since 2005.

Ms Lim is a director of Times Development Pte Ltd and Orchard 290 Ltd, both of which are wholly-owned indirect property subsidiaries of SPH. She is also a member of Temasek Junior College Advisory Committee.

Prior to joining SPH, Ms Lim was heading the Legal & Secretariat department as well as the public relations unit of NTUC Income, from 1985 to 1991.

Ms Lim was admitted as an advocate and solicitor of the Supreme Court of Singapore and holds a Bachelor of Law (Honours) degree from the National University of Singapore. She is also a Fellow in the Institute of Chartered Secretaries and Administrators and an Associate of the Chartered Insurance Institute.

FURTHER INFORMATION ON BOARD OF DIRECTORS

DR LEONG HORN KEE

CHAIRMAN, NON-EXECUTIVE AND
INDEPENDENT DIRECTOR

Date of first appointment as a director:
10 June 2013

Board Committee served on:

- Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

- Tat Hong Holdings Ltd* Director
- IGG Ltd* Director
- Viva Industrial Trust Management Pte Ltd (as manager of a listed REIT) Director
- Singapore High Commissioner to Cyprus High Commissioner

Directorships over the past 3 years (1/9/14-31/8/17)

- Amtek Engineering Ltd* Director
- China Energy Ltd* Director
- Wilmar International Limited* Director

SOON TIT KOON

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Date of first appointment as a director:
10 June 2013

Board Committees served on:

- Audit & Risk Committee (Chairman)
- Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

- Great Eastern Holdings Limited* Director
- Wah Hin & Company (Pte) Ltd Director
- OCBC Wing Hang Bank Limited Director

Directorships over the past 3 years (1/9/14-31/8/17)

- WBL Corporation Limited Director
- Bank of Ningbo Co., Ltd* Director
- AVIC Trust Co., Ltd Director

DAVID CHIA CHAY POH

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Date of first appointment as a director:
10 June 2013

Board Committees served on:

- Nominating & Remuneration Committee (Chairman)
- Audit & Risk Committee (Member)

Current Directorships/Principal Commitments

- Nil

Directorships over the past 3 years (1/9/14-31/8/17)

- Nil

RACHEL ENG YAAG NGEE

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Date of first appointment as a director:
1 December 2015

Board Committees served on:

- Audit & Risk Committee (Member)
- Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

- Olam International Limited* Director
- StarHub Ltd* Director
- Public Utilities Board Board Member
- Singapore Business Federation Council Member
- Certis Cisco Security Pte. Ltd. Board Member
- Singapore Institute of Technology Member of Board of Trustees
- Monetary Authority of Singapore, Corporate Governance Council Member
- SingHealth Fund, SGH Health Development Fund Committee Member

Directorships over the past 3 years (1/9/14-31/8/17)

- Singapore Accountancy Commission Board Member
- CMFAS Examination Board – The Institute of Banking & Finance Board Member
- (APREA) Asia Pacific Real Estate Board Member

* Public-listed company.

FURTHER INFORMATION ON BOARD OF DIRECTORS

ALAN CHAN HENG LOON

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR
(UP TO 1 AUGUST 2017)

Date of first appointment as a director:
1 March 2013

Board Committee served on:

- Nominating & Remuneration Committee (Member)
(up to 1 August 2017)

Current Directorships/Principal Commitments

- Land Transport Authority of Singapore Chairman
- Singapore-China Foundation Ltd. Chairman
- Lan Ting Holdings Pte. Ltd. Director
- Pavilion Energy Pte. Ltd. Director
- Pavilion Gas Pte. Ltd. Director
- Trailblazer-LHL Fund Sponsorship Committee Member
- Public Service Commission Member
- Singapore Symphony Orchestra Council Member

Directorships over the past 3 years (1/9/14-31/8/17)

- Business China Director
- Lee Kuan Yew Fund for Bilingualism Member
- Singapore Press Holdings Foundation Limited Director
- Singapore Press Holdings Limited* Director
- MediaCorp Press Ltd. Director
- MediaCorp TV Holdings Pte. Ltd. Director
- World Association of Newspapers - IFRA Director
- Federation Internationale of Periodics Publishers Member
- Centre for Liveable Cities Member
- External Review Panel for SAF Safety Chairman

NG YAT CHUNG

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

Date of first appointment as a director:
1 August 2017

Board Committee served on:

- Nominating & Remuneration Committee (Member)
(from 1 August 2017)

Current Directorships/Principal Commitments

- Singapore Press Holdings Limited* Director
- Singapore Institute of Technology Chairman, Board of Trustees
- Singapore Press Holdings Foundation Limited Director

Directorships over the past 3 years (1/9/14-31/8/17)

- Neptune Orient Lines Ltd* Director

ANTHONY MALLEK

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

Date of first appointment as a director:
1 March 2013

Board Committees served on:

- Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

- Nil

Directorships over the past 3 years (1/9/14-31/8/17)

- Nil

GINNEY LIM MAY LING

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

Date of first appointment as a director:
10 June 2013

Board Committee served on:

- Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

- Nil

Directorships over the past 3 years (1/9/14-31/8/17)

- Waterbrooks Consultants Pte. Ltd. Director

* Public-listed company.

MANAGEMENT TEAM



From left
Sze Hock Thong
Susan Leng Mee Yin
Soon Suet Har
Belinda Zheng Qinyin

SUSAN LENG MEE YIN

CHIEF EXECUTIVE OFFICER
SPH REIT MANAGEMENT PTE. LTD.

Ms Leng was appointed CEO of SPH REIT Management Pte. Ltd. in 2013. Before this appointment, she has 16 years of aggregate experience in shopping centre management and property development and eight years of accounting and finance experience.

Ms Leng began her career as an auditor with Coopers & Lybrand and her last appointment was Accounting Manager with Scotts Holdings Limited before she made a career change to shopping centre management in 1992. Since then, she has held various appointments, including General Manager of Scotts Shopping Centre, Director of Retail Management with Far East Organisation and General Manager of Capitol Investment Holdings.

She was also the General Manager of Orchard 290 Ltd, a wholly-owned subsidiary of SPH, from 1997 to 2004. She was a pioneer member of the management team which redeveloped Paragon and The Promenade into one fully integrated premier upscale retail mall with a prestigious medical and office tower.

She is a Fellow of the Chartered Association of Certified Accountants (FCCA), UK.

MANAGEMENT TEAM

SOON SUET HAR

CHIEF FINANCIAL OFFICER &
HEAD, INVESTOR RELATIONS
SPH REIT MANAGEMENT PTE. LTD.

Ms Soon was appointed Chief Financial Officer and Head of Investor Relations of SPH REIT Management Pte. Ltd. in 2013. Ms Soon has over 15 years of finance and accounting experience.

Prior to the appointment, Ms Soon was a Manager in Singapore Press Holdings Ltd and had, since 2010, been involved in the evaluation of numerous property projects in Singapore covering government land bid sites and private treaty deals.

Ms Soon was responsible for investor relations in SPH since December 2011, ensuring strategic communications with SPH's shareholders, investors and analysts. Her prior experience include overseeing the financial operations and management reporting of several principal SPH subsidiaries in property, investments and radio broadcasting business.

Ms Soon holds a Master of Business Administration (Accountancy) from Nanyang Technological University and a Bachelor of Social Science in Economics (Honours) from National University of Singapore. She is a member of the Institute of Singapore Chartered Accountants.

BELINDA ZHENG QINYIN

INVESTMENT MANAGER
SPH REIT MANAGEMENT PTE. LTD.

Ms Zheng was appointed the Investment Manager of SPH REIT Management Pte. Ltd. in 2013.

Before this appointment, she was with the Sponsor, Singapore Press Holdings Limited handling property transactions including government land bids and private treaties. Besides property transactions, she was also involved in growing the Sponsor's other business segments through joint venture partnerships as well as mergers and acquisitions.

Ms Zheng began her career as an auditor at Deloitte & Touche, subsequently she moved into financial services advisory at Deloitte & Touche Corporate Finance advising clients on valuations, mergers and acquisitions and initial public offerings.

Ms Zheng holds a Masters in Applied Finance from Macquarie University, Sydney, Australia and a Bachelor of Commerce (Accounting & Finance) from the University of Queensland, Brisbane, Australia.

SZE HOCK THONG

ASSET MANAGER
SPH REIT MANAGEMENT PTE. LTD.

Mr Sze was appointed the Asset Manager of SPH REIT Management Pte. Ltd. in 2015.

Prior to joining SPH REIT, he was with Orchard 290 Ltd (subsidiary of SPHL) for more than 8 years. During this period, he managed all facilities and asset enhancement initiatives of Paragon and The Clementi Mall. He also played a key role during the design stage of The Seletar Mall.

He has garnered more than 20 years of experience in construction, projects and property management across various institution, residential and commercial developments. The first half was mainly in engineering design and supervision of construction works. The latter half was involved in overseeing operations, facilities and project management works.

Mr Sze graduated from Sheffield University (UK) with an honours Degree and is a Professional Engineer (PE) registered with the Professional Engineers Board Singapore.

PROPERTY MANAGEMENT TEAM



From left
Zagna Heng Chye Hong
Tan Poh Seng
Jaylyn Ong Chieh Ing
Loh Long Chiang
Carin Chye

JAYLYN
ONG CHIEH ING

GENERAL MANAGER

TAN
POH SENG

DEPUTY GENERAL MANAGER

CARIN
CHYE HUI HONG

HEAD,
LEASING

ZAGNA
HENG CHYE HONG

HEAD,
MARKETING COMMUNICATIONS

LOH
LONG CHIANG

HEAD,
FACILITIES & PROJECT MANAGEMENT

MOTIVATED BY MISSION

We are motivated to be the landlord of choice for our tenants, shoppers and business associates, and are committed to delivering steady and sustainable returns to our Unitholders. Guided by our mission, we will engage our stakeholders and work closely with them to develop innovative solutions that will strengthen the sustainability of the properties.





OPERATIONS REVIEW

**Committed
Occupancy**
100.0%

**Rental
Reversion**
1.2%

Our proactive leasing approach and focus on maintaining strong relationship with tenants have enabled us to weather the volatile operating environment and heightened competition from both brick-and-mortar stores and online retailers.

We remain committed to constantly rejuvenate the mall and enhance our shoppers' experience through refreshing our tenant mix and embarking on asset enhancement initiatives (AEI) to improve the yield of our properties.

SPH REIT's leases are typically structured with three-year lease terms comprising base rent and turnover rent which is pegged to tenants' sales. The turnover rent makes up 2% to 3% of the portfolio's gross revenue. Thus, ensuring its stability. To provide for organic growth, 47% of the portfolio's leases are embedded with step-up clauses which provide for increases in the base rent during the lease term.

PARAGON

As part of our strategy to keep abreast of consumer trends and needs, we have enhanced our athleisure offerings by bringing in exciting brands like Puma and New Balance. Nike also expanded to house a wider selection of Nike's merchandise in Paragon.

In 2017, the second phase of its Air Handling Units decanting works involving the creation of additional lettable area at higher-yielding retail space commenced. This AEI is expected to be completed by 2018.

Paragon maintained 18.3 million visitors in FY2017. It achieved \$675 million in tenants' sales with an occupancy cost of 19.6%, 2.1% higher than \$661 million in FY2016 with an occupancy cost of 19.6%.

Paragon continues to maintain 100.0% committed occupancy, with a rental reversion of -0.8% amidst a challenging retail climate and a tenant retention rate of 83% by NLA.



OPERATIONS REVIEW

THE CLEMENTI MALL

The Clementi Mall has completed its second renewal cycle and recorded a positive rental reversion of 3.7%. The mall continued to receive strong endorsement by tenants with retention rate of 89% by NLA. In conjunction with this renewal cycle, the asset enhancement works at Basement 1 were completed. The revamped eatery cluster with its improved ambience, offered additional food kiosks and a wider variety of food offerings.

Additional NLA was created on Level 4 and 5 to enhance the space

utilisation and circulation as well as to strengthen the F&B and lifestyle offerings with new tenants, such as So Pho, Daessiksin and Apgujeong.

The Clementi Mall maintained 100.0% committed occupancy and recorded a steady visitorship of 29.9 million. Tenants' sales was down by 5.8% to S\$225 million compared to the preceding year and occupancy cost increased from 14.8% to 15.8%.





SUMMARY OF RENEWALS/NEW LEASES FOR FY2017

Tenant	Number of renewals/new leases	Retention Rate ^(a)	NLA		Rental Reversion ^(c)
			Area (sq ft)	% of property	
PARAGON	92	78.3%	165,999	23.2%	-0.8%
THE CLEMENTI MALL	99	75.8%	155,666	79.8%	3.7%
SPH REIT PORTFOLIO	191	77.0%	321,665	35.3% ^(b)	1.2%

Notes:

(a) Based on number of leases.

(b) As a % of SPH REIT's total NLA of 910,395 sq ft as at 31 August 2017.

(c) The change is measured between average rents of the renewed & new lease terms and the average rents of the preceding lease terms. The leases are typically committed three years ago.

LEASE EXPIRY PROFILE

SPH REIT's portfolio lease expiry profile was well staggered with 36.7% of leases by Gross Rental Income expiring in FY2018. As leases are renewed or relet ahead of time, only 20.7% of the leases remain to be committed. The Weighted Average Lease Expiry (WALE) was 2.2 years by NLA as at 31 August 2017. The new leases entered into FY2017 contributed 34.4% of gross rental revenue as at 31 August 2017 and had a WALE of 2.4 years.

PORTFOLIO COMMITTED OCCUPANCY

	As at 31 August 2015	As at 31 August 2016	As at 31 August 2017
PARAGON	100.0%	100.0%	100.0%
THE CLEMENTI MALL	100.0%	100.0%	100.0%
SPH REIT PORTFOLIO	100.0%	100.0%	100.0%

PORTFOLIO LEASE EXPIRY AS AT 31 AUGUST

	FY2018	FY2019	FY2020	FY2021	FY2022 and beyond
Portfolio	94	136	188	46	4
Expiries by NLA	16.8%	22.0%	36.9%	23.2%	1.1%
Expiries by Gross Rental	20.7%	22.2%	39.3%	17.2%	0.6%

OPERATIONS REVIEW

TOP 10 TENANTS BY GROSS RENTAL INCOME

SPH REIT's top 10 tenants in terms of Gross Rental Income contributed 23.2% of Gross Rental Income for the month of August 2017. No single trade sector accounted for more than 27.8% of Gross Rental Income in the same period.

The top 10 tenants of the portfolio (by Gross Rental Income for the month of August 2017) are, in alphabetical order:

TOP 10 TENANTS

Name of Top 10 Tenants:

Burberry (Singapore) Distribution Company Pte Ltd | Club 21 Pte Ltd | Cold Storage Singapore (1983) Pte Ltd | Cortina Watch Pte Ltd | Ermenegildo Zegna Far-East Pte Ltd | Ferragamo (Singapore) Pte Ltd | Metro (Private) Limited | NTUC Fairprice Co-operative Limited | Prada Singapore Pte Ltd | Tod's Singapore Pte Limited

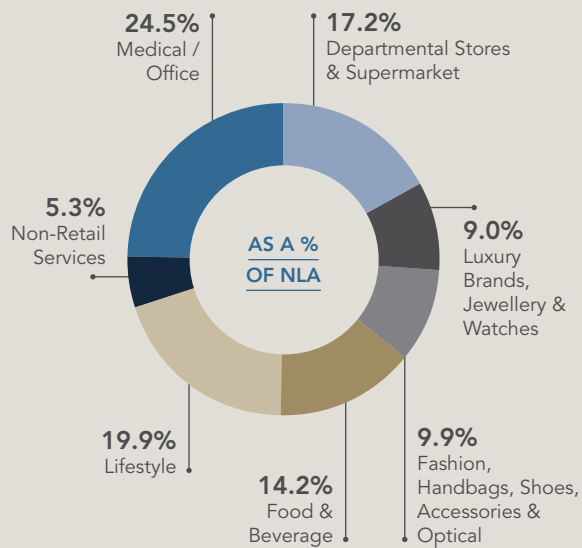
Tenant ⁽¹⁾⁽²⁾	Trade Sector	Lease Expiry (Year) ⁽³⁾	% of Rental Income
Tenant A	Luxury brands, jewellery, watches	2nd Half 2019	5.7%
Tenant B	Departmental stores & supermarket	2nd Half 2020	4.0%
Tenant C	Departmental stores & supermarket Lifestyle	Between 2nd Half 2018 and 1st Half 2021	2.2%
Tenant D	Luxury brands, jewellery, watches	2nd Half 2020	2.1%
Tenant E	Luxury brands, jewellery, watches Fashion, handbags, shoes & accessories	Between 1st Half 2019 and 2nd Half 2020	2.0%
Tenant F	Luxury brands, Lifestyle	2nd Half 2019	1.5%
Tenant G	Luxury brands, jewellery, watches	1st Half 2018	1.5%
Tenant H	Luxury brands, jewellery, watches	1st Half 2021	1.4%
Tenant I	Departmental stores & supermarket Lifestyle	1st Half 2020	1.4%
Tenant J	Luxury brands, jewellery, watches	1st Half 2019	1.4%
Total			23.2%

Notes:

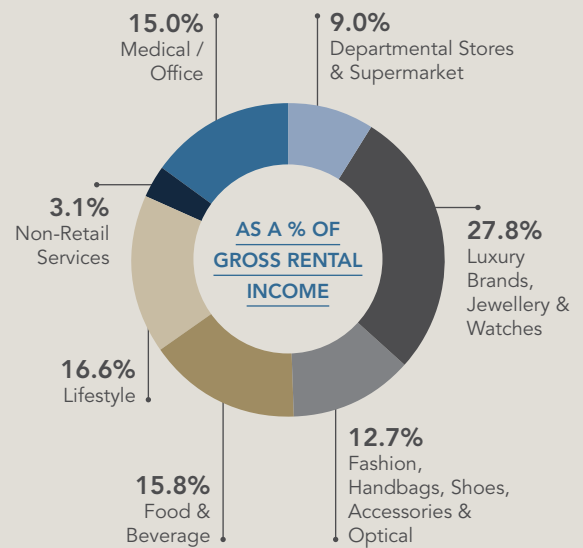
- (1) The list of top 10 tenants above does not take into account one of the tenants which has not consented to the disclosure of its tenancy arrangements in the Annual Report.
- (2) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.
- (3) Some of the tenants above have signed more than one tenancy agreement and this has resulted in more than one tenancy expiry date for such tenants.

TRADE MIX

By NLA

**TRADE MIX**

By Gross Rental Income



POWERED BY PASSION

Our dedicated management team and staff are propelled by a common passion to excel through strategic and intense management of the properties to ensure we are well positioned and well prepared.





FINANCIAL REVIEW

STATEMENT OF NET INCOME AND DISTRIBUTION

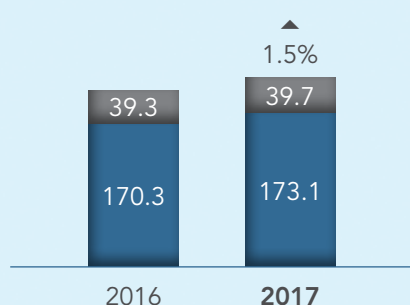
For the financial year ended 31 August

	2017 S\$'000	2016 S\$'000	Change %
Gross revenue	212,756	209,594	1.5
Property operating expenses	(44,668)	(48,683)	(8.2)
Net property income	168,088	160,911	4.5
Income support ⁽¹⁾	1,186	2,365	(49.9)
Amortisation of intangible asset	(1,186)	(2,365)	(49.9)
Write down of intangible asset ⁽²⁾	(4,349)	-	NM
Manager's management fees	(16,708)	(16,312)	2.4
Trust expenses ⁽³⁾	(1,579)	(1,610)	(1.9)
Finance income	744	915	(18.7)
Finance costs	(23,944)	(24,015)	(0.3)
Net income	122,252	119,889	2.0
Add: Non-tax deductible items ⁽⁴⁾	18,976	21,189	(10.4)
Income available for distribution	141,228	141,078	0.1
Distribution per unit (cents) ("DPU")	5.53	5.50	0.5

Notes:

- (1) Income support relates to the top-up payment from the vendors of The Clementi Mall pursuant to the Deed of Income Support. The income support will end on 23 July 2018, five years after listing date on 24 July 2013. The amount of income support for FY2017 translated to DPU of 0.05 cents (FY2016: 0.09 cents).
- (2) Intangible asset relates to unamortised income support receivable by The Clementi Mall from the vendors.
In view of the better than expected net property income at The Clementi Mall, a lower amount of drawdown on the income support is expected. Accordingly, the intangible asset is written down. This write down amount of intangible asset has no impact on SPH REIT's income available for distribution.
- (3) Includes recurring trust expenses such as trustee's fees, valuation fees, audit and tax adviser's fees, cost associated with the preparation of annual reports, and investor communication costs.
- (4) Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, amortisation of income support, amortisation of debt issuance costs, the write down of intangible asset, capital allowances claim on qualifying assets under the Income Tax Act and the difference between taxable income previously distributed and the quantum agreed with IRAS for YA2014 and YA2015.

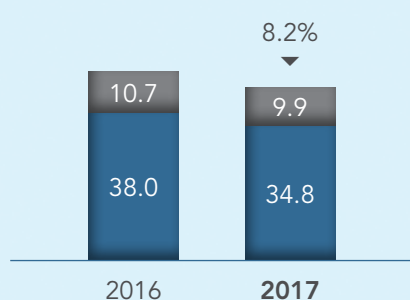
GROSS REVENUE



Gross revenue for FY2017 was up S\$3.2 million (1.5%) to S\$212.8 million, on the back of higher rental income achieved from Paragon and The Clementi Mall.

Through proactive leasing strategy, both properties continued to maintain their track record of 100% occupancy.

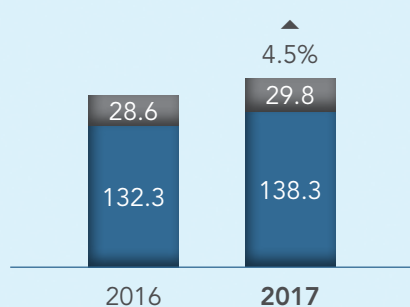
PROPERTY OPERATING EXPENSES



Property operating expenses was S\$4.0 million (8.2%) lower against FY2016.

The continued efforts to improve operational efficiencies and manage cost has resulted in lower expenses.

NET PROPERTY INCOME



Net Property Income ("NPI") of S\$168.1 million for FY2017, was S\$7.2 million (4.5%) higher than last year.

NPI margin of 79.0% was achieved, better than FY2016 of 76.8%.

Both Paragon and The Clementi Mall performed better than the previous year, by S\$6.0 million (4.5%) and S\$1.2 million (4.1%) respectively.

The required income support for The Clementi Mall was S\$1.2 million for FY2017. With higher NPI, the amount was halved of what was drawn last year.

All Figures (S\$ million)

■ Paragon ■ The Clementi Mall

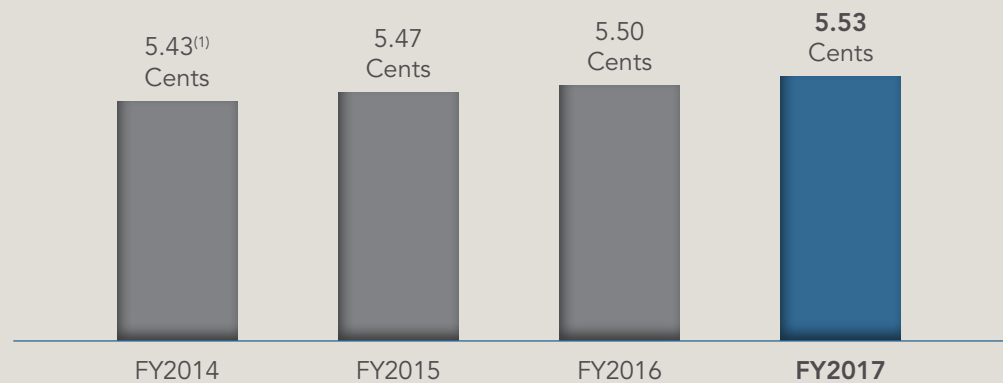
NET INCOME

Net income increased by S\$2.4 million (2.0%) to S\$122.3 million for FY2017 against last year. This was mainly attributable to the higher NPI, partially offset by the write down of intangible asset of S\$4.3 million. In view of the better than expected NPI at The Clementi Mall, a lower amount of drawdown on income support is expected. Accordingly, the intangible asset is written down. The average cost of debt was maintained at 2.82% p.a. for FY2017.

FINANCIAL REVIEW

DISTRIBUTION

Quarter Ended	2017 (cents)	2016 (cents)	Change %
1Q	1.34	1.33	0.8
2Q	1.40	1.40	-
3Q	1.37	1.36	0.7
4Q	1.42	1.41	0.7
Total	5.53	5.50	0.5



Note:

(1) Does not include the distribution of 0.56 cents from 24 July 2013 (listing date) to 31 August 2013.

SPH REIT continued to deliver consistent distribution growth to Unitholders in FY2017, the fourth year since listing in July 2013, on the back of steady performance of the properties. The aggregate distribution per unit ("DPU") of 5.53 cents for FY2017 was 0.5% higher than last year. This translated to a distribution yield of 5.53%, based on the closing price of S\$1.00 as at 31 August 2017.

VALUATION OF PROPERTIES

As at 31 August 2017, the portfolio was valued at S\$3.278 billion by Jones Lang LaSalle Property Consultants Pte Ltd. This represented an increase of S\$48.0 million (1.5%) from last year's valuation of S\$3.230 billion. Net asset value per unit was S\$0.95 as at 31 August 2017.

Property	At Valuation (S\$m) As at 31 August			Capitalisation Rate (%) As at 31 August	
	2017	2016	Change	2017	2016
Paragon	2,695.0	2,656.0	39.0	Retail: 4.50%	Retail: 4.85%
				Medical suite/office: 3.75%	Medical suite/office: 4.00%
The Clementi Mall ⁽¹⁾	583.0	574.0	9.0	4.80%	5.00%
SPH REIT Portfolio	3,278.0	3,230.0	48.0	-	-
Representing:					
Additions			13.1		
Fair value change			34.9		

Note:

(1) The Clementi Mall's valuation was without income support.

CASH FLOWS AND LIQUIDITY

As at 31 August 2017, SPH REIT's cash and cash equivalents amounted to S\$63.0 million.

Net cash generated from operating activities for FY2017 was S\$165.2 million. Net cash used in investing activities was S\$6.3 million, mainly for asset enhancement project and upgrading of equipment. Net cash used in financing activities was S\$163.3 million, mainly for distribution to Unitholders and interest settlement.

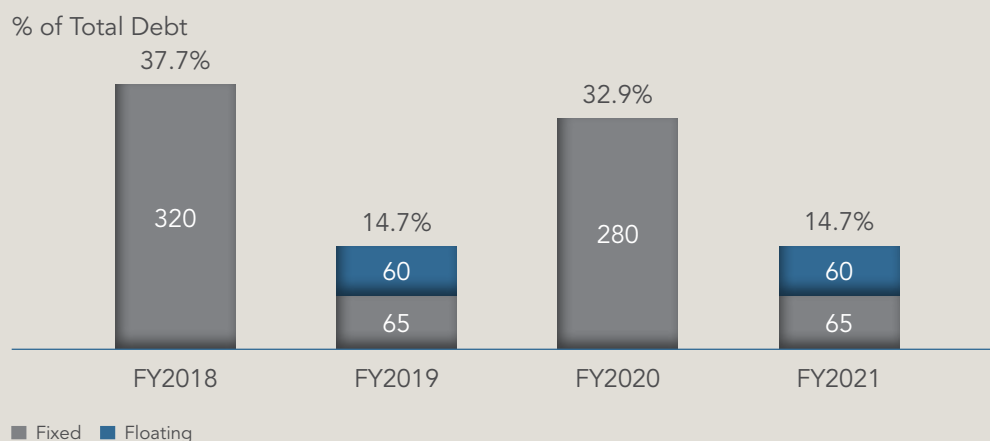
FINANCIAL REVIEW

CAPITAL MANAGEMENT

On 24 July 2013 (listing date), SPH REIT established a term loan facility of S\$975 million obtained from DBS Bank Ltd. and Overseas-Chinese Banking Corporation Limited, of which the amount drawn down was S\$850 million. The term loan is secured by way of a first legal mortgage on Paragon, first legal charge over the tenancy account and sales proceeds account for Paragon, and an assignment of certain insurances taken in relation to Paragon.

In line with SPH REIT's prudent capital management strategy, the debt maturity profile was well-staggered, with weighted average term to maturity of 2.1 years and gearing level of 25.4% as at 31 August 2017. It registered an average cost of debt of 2.82% p.a. for FY2017, with around 86% of the total borrowing on fixed rate basis.

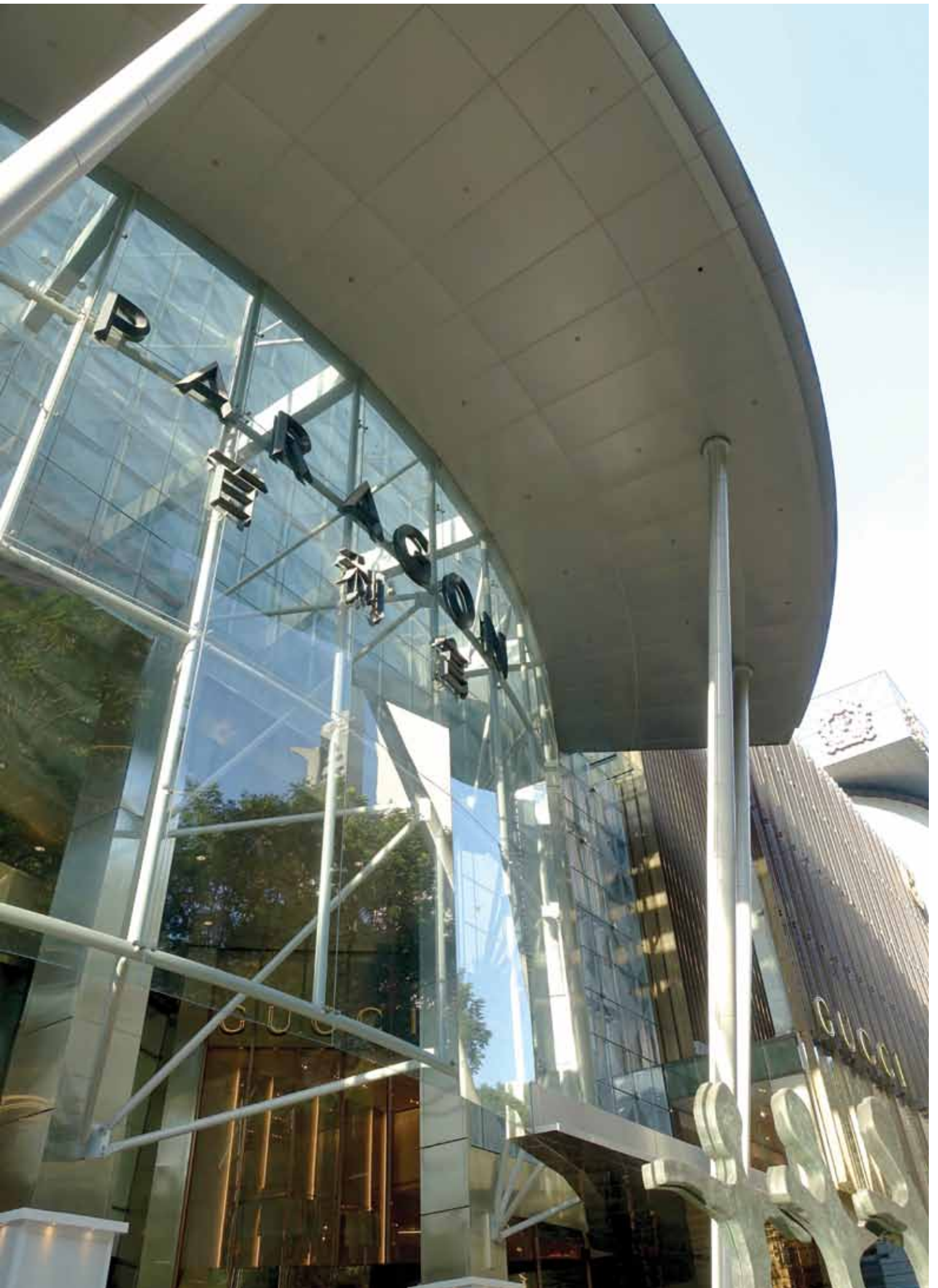
DEBT MATURITY PROFILE (S\$ MILLION)



Key Indicators as at 31 August	2017	2016
Gearing ratio	25.4%	25.7%
Interest coverage ratio	6.1 times	6.0 times
Weighted average term to maturity	2.1 years	3.1 years
Average all-in interest rate	2.82%	2.82%
Derivative financial instrument ⁽¹⁾ as % of NAV	0.33%	0.41%

Note:

(1) The derivative financial instruments refer to the fair value of interest rate swap contracts as at balance sheet date.



UNIT PRICE PERFORMANCE

SPH REIT's unit price remained steady during the year. It closed at S\$1.00 on 31 August 2017, an increase of 4.2% compared to last year's closing price of S\$0.96 as at 31 August 2016.

SPH REIT delivered stable distribution growth with the distribution of 5.53 cents for FY2017. This represented a distribution yield of 5.53%, higher than that of other investments such as Singapore government bond (2.1%) and FTSE Straits Times Index (3.2%) and comparable to FTSE Straits Times REIT Index (5.8%).

KEY STATISTICS

	FY2017	FY2016
Highest closing price (S\$)	1.010	0.985
Lowest closing price (S\$)	0.930	0.895
Year-end closing price (S\$)	1.000	0.960
Total trading volume (million units)	285.7	263.3
Average daily trading volume (million units)	1.1	1.0

Source: Bloomberg

RETURN ON INVESTMENT IN SPH REIT

	FY2017 ⁽¹⁾	FY2016 ⁽²⁾
	Based on last year's closing price of S\$0.96 as at 31 August 2016	Based on last year's closing price of S\$0.96 as at 31 August 2015
(a) Total return	9.9%	5.7%
(b) Capital appreciation	4.2%	0.0%
(c) Annual distribution yield	5.7%	5.7%

Source: Bloomberg

Notes:

(1) For FY2017:

- (a) Sum of price appreciation and distribution for FY2017, over last year's closing price of S\$0.96 as at 31 August 2016.
- (b) Based on closing price of S\$1.00 as at 31 August 2017 and S\$0.96 on 31 August 2016.
- (c) Based on distribution of 5.53 cents for the year ended 31 August 2017, over last year's closing price of S\$0.96 as at 31 August 2016.

(2) For FY2016:

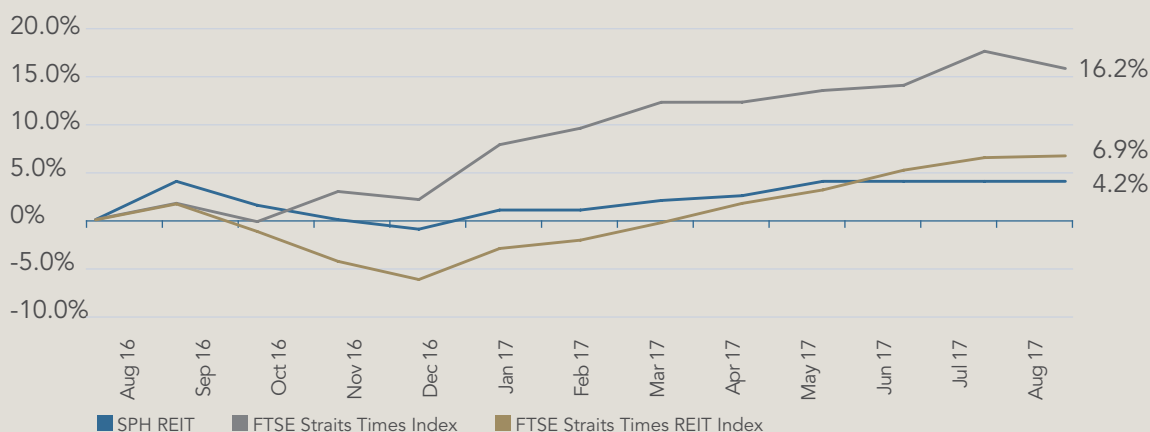
- (a) Sum of price appreciation and distribution for FY2016, over last year's closing price of S\$0.96 as at 31 August 2015.
- (b) Based on closing price of S\$0.96 as at 31 August 2016 and 31 August 2015.
- (c) Based on distribution of 5.50 cents for the year ended 31 August 2016, over last year's closing price of S\$0.96 as at 31 August 2015.

MONTHLY SHARE PRICE AND VOLUME (LISTING DATE TO 31 AUGUST 2017)



Source: Bloomberg

MONTHLY COMPARATIVE PRICE TRENDS FOR FY2017



Source: Bloomberg

Note:

The price change was compared to the month-end closing price in August 2016.

COMPARATIVE YIELDS

FTSE Straits Times REIT Index dividend yield ⁽¹⁾	5.8%
SPH REIT DPU Yield as at 31 August 17 ⁽²⁾	5.5%
FTSE Straits Times Index dividend yield ⁽¹⁾	3.2%
CPF (ordinary) account interest rate	2.5%
10-year Singapore government bond yield	2.1%

Sources: Bloomberg, Monetary Authority of Singapore, Central Provident Fund (CPF) Board

Notes:

(1) Based on sum of gross dividends over the prior 12 months for FTSE Straits Times and FTSE Straits Times REIT Index as at 31 August 2017.

(2) Based on DPU of 5.53 cents for FY2017 and closing price of S\$1.00 as at 31 August 2017.

PORTFOLIO OVERVIEW



PARAGON 290 Orchard Road Singapore 238859

PROPERTY INFORMATION

Description	A 6-storey retail podium with 1 basement level, together with a 14-storey medical suite/office tower and another 3-storey medical suite/office tower both sitting on top of the retail podium. It also includes a basement carpark.
Net Lettable Area	Retail: 492,267 sq ft Medical suite/office: 223,097 sq ft Total: 715,364 sq ft
Number of tenants	311
Car Park Lots	416
Title	99 years commencing 24 July 2013
Gross Revenue⁽¹⁾	S\$173.1m
Net Property Income⁽¹⁾	S\$138.3m
Market Valuation	S\$2,695.0m as at 31 August 2017
Purchase Price	S\$2,500.0m
Committed Occupancy	100.0% as at 31 August 2017
Key Tenants	Burberry, Ermenegildo Zegna, Etro, Givenchy, Gucci, Loewe, Miu Miu, Prada, Salvatore Ferragamo, Tod's, Versace Crystal Jade Golden Palace Restaurant, Din Tai Fung, Imperial Treasure Super Peking Duck Restaurant Citigold Private Client, Marks & Spencer, Metro, MUJI, Paragon Market Place, Fitness First, Pacific Healthcare Specialist Centre
Awards and Accolades	■ ORBA Best Dressed Building Contest – Merit Award (2016)

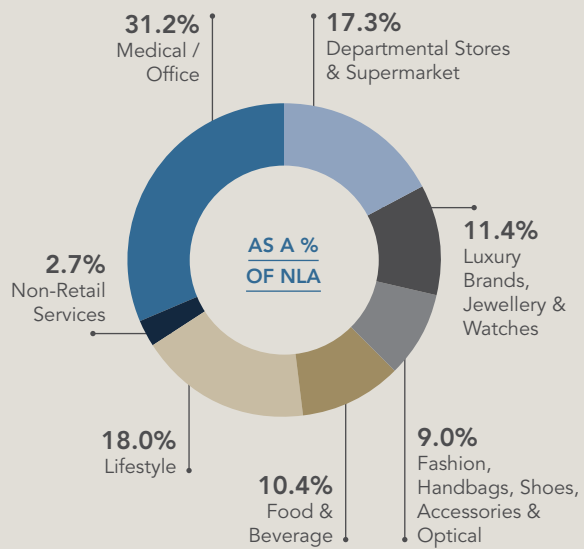
Note:

(1) FY2017.



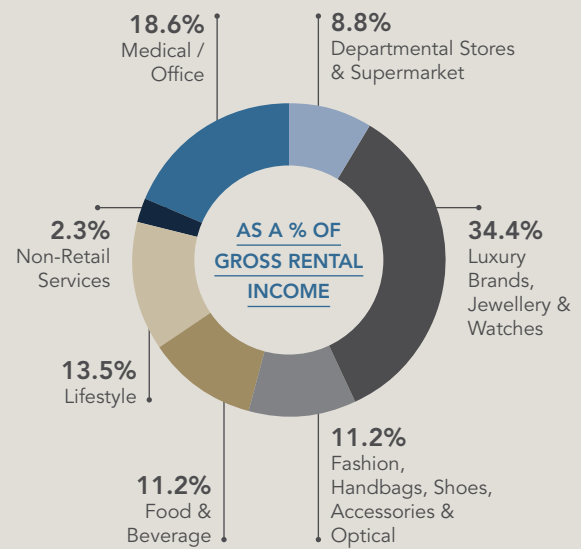
TRADE MIX

By NLA



TRADE MIX

By Gross Rental Income



PORTFOLIO OVERVIEW

PARAGON



A premier upscale shopping mall and medical suite / office property.

With its strategic location in the heart of Orchard Road, Paragon has established itself as a premier upscale shopping mall and medical suite/office property.

Comprising six storeys of retail space and a basement level totaling 492,267 sq ft of retail Net Lettable Area (NLA), Paragon is the preferred luxury destination for up-market shoppers.

Paragon is the choice mall to many international brands such as Burberry, Emporio Armani, Ermenegildo Zegna, Givenchy, Gucci, Jimmy Choo, Loewe, Mulberry, Prada and Salvatore Ferragamo. In addition

to luxury brands, Paragon is also home to accessible luxury brands such as Coach and Longchamp as well as premium brands such as A|X Armani Exchange, Calvin Klein, DKNY, Liu Jo and Max & Co.

In the past year, Paragon introduced new tenants to cater to the needs of its variety of shoppers. Amongst new tenants are LaiChan, a local veteran renowned for beautiful cheongsam designs, Emporio Armani and New Balance with its only Orchard Road store. Nike tripled its store size to 4,812 sq ft. Complementing Paragon's existing dining options are Greyhound café, the first Singapore branch of the popular Bangkok café,

restaurant bar and specialty café 63Celsius/63Espresso, and local bakery Baker's Brew Studio.

Paragon also houses Paragon Medical, a 14-storey tower, in addition to a three-storey tower which sit on top of the retail podium, with a total of 223,097 sq ft of medical suite/office. It is positioned as a multi-disciplinary

one-stop destination offering a wide range of specialist services. Paragon Medical together with Mount Elizabeth Hospital and Mount Elizabeth Medical Centre, a renowned private hospital and specialist medical centre located in its proximity, create a medical cluster which is well-recognised in the region.



PORTFOLIO OVERVIEW

THE CLEMENTI MALL 3155 COMMONWEALTH AVENUE WEST SINGAPORE 129588

PROPERTY INFORMATION

Description	A 5-storey retail podium including a basement carpark, a public library, with direct transport links to the bus interchange on the ground floor and the Clementi MRT station on the 3rd floor via a linkbridge.
Net Lettable Area	Retail: 195,031 sq ft
Number of tenants	157
Car Park Lots	166
Title	99 years commencing 31 August 2010
Gross Revenue⁽¹⁾	S\$39.7m
Net Property Income⁽¹⁾	S\$29.8m
Market Valuation⁽²⁾	S\$583.0m as at 31 August 2017
Purchase Price⁽³⁾	S\$553.0m
Committed Occupancy	100.0% as at 31 August 2017
Key Tenants	Cotton On, G2000, The Body Shop BreadTalk, Crystal Jade Kitchen, Daessiksin, Foodfare, Ichiban Sushi, McDonald's, So Pho, Soup Restaurant, Swensen's Best Denki, BHG, Clementi Public Library, FairPrice Finest, Popular Bookstore

Notes:

(1) FY2017.

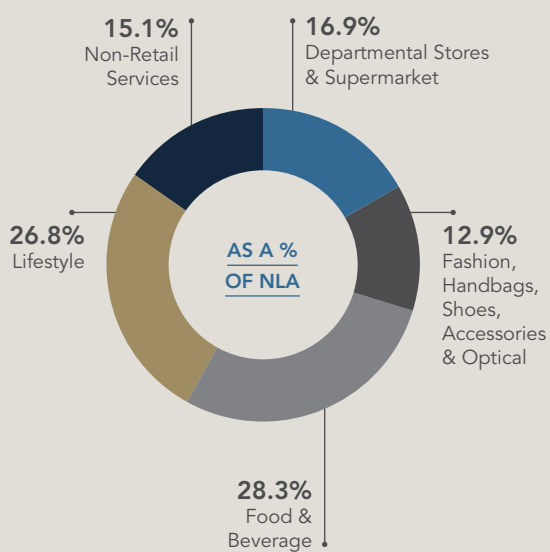
(2) The Clementi Mall's valuation excludes income support. The guaranteed NPI per year is S\$31 million and the aggregate top up NPI shall not exceed S\$20 million over five years.

(3) The Clementi Mall's purchase price was without income support.



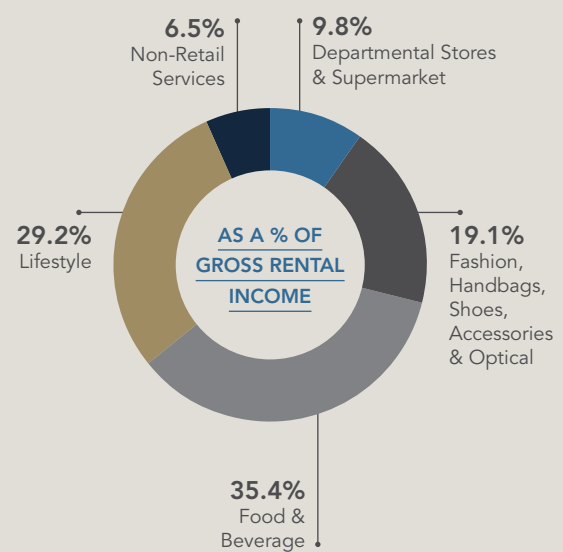
TRADE MIX

By NLA



TRADE MIX

By Gross Rental Income



PORTFOLIO OVERVIEW

THE CLEMENTI MALL



Being the only major shopping mall in the Clementi precinct, The Clementi Mall enjoys a good catchment of shoppers and visitors from Clementi Town, Holland Village, Bukit Timah and West Coast

Located within the heart of Clementi town, The Clementi Mall is a mid-market family-oriented suburban mall.

The Clementi Mall with 195,031 sq ft of NLA is in the first mixed-use development in Singapore comprising a public library, bus interchange and HDB residential blocks. It is a five-storey podium with a basement level with direct connectivity to the Clementi MRT station at Level 3.

Being the only major shopping mall in the Clementi precinct, The Clementi Mall enjoys a good catchment of regular shoppers from Clementi Town, Holland Village, Bukit Timah and West

Coast. It is also a popular gathering venue for students from tertiary institutions located in the vicinity, including Singapore Polytechnic and the National University of Singapore.

During the year, an asset enhancement initiative was launched and completed for basement one. The basement 1 food cluster was expanded from 14 kiosks to 21 kiosks with the introduction of several new concepts. New lettable area of about 1,000 sq ft was created at Level 4 and 5 to allow expansion of F&B concepts.

The mall's Advertising & Promotions efforts not only aimed to reach out to

tenants to constantly drive business opportunities to the stores, but also focused on community engagement activities. Events which promote family-bonding are organised throughout the

year, including the Good Old Days campaign which offer photo taking opportunity to create nostalgic fond memories of yesteryears and a wide range of popular heritage snacks.



MARKET OVERVIEW

1.0 ECONOMIC OVERVIEW

1.1 GDP GROWTH

GDP growth is expected to improve slightly in 2017 compared to that in 2016

Singapore's GDP grew by 2% in 2016, compared to 1.9% in 2015 (the weakest growth since 2009). The Ministry of Trade & Industry expects the economy to grow by a higher 2.0% to 3.0% in 2017, reflecting optimism in the global economic outlook.

1.2 RETAIL SALES MARKET

The weak employment market led to a slowdown in retail sales in 2016

Retail sales in 2016 was affected by the weak employment market. Retrenchment increased by 23% and the unemployment rate increased from 1.9% in 2015 to 2.1%. Consumers were more cautious in their spending. Although Private Consumption Expenditure⁽¹⁾ rose marginally by 0.6% in 2016, it is 4.0%-point less than the growth in 2015 at 4.6%.

Medical goods & toiletries was one of the best performing retail trade sectors in 2016

One of the best performing retail trade sectors in 2016 was medical goods & toiletries. The aging and increasingly health conscious population was the main driver for this growing sector, supporting its growth of 5.0% YOY. On the other hand, the more cautious spending led to a fall in spending on discretionary items, e.g. computer & telecommunications equipment (-16.2%) and watches & jewellery (-9.5%). The food and beverages (F&B) services sector also saw a decline of 1.9% in 2016, with restaurants declining the most by 7.5%.

While retail sales improved marginally in H1 2017, the cautious labour market outlook in 2017 will affect the growth in retail sales

Retail sales index excluding motor vehicles for the Q2 period (April to June) 2017 grew by 3.2% YOY. The retail market for medical goods and toiletries continued to improve in H1 2017, growing by 7.1% YOY in Q2. Supported by an improvement in the tourism market, retail sales for watches & jewellery grew 13.8% YOY in Q2.

However, although the retrenchment rate improved slightly in H1 2017, the performance in the labour market remained mixed. Unemployment rate increased to 2.2% as at June 2017. With the elevated unemployment rate, the government has introduced programmes to encourage workers to re-skill and embrace life-long learning to remain employable due to the increase in the unemployment rate. These programmes are expected to support the employment market in the longer term.

2.0 TOURISM MARKET

2.1 INTERNATIONAL VISITORS ARRIVALS

International Visitors Arrivals (IVA) increased in 2016 and is expected to increase further in 2017

International Visitor Arrivals (IVA) increased by 7.7% to 16.4 million in 2016, compared to the 0.9% in 2015. Mainland Chinese and Indonesian visitors remained the two largest groups in 2016, accounting for 17.5% and 17.6% of total arrivals, and registering growths of 36.0% and 5.9% respectively.

The tourism market continued to perform well in H1 (January to June) 2017. IVA grew by 4.5% YOY for

H1 2017 to reach 8.5 million. Top international visitor generating markets continued to be from Mainland China (1.6 million), Indonesia (1.5 million), India (660,000), Malaysia (562,000) and Australia (523,000). Together, they contributed to more than half of the total IVA.

The Singapore Tourism Board (STB) forecasts growth in visitor arrivals to range from 0% to 2% in 2017, reflecting around 16.4 million to 16.7 million visitors. The forecasts are underpinned by growing tourism in Asia Pacific, greater air connectivity, and increase in pipeline for Meetings, Incentives, Conferences, and Events (MICE) events.

2.2 TOURISM SPENDING

Tourism Receipts increased by 13% in 2016 and is expected to improve further by 1-4% in 2017

Overall Tourism Receipts (TR) increased by 13% in 2016 to \$24.6 billion. TR in 2017 is forecast to be in the range of \$25.1 to \$25.8 billion⁽²⁾, increasing by 1% to 4%.

Shopping spend by tourists enjoyed the most significant increase in 2016, with visitors from Mainland China and Indonesia spending the most on shopping

TR from shopping has enjoyed significant improvement in 2016, increasing by 51% to \$5.9 billion, contributing 24% of total TR. TR per visitor from shopping also increased by 40% to \$361. Visitors are generally spending more on shopping than on F&B.

Amongst the top five visitor markets, visitors from Mainland China continued to spend the most on shopping. They spent a total of \$1.5 billion on shopping in 2016, translating to about \$529 per person. Shopping spend

(1) According to Department of Statistics (DOS), PCE is the final purchases of goods and services by resident households including non-profit institutions.

(2) All currencies are in Singapore Dollars (SGD) unless otherwise stated. MAS Currency Exchange Rate as of 31 July 2017 of USD1.0 to SGD1.3579 is used for this report.

comprised 43% of the Mainland Chinese total spend. While Mainland Chinese's shopping spend per capita fell by 2% in 2016, the 36% increase in visitorship from Mainland China supported the overall growth of TR from shopping.

TR from shopping by Indonesians increased by 40% to \$944 million in 2016. Visitors from Indonesia are the second highest spenders on shopping, spending on average \$326 per person in 2016, and contributing 16% of total visitors' shopping spend. The Indonesians' increased spending was likely supported by the strengthening of the Rupiah in 2016.

Shopping spend by tourists is expected to further increase in 2017

TR from shopping continued to increase in the first three months of 2017⁽³⁾, increasing by 38% YOY. TR from shopping per visitor also increased, reaching about \$370 in Q1 2017, 3% higher compared to the average in 2016. With the expected increase in IVA in 2017, and increase in shopping spend per visitor, the tourism market is likely to be the key driver for the retail market going forward, especially in key tourist shopping destinations like Orchard Road.

2.3 SOCIAL MEDIA IMPACT

Mainland Chinese and Indonesian visitors are influenced by social media when making travel plans and spending on F&B and shopping

STB's recent partnerships with online travel agents tuniu.com and Ctrip, as well as proliferation of content on digital channels like WeChat, Tencent, dianping.com and mafengwo.cn have generated increased visitorship to Singapore. An increase of 52% in tuniu.com and Ctrip bookings for mono-SIN tour packages in 2016,

and over 120,000 downloads for Singapore attraction audio guides via WeChat were noted.

More than 80 million Indonesians use social media, with Facebook, Instagram, Twitter, Line, Whatsapp and Path being the more popular platforms⁽⁴⁾. These social media platforms are part of the advertising and promotion strategies of Singapore F&B operators and retailers who intend to reach out to potential Indonesian visitors.

3.0 RETAIL PROPERTY MARKET

3.1 RETAIL TRENDS

The retail real estate market faces various challenges, such as a tightening in consumer spend, the emergence of e-commerce, declining mall occupancy and rents. Landlord and tenants are taking measures to mitigate or overcome these challenges.

Introduction of multi-label and pop-up stores to improve mall occupancy

Amidst the traditional single-brand shops along the Orchard/Scotts/Tanglin Road area, multi-label stores that offer a wide variety of items such as fashion, lifestyle and even furniture have arose. Multi-label stores are popular with consumers as they offer unique products and personalised services.

Pop-up stores with flexible tenure, compared to traditional leases, are gaining popularity with both tenants and landlords. Pop-up stores are developed to create flexibility for tenants who prefer shorter tenures. Landlords can improve occupancy with pop-up stores and try new concepts while injecting an element of surprise in the malls.

While the e-commerce market continues to grow, brick-and-mortar shops are still relevant

Some 2.9 million people in Singapore have purchased through e-commerce sites in 2016⁽⁵⁾. The rise of e-commerce websites e.g. Zalora and Lazada poses increasing competition for malls due to their product range and price point. Riding on this trend, some malls are collaborating with e-commerce sites and utilizing social media to create awareness of their events and experiential offerings. However, while e-commerce websites provide the convenience of 24-hours shopping and delivery, the disadvantages of online shopping, such as the risk of counterfeit goods, non-or late delivery of items and the delivery of wrong items are likely to be the deterrent for it to completely replace brick-and-mortar shops.

Malls are embracing omni-channel strategies and activity-based tenants to increase traffic

In order to provide shoppers with a seamless integrated experience, malls are utilizing omni-channel strategies to increase traffic and tenant sales. Brick-and-mortar retailers are also embracing e-commerce by integrating technology and creating unique experiences in-store that consumers are not able to find online.

The trend of *offline going online* (physical store retailers offering e-commerce platforms) and *online going offline* (online e-commerce platforms or websites setting up physical stores) is likely to stay.

To attract more visitors and encourage spending, malls are increasingly introducing activity-based tenants and facilities. Some have doubled the space for F&B tenants to as much as 40%, even though it is costly to

(3) Source: STB (July 2017), Tourism Sector Performance for Quarter 1 2017.

(4) Source: JakPut (2017), Indonesia Social Media Trend Q1 2017.

(5) Source: We Are Social and Hootsuite (2017), Digital in 2017 Global Overview Report.

MARKET OVERVIEW

retrofit units for the change of use from retail to F&B. This trend is not only unique to Singapore but also markets like Hong Kong where e-commerce is prevalent.

The improvements in IVA, especially from Mainland China, as well as unique product lines, will support the luxury market

The luxury market will remain the focus of global tourism spend, with almost half of luxury purchases made by consumers when travelling, either in a foreign market (31%), which includes purchasing in luxury malls, or at the airport (16%)⁽⁶⁾. Mainland Chinese consumers buy more luxury products than any other country, accounting for about one-third of luxury global sales in 2016. This is followed by United States (23%) and Europe (19%).

Singapore continues to be a key destination for luxury goods purchases in the region, supported by the growing tourism market. It is also the preferred destination for international retailers due to its strategic location and attractive business climate. There is strong domestic purchasing power, a large community of expatriates and a growing influx of Asian shopping tourists that are appealing to international retailers. In addition, luxury retailers are also introducing unique limited-edition product lines in their Singapore stores to attract shoppers.

3.2 EXISTING AND POTENTIAL SUPPLY

There is no potential supply in Orchard/ Scotts / Tanglin Road and Clementi Planning Area in H2 2017

There is no new retail supply in the Orchard/ Scotts / Tanglin Road area in H2 2017. All the pipeline retail developments completing in H2 2017

TABLE 3.2 EXISTING AND POTENTIAL SUPPLY OF RETAIL STOCK (2017) (NLA)

Location	Existing stock H1 2017 (sq ft ⁽⁷⁾)	Estimated Potential Supply H2 2017 (sq ft)	Estimated Total stock 2017 (sq ft)
Orchard/Scotts/ Tanglin Road area	7,427,000	–	7,427,000
Other City areas	17,190,000	228,000	17,418,000
Suburban areas	40,343,000	509,000	40,852,000
Total	64,960,000	737,000	65,697,000

Source: Edmund Tie & Company, August 2017

e.g. Northpoint City (GFA 420,868 sq ft; estimated NLA 317,614 sq ft) are in Suburban areas (Table 3.2).

Supply beyond 2017 in the Orchard/ Scotts/ Tanglin Road area is not along prime Orchard Road

There is limited potential supply in the Orchard/Scotts/Tanglin Road area beyond 2017. TripleOne Somerset is undergoing asset enhancement, which includes enhancing the retail offerings and incorporating medical suites of about 32,000 sq ft. It is scheduled to complete in 2018. The redevelopment of Park Mall is expected to complete in 2019. However, unlike Paragon, these developments are not along prime Orchard Road.

New supply in the Suburban area may impact on malls in the East and North regions

Jewel Changi Airport is one of the key pipeline suburban mixed-use development (GFA 1.4 million sq ft) expected to complete in 2019. The development features retail (GFA 975,532 sq ft; NLA 579,098 sq ft), hotel (130 keys), airport facilities,

indoor gardens and other attractions (233,577 sq ft). The large supply of retail space in Jewel Changi Airport is expected to have some impact on suburban malls, especially those in the East and North regions. Its strategic airport location may also attract some shoppers, including tourists, away from Orchard Road.

3.3 DEMAND AND OCCUPANCY

Occupancy in Orchard/Scotts/ Tanglin Road and Suburban areas remained healthy

Notwithstanding challenges in the retail market, supported by the improvement in visitor arrivals and TR on shopping, malls in Orchard/ Scotts/Tanglin Road area continued to attract established global brands and other retailers due to its prestigious location. Retailers continued to set up flagship stores along Orchard Road and some existing retailers have capitalised on lower rents to expand their footprint. For instance, Uniqlo opened its three-level regional flagship store in Orchard Central in September 2016. Other flagship stores that opened in 2016 & 2017

(6) Source: Bain & Co (2016), Luxury goods worldwide market study.

(7) All stock/supply are in Net Lettable Area (NLA).

include Apple Store (Knightsbridge) and Under Armour (Orchard Central), Sony (313 @ Somerset) and Muji (Singapore's largest store at 17,650 sq ft) (Plaza Singapura).

As at Q2 2017, occupancy at Orchard/Scotts/Tanglin Road area was 92.3%. The high occupancy is underpinned by the limited supply of well positioned malls with good accessibility e.g. Paragon and ION Orchard. On the other hand, older and strata-titled retail malls that are not centrally located continued to experience poor performance.

Suburban malls enjoyed healthy occupancy at 92.4% as at Q2 2017. Benefitting from the large catchment population and active mall management, many suburban malls under REITs, e.g., The Clementi Mall, as well as those connected to public transport, remained fully occupied or experienced an increase in occupancy.

3.4 RENT

Rents in the Orchard/Scotts/Tanglin Road and Suburban areas are more resilient than Other City areas

Despite healthy occupancy for prime

retail space, the challenges from the slowdown in retail sales, lack of manpower to competition from e-commerce has led to a decline in retail rents in the past few years. However, supported by healthy demand, coupled with improvements in the tourism market, rental decline in 2016 for the Orchard/Scotts/Tanglin Road and Suburban areas slowed. Rents in the Orchard/Scotts/Tanglin Road and Suburban areas also tend to be more resilient compared to the rents in Other City areas, due to their attractiveness as a shopping destination and large catchment respectively (Figure 3.1).

3.5 OUTLOOK

Rents along the Orchard/Scotts/Tanglin Road area is expected to remain stable or moderate slightly by 3%, while that in the Suburban areas may ease by up to 4%

The retail market remains challenging. However, as the tourism market improves, and with the government's plans to transform Orchard/Scotts/Tanglin Road area into a distinctive and vibrant shopping lifestyle destination, we expect retail rents in the premier shopping belt to be resilient. Malls located in prime locations with good

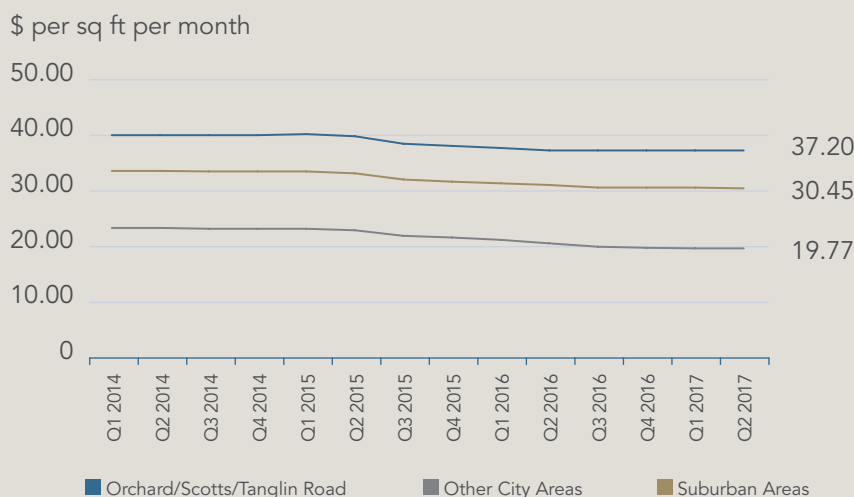
visibility are expected to enjoy higher occupancy rates. As such, we expect average prime first-storey fixed gross rents for Orchard/Scotts/Tanglin Road area to remain stable or moderate slightly by up to 3% between Q3 2017 and Q2 2018.

On the other hand, rents in the Suburban areas is anticipated to be under pressure. Although supported by a large catchment population, the weak retail sales market and cautious spending is likely to affect the performance of suburban malls. We expect prime first-storey rents in suburban malls to ease by 2% - 4% between Q3 2017 and Q2 2018.

Number of new concepts are expected to grow

Increasingly, retailers are re-strategizing and evaluating their physical space needs, and landlords are responding by offering flexible tenure and attractive rents to improve the mall's occupancy. Landlords and retailers are embracing this change through pop-up and multi-label stores. We expect to see an increase in new concepts with experiential shopping and dining gaining popularity. These may include combining F&B and retail, offering bespoke and individualized services to customers as well as brick-and-click/ click-and-brick concepts.

FIGURE 3.1 AVERAGE PRIME FIRST-STOREY FIXED GROSS RENTS FOR PRIVATE RETAIL SPACE



Source: Edmund Tie & Company, August 2017

3.6 IMPLICATIONS ON PARAGON

Paragon is supported by a large tourism market

With more than 14,400 hotel rooms and serviced apartments, the Orchard/Scotts/Tanglin Road area is supported by a large tourism market. The catchment population will increase further with the additional 456 serviced apartments expected to complete in the area between 2018 and 2019.

MARKET OVERVIEW

Good visibility, accessibility and reputation are key to malls that perform well

Well positioned premier malls, including Paragon, that are situated in prime locations with good visibility and active centre management will perform better than others, as they work towards keeping up with retail trends and tap on the e-commerce market, embracing omni-channel marketing and new concepts. The government's efforts in trying to rejuvenate the Orchard/Scotts/Tanglin Road area is also expected to bring in more visitors and benefit malls in the area.

3.7 IMPLICATIONS ON THE CLEMENTI MALL

The Clementi Mall enjoys a large catchment population of residents, working adults and students

Connected to the Clementi MRT Station and bus interchange, The Clementi Mall has excellent connectivity. Apart from serving about 92,000 residents in the Clementi Planning Area and about 175,000 residents in the neighbouring Bukit Timah and Queenstown Planning Areas, The Clementi Mall is supported by more than 79,000 students from tertiary institutions in the area, as well as the more than 40,000 working adults in the business parks nearby.

With its accessibility and variety of offerings, The Clementi Mall is well positioned to serve a growing catchment

Resident population in the Clementi Planning Area is expected to further increase to 100,000 with the estimated 2,210 additional residential units completing in the next three years. This is from the new Housing Development Board (HDB) flats being built under the new Build-To-Order (BTO) and Selective En bloc Redevelopment Scheme (SERS) programs. The Clementi Mall

is well-positioned to cater to this growing catchment, given its variety of offerings, and town centre and transport hub location.

4.0 MEDICAL SUITES MARKET OVERVIEW

4.1 PRIVATE MEDICAL HEALTHCARE TRENDS

Singapore remains an attractive location for medical tourists seeking complex medical treatment

Singapore's healthcare system has gained an international repute of impeccable standards, with state-of-the-art medical facilities. Medical tourists to Singapore seek highly complex medical treatments related to neurology, cardiology, assisted reproductive technologies, and organ transplant. This gives Singapore a strong competitive advantage over growing competition in the region. Medical tourists who visit Singapore are mainly from Indonesia, followed by Malaysia and Mainland China.

Ageing baby boomers expected to drive demand for wellness and quality healthcare services

Private healthcare expenditure in Singapore is expected to rise as the

resident population ages rapidly. The number of Singaporeans aged 65 years and above is projected to nearly double from 0.5 million to 0.9 million by 2030. Baby boomers being recipients of an evolving education system and contributors to Singapore's economic expansion and progression are expected to be healthier, better educated and more affluent. Against this backdrop, private medical practitioners expect an increase in demand for wellness and quality healthcare services.

4.2 MEDICAL SUITES MARKET

Medical suites are predominantly clustered in three major locations – Orchard/Scotts/Tanglin Road, Novena/Thomson and Farrer/Serangoon areas

There are 1,935 medical suites in Singapore as at August 2017, an increase of 16.7% from August 2016 (Table 4.1).

Majority (70%) of the private medical suites are strata-titled for sale. 35.4% of the medical suites are located in medical centres that are part of an integrated development with a retail component.

TABLE 4.1: BREAKDOWN OF MEDICAL SUITE STOCK (BY CLUSTER)

Medical Cluster	No. of Units (Distribution)		
	2016	2017	Increase
Orchard/Scotts/Tanglin	741 (44.7%)	741 (38.3%)	0%
Novena/Thomson	493 (29.7%)	664 (34.3%)	34.7%
Farrer Park	189 (11.4%)	231 (11.9%)	22.2%
Other Areas	235 (14.2%)	299 (15.5%)	27.2%
Total	1,658 (100%)	1,935 (100%)	16.7%

Source: Edmund Tie & Company, August 2017

The cluster of medical suites at the Orchard/Scotts/Tanglin area is the largest. Orchard Road being the premier shopping district in Singapore, coupled with the presence of the established Mount Elizabeth Orchard Hospital, led the Orchard/Scotts/Tanglin area to command the highest rental among the three medical clusters.

The Orchard/Scotts/Tanglin area being an established medical cluster, continues to be the most popular medical destination in Singapore. Although the medical suites cluster in the Novena/Thomson area is growing, demand for medical suites in that cluster is somewhat slow.

4.3 POTENTIAL SUPPLY

New medical suite supply in the next three years are strata-titled

A total supply of 85,500 sq ft of strata-titled medical suites are

expected to complete by 2020. These are likely to have limited impact on non-strata medical suites such as Paragon Medical as they are not close to a hospital and are in buildings predominantly for office use and not medical suites.

4.4 RENTS

Rents in Orchard/Scotts/Tanglin area are improving

Office rents (a proxy for medical suites rent) in the Orchard Road Planning area experienced an uplift of 3.8% from \$7.90 per sq ft in Q4 2016 to \$8.20 per sq ft in Q2 2017. The range of asking monthly gross rents for standalone medical suites located in medical centres in the Orchard/Scotts/Tanglin area are \$10.70- \$15.00 per sq ft per month as at August 2017, higher than that in the Novena/Thomson and Farrer Park areas (Figure 4.1). Given its proximity to Mount Elizabeth Orchard

Hospital, a premier private hospital, Paragon Medical and Mount Elizabeth Medical Centre's medical suites are in higher demand as compared to other medical centres.

4.5 OUTLOOK

Rents for medical suites in the Orchard/Scotts/Tanglin area is expected to continue to grow by up to 3%

Given the limited new supply of medical suites islandwide, high occupancy rates for the Orchard/Scotts/Tanglin medical cluster versus other medical clusters and that rents for medical suites⁽⁸⁾ have increased for three consecutive quarters (Q4 2016 to Q2 2017), rents for medical suites in the Orchard/Scotts/Tanglin area are expected to remain relatively stable, potentially increasing by up to 3% YOY by Q2 2018.

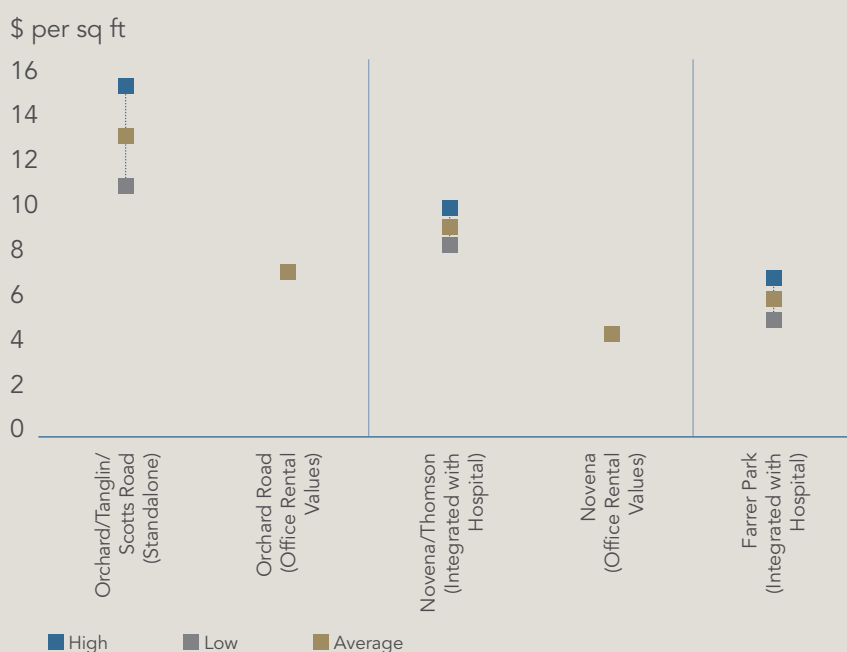
4.6 IMPLICATIONS ON PARAGON MEDICAL

Paragon Medical is expected to continue to lead in the private medical sector

Being close to Mount Elizabeth Orchard Hospital, upscale hotels and serviced apartments, Paragon Medical remains a top choice for medical tourists who seek treatment for medical conditions. It is also the largest standalone medical centre (75 units) in the Orchard/Scotts/Tanglin area, offering a comprehensive variety of medical services. Medical tourists can also enjoy the comfort of a holistic experience at Singapore's premier shopping and entertainment street, Orchard Road, giving Paragon medical a strong competitive edge.

**BY EDMUND TIE & COMPANY (SEA) PTE LTD
SEPTEMBER 2017**

FIGURE 4.1: ASKING MONTHLY GROSS RENTS FOR MEDICAL SUITES (AUGUST 2017)



Source: Edmund Tie & Company, August 2017

(8) 75th percentile of Orchard Road office rental rates as a proxy.

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENTAL SUSTAINABILITY

GREEN INITIATIVES

The Manager is proactive in supporting environmental sustainability and constantly reviews building enhancement to improve operational processes, whilst ensuring environmental factors are part of its key considerations.

All indoor common area and external façade lightings were replaced with energy efficient LED light fittings. Air-conditioning equipment were also replaced with models which are energy efficient. Paragon is working towards achieving BCA's Green Mark Certification in September 2017.



TENANT ENGAGEMENT

PARTNERING INITIATIVES

The Manager builds strong and long-term relationships with tenants in creating value and strengthening the sustainability of the properties. Tenant relations are fostered through the regular dialogue sessions and meetings between Manager and tenants.

To enhance shoppers' experience, the Manager works closely with tenants to explore ideas and collaborations and in turn, create interactive and engaging events. The Manager also keeps up with current trends and aims to rejuvenate the shopping environment by refreshing the tenant mix and to constantly review its asset enhancement initiatives.

SHOPPER AND COMMUNITY ENGAGEMENT

ART, CULTURAL AND MUSIC INITIATIVES

The Manager believes in supporting arts, music and cultural diversity by staging performances at the malls by the schools and non-profit organisations, with the objective to showcase local talents. As a premier shopping mall, Paragon's signature music programme "Music En Vogue" has garnered much attention from shoppers. The "Music En Vogue" series showcase various talents in various music genre to create pleasurable shopping experience in the mall. Beyond music entertainment, Paragon blends the lifestyle thematic visual displays every season to showcase the fashion, jewellery and watches by tenants. The Clementi Mall engages shoppers with festive cultural performances and maintains close ties with the community through interactive activities. The following sections highlight significant performances and community events that took place at Paragon and The Clementi Mall in the past year.

PARAGON

A STROKE OF GENIUS (SJ50) – OCTOBER 2016

2016 marks the 50th anniversary of diplomatic relations between Singapore and Japan. In celebrating this milestone, Paragon together with the Organising Committee of the SJ50 Gala Night and Event recognised that success is also very much about giving back and wholeheartedly supports inclusiveness of the special needs community in the society.

Paragon played host to this significant event which showcased calligraphy performances and a specially curated calligraphy exhibition by Shoko Kanazawa, a Japanese calligraphy artist with Down syndrome. The piano recital by Azariah Tan, an award winning hearing-impaired local pianist, mesmerised the crowd with his stellar performances.

The event highlights include a catwalk featuring the Special Needs Community for the first time ever in Singapore.



HOME & ART FAIR – FEBRUARY 2017

The stunning display of exclusive art objects, home furniture and accessories at the Home & Art Fair provided shoppers with plenty of home inspiration, offering a refreshing shopping experience. Partnering leading home décor magazine Home and Décor, the Fair showcased exclusive home furniture

and accessories as well as art objects. For the first time, fashion elements were included in the creative display which brought new dimensions to the art and design enclave at Paragon.

In conjunction with Singapore Design Week, Paragon collaborated with tenants to offer a variety of workshops such as floral arrangement, perfume and art history workshops for its shoppers.



SINGAPORE WIND SYMPHONY YOUTH WINDS – APRIL 2017

Adding music to shoppers' retail therapy at Paragon, the SWS Youth Winds performed a line up of Latin music, pop hits by Queen and well-loved Disney classics from the movie Beauty and the Beast. This is part of the annual SPH Gift of Music series which allowed SWS Youth Winds to showcase its music repertoire of catchy and iconic pieces.



CORPORATE SOCIAL RESPONSIBILITY



IKEBANA – APRIL 2017

The much anticipated Ikebana International Singapore Chapter 135's Annual Exhibition returned for the seventh year with Paragon as venue sponsor from 28 April - 7 May 2017.

Ikebana International is a non-profit cultural organisation headquartered in Tokyo and is dedicated to the promotion and appreciation of Ikebana, the Japanese art of flower arrangement. The exhibition has bridged the locals and Japanese community in Singapore for harmonious bonding through the charming floral displays.

SWISS SINGAPORE SHOWCASE – JULY 2017

In collaboration with The Embassy of Switzerland and Switzerland Tourism Board, Paragon commemorated the 50th anniversary of diplomatic relations between Singapore and Switzerland from 27 July - 13 August 2017.

His Excellency Mr Thomas Kupfer, Ambassador of Switzerland to Singapore, and Mr Liang Eng Hwa, MP for Holland-Bukit Timah GRC and

Chairman, Government Parliamentary Committee for Finance, Trade and Industry, officiated the opening of this celebration at Paragon. There were special performances by Yu Neng Primary School Choir, The Rolling Tones, and Carol Gomez singing to Oh Du Goldigs Sünneli, and Swiss Classical Folk Trio who sang with the alphorn playing to traditional Swiss folksongs.

To commemorate this celebration, Paragon collaborated with Raffles Design Institute to create the Paragon

Fashion Cows. The designs curated by students and the 3D printed Cows were adopted by Cortina Watch, Huber's Butchery, modernAge, Rich-Art Enterprises and Paragon. Nett proceeds from the adoption of the Paragon Fashion Cows were donated to The Business Times Budding Artists Fund to nurture and develop art interests and talents for the young.

The Paragon atrium was transformed to a Swiss landscape complete with a showcase of Swiss and local thematic highlights from Sports, Travel, Fashion, and Gourmet to Timepieces.

Shoppers were also treated to an exciting line-up of events and performances such as the customised Virtual Reality experience booth, while the adventurous shoppers had fun gliding across a 12-metre ski track at Paragon's main entrance along Orchard Road.

Shoppers were entertained by performances of local singer-songwriters at the Going Local Popup! 2017, a collaboration with COMPASS and ET Music. Young students from The Rice Company also performed heart-warming local songs to commemorate the Nation's birthday.



THE CLEMENTI MALL

MAGICAL CHRISTMAS – NOVEMBER 2016

Christmas came to life at the mall with performers from The Rice Company Limited, who entertained shoppers with their song and dance, musical and vocal performances. This was also the mall's effort to support local beneficiaries through the showcase of artistic talents and developing their skills by collaborating with The Business Times Budding Artists Fund.



GOOD OLD DAYS – FEBRUARY 2017

The good old days of "Lim Kopi" Sessions were re-enacted at the atrium where shoppers were treated to Singapore local style beverages and biscuits, especially the different variations of 'kopi' in our daily life.

INVESTOR RELATIONS

SPH REIT's Investor Relations (IR) practices are built upon firm adherence to a high standard of corporate governance and transparency. The Manager is committed to deliver clear, consistent and timely updates to the investment community and develop long-term relationships with Unitholders. The Manager carefully planned and set up various activities and communication platforms to ensure that all segments of the investment community are engaged. The valuable feedback and insights from these engagements are highlighted to the Board of Directors, alongside regular updates on Unitholders' statistics and views of investors and analysts.

PROACTIVE ENGAGEMENT WITH INVESTORS

The Manager interacts actively with the investment community through multiple platforms to provide them with an in-depth understanding of the business performance, challenges and growth strategies as well as to address their concerns. These include one-on-one meetings, quarterly post-results briefing, property-related conferences and roadshows. Briefings

are held to update analysts on SPH REIT's half-year and full-year financial results, operational performance and market outlook. The Manager holds annual media briefing for the full-year results. In addition, property tours are arranged upon request to enable institutional investors to gain a sense of the properties' vibrancy and better understand their operations.

Continual engagement with retail investors is done through public forums such as the REITs symposium jointly organised by Shareinvestor and the REIT Association of Singapore (REITAS). These events provide management the opportunity to meet retail investors and discuss the business and risk factors affecting SPH REIT in particular and the REIT industry in general.

SPH REIT held its third Annual General Meeting on 2 December 2016, 13 weeks after the financial year end to ensure timely engagement with Unitholders. The event was well attended with over 150 participants and all resolutions were approved by Unitholders. Electronic poll voting was conducted and results posted instantaneously.

SPH REIT's Investor Relations website is a key source of relevant and comprehensive information to the investment community. It is updated in a timely manner with quarterly financial performance and other announcements. Senior management's audio webcasts of SPH REIT's half-year and full-year results with slide presentations are also available for viewing through the website. It also archives all corporate announcements and presentations and provides email alerts on the latest announcements.

Unitholders are encouraged to access the SPH REIT corporate website at www.sphreit.com.sg for the latest updates. Queries can be posted via the investor relations email address, ir@sphreit.com.sg.



INVESTOR RELATIONS CALENDAR

1st Quarter 2017 (September - November 16)	<ul style="list-style-type: none"> ■ Announcement of FY2016 Results and Media Conference and Analysts' Briefing with audio webcast ■ Post-Results Investor Meeting ■ Payment of 4Q FY2016 Distribution ■ Release of Annual Report 2016
2nd Quarter 2017 (December 16 - February 17)	<ul style="list-style-type: none"> ■ Annual General Meeting ■ Announcement of 1Q FY2017 Results ■ Post-Results Investor Meeting ■ Payment of 1Q FY2017 Distribution
3rd Quarter 2017 (March - May 17)	<ul style="list-style-type: none"> ■ Announcement of 2Q FY2017 Results and Analysts' Briefing with audio webcast ■ Post-Results Investor Meeting ■ Payment of 2Q FY2017 Distribution ■ SGX-CLSA-REITAS S-Reits Corporate Day in Seoul ■ REITs Symposium 2017
4th Quarter 2017 (June - August 17)	<ul style="list-style-type: none"> ■ Nomura Investment Forum Asia 2017 ■ Announcement of 3Q FY2017 Results ■ Post-Results Investor Meeting ■ Payment of 3Q FY2017 Distribution

FINANCIAL CALENDAR

2017

9 October	■ Announcement of FY2017 Results
17 October	■ Books Closure
16 November	■ Proposed Payment of 4Q FY2017 Distribution
30 November	■ Annual General Meeting

2018*

5 January	■ Announcement of 1Q FY2018 Results
11 April	■ Announcement of 2Q FY2018 Results
10 July	■ Announcement of 3Q FY2018 Results
11 October	■ Announcement of FY2018 Results
30 November	■ Annual General Meeting

* The dates are indicative and subject to change. Please refer to SPH REIT website, www.sphreit.com.sg, for the latest updates.

RISK MANAGEMENT

RISK MANAGEMENT APPROACH AND PHILOSOPHY

Risk Management is an integral part of the culture of SPH REIT (the "Manager") and the Board of Directors ("Board") is responsible for establishing the overall risk strategy and governance. The Manager advocates a continuous and iterative process for enhancing risk awareness and this has been implemented across the organisation through an Enterprise-wide Risk Management ("ERM") framework.

The risk management framework assists the Board and the Manager to assess, mitigate and monitor risk with the objective of capital preservation and ensure resilience in cyclical changes in business conditions. The framework also facilitates effective decision-making processes with due consideration to the risk-return trade-offs.

The Board delegates the oversight of the risk management framework to the Audit & Risk Committee ("ARC"). The ARC is responsible for ensuring the proper implementation and maintenance of the risk management programme, the Manager is accountable to the Board by identifying, assessing, monitoring, testing and recommending the tolerance levels of risks.

The Manager maintains a sound system of risk management and internal controls to safeguard stakeholders' interests and its assets. The Manager's risk management philosophy is built on a culture where risk exposures are mitigated by calibrating risks to acceptable levels while achieving its business plans and goals.

SPH REIT Board Assurance Framework below illustrates how the Board obtains assurance on the adequacy of the Manager's risk management and internal controls.

In pursuit of SPH REIT's risk management philosophy, the following ERM principles apply:

- Risks can be managed but cannot be totally eliminated.
- ERM is aligned with, and driven by business values, goals and objectives.
- Every level of management must assume ownership of risk management.
- Engagement of ARC on material matters relating to various types of risk and development of risk controls and mitigation processes.
- Risk management processes are integrated with other processes including budgeting, mid/long term planning and business development.

BOARD ASSURANCE FRAMEWORK

Enterprise Risk Management Framework

- Risk Governance
- Risk Culture
- Risk Change Management

Measure

- Risk Parameters
- Risk Assessment Process
- Risk Inventory

Manage

- Risk Mitigation Strategies
- Risk Action Plans
- Risk Registers

Monitor

- Risk Dashboard
- Emerging Risks
- Change to risk profiles due to:
 - Incidents
 - Audit findings

RISKS & CONTROL

Assurance Process

- Map key risks to process
- Map Key Controls to key risks
- Identify Sources of Assurance (Including Lines of Defence)

Management's Assurance

- Policy Management
- Fraud Risk Management
- Auditing/monitoring

Independent Assurance

- Internal Audit
- External Audit
- Compliance Audit

The key outputs of the Manager's Risk Management are:

- Defining a common understanding of risk classification and tolerance.
- Identifying key risks affecting business objectives and strategic plans.
- Identifying and evaluating existing controls and developing additional plans required to treat these risks.
- Implementing measures and processes to enable ongoing monitoring and review of risk severity and treatment effectiveness.
- Risk awareness training and workshops.
- Continuous improvement of risk management capabilities.

A robust internal control system is in place to address financial, operational, compliance and technology risks that are relevant and material to operations. Periodical internal audit is conducted to ensure that directions, policies, procedures and practices are adhered and functioning as desired.

REAL ESTATE MARKET RISKS

Real estate market risks, such as volatility in rental rates and occupancy, competition and regulatory changes may have an adverse effect on property yields. Such risks are monitored to optimise opportunities for existing assets. These risks are also reviewed for acquisition or disposal opportunities. Any significant change to the risk profile is reported to the ARC for assessment and mitigation.

OPERATIONAL RISKS

Day-to-day operations are premised on Standard Operating Procedures ("SOPs") and benchmarked against industry best practices which include structured reporting and monitoring processes to mitigate operational risks. They are intertwined with all daily operations to ensure quality operational performance, timeliness of deliverables and thereby continued operational growth, human capital output and overall business sustainability.

A comprehensive Business Continuity Plan ("BCP") is in place to minimize the potential impact from disruptions to critical businesses, in the event of catastrophes such as terrorism, pandemics and natural disasters. Operating and supporting service providers, as well as tenants are involved to ensure operational preparedness. The Manager practises risk transfer by procuring relevant insurance policies to mitigate certain financial losses.

CREDIT RISKS

All leases are subject to prior assessment of business proposition and credit standing. To further mitigate risks, security deposits in the form of cash or banker's guarantees are required for tenancy agreements and debtor balances are closely monitored to manage potential bad debts.

FINANCING AND INTEREST RATE RISKS

The Manager proactively manages the financing risk of SPH REIT by ensuring its debt maturity profile is spread out without major concentration of debts maturing in a single year, as well as maintaining an appropriate gearing level and tenure for its borrowing.

The Manager monitors the portfolio exposure to interest rate fluctuations arising from floating rate borrowing and hedges its exposure by way of interest rate swaps and fixed rate loan. A major portion of the S\$850 million debt facility is on a fixed rate basis.

In addition, the gearing limit is monitored to ensure compliance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS").

RISK MANAGEMENT

LIQUIDITY RISKS

The Manager actively manages the cash flow position and operational requirements to ensure there is sufficient working capital to fund daily operations and meet other obligations. In addition, to manage bank concentration risks, the Manager places its cash balances as well as establishes its debt facility with more than one reputable bank of high credit rating.

INVESTMENT RISKS

All investment proposals are subject to a rigorous and disciplined assessment taking into consideration the asset valuation, yield and sustainability. Sensitivity analysis is included in each review to assess the impact of a change in assumptions used. Potential acquisitions will be reviewed and analysed by the Manager before any recommendations are tabled for deliberation and approval by the Board. Upon the Board's approval, the investment proposal will be submitted to the Trustee for final endorsement. The Trustee monitors the Manager's compliance with the Property Fund Appendix of the Code on Collective Investment Schemes, restrictions and requirements of the listing manual of the Singapore Exchange Securities Trading Limited, and the provisions of the Trust Deed.

LEGAL, REGULATORY AND COMPLIANCE RISKS

The Manager takes a resolute stance in compliance, observing all laws and regulations including, restrictions and requirements of the listing manual of the Singapore Exchange Securities Trading Limited, MAS' Property Funds Appendix and the provisions in the Trust Deed. Written corporate policies and procedures facilitate staff awareness and provide clear instructions for implementation of operational and business processes to minimize inadvertent contravention of applicable legislations and regulations and counterparty obligations and all contractual agreements. Quarterly reports on significant legal, regulatory and compliance matters are submitted to ARC for guidance.

Formal processes for Workplace Safety and Health compliance have also been implemented for all buildings, shopping malls, offices including any business and public services. In addition, a compliance framework containing policies and practices to regulate the proper management of personal data in the group is in place to respond to the requirements of the Personal Data Protection Act (PDPA).

FRAUD RISKS

The Manager has in place a Code of Business Ethics and Employee Conduct (Code of Conduct) which states that the organisation does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by staff in the course of their work. The Code of Conduct covers areas such

as fraud, business and workplace behaviour, safeguarding of assets, proprietary information and intellectual property. Any breach of the Code of Conduct may result in disciplinary action including dismissal or termination of the employment contract. The Board has established a whistle blowing policy for employees and any other persons to raise concerns about potential or actual improprieties in financial or other operational matters.

TECHNOLOGY & CYBER RISKS

Information Technology (IT) plays a vital role in the sustainability of the business and the Manager is fully cognizant of the evolving risks in technology and cyber security. IT system failures may cause downtime in business operation and adversely affect operational efficiency and integrity. The Manager has therefore implemented tight controls within the corporate systems to address the threats. In this respect, IT policies are prescribed to guide staff on appropriate and acceptable use of IT resources including computers, networks, hardware, software, email, applications and data in order to ensure the efficiency and integrity of these computing resources.

All systems are regularly reviewed to ensure that the security features are adequate for safeguarding and preventing unauthorised access or disclosure of any data that is in the organisation's possession. As part of the BCP, an IT disaster recovery programme is also in place to ensure systematic off-site back-up of data and security updates.

CORPORATE GOVERNANCE

The board and management of SPH REIT Management Pte. Ltd., and the manager of SPH REIT (the “Board”; the “Management”; the “Manager”), are committed to good corporate governance as they firmly believe that it is essential to the sustainability of SPH REIT’s business and performance as well as in protecting the interests of the Unitholders of SPH REIT (“Unitholders”). Good corporate governance is also critical to the performance and success of the Manager.

The Manager adopts the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore (the “MAS”) on 2 May 2012 (the “2012 Code”) as its benchmark for corporate governance policies and practices and SPH REIT is pleased to confirm that it has adhered to the principles and guidelines of the 2012 Code in all material aspects. In so far as any guideline has not been complied with, the reason has been provided. The following describes the Manager’s main corporate governance policies and practices, with specific reference to the 2012 Code.

The Annual Report should be read in totality for the Manager’s full compliance.

THE MANAGER OF SPH REIT

The Manager has general powers of management over the assets of SPH REIT. The Manager’s main responsibility is to manage SPH REIT’s assets and liabilities for the benefit of Unitholders.

The Manager discharges its responsibility for the benefit of Unitholders, in accordance with applicable laws and regulations as well as the trust deed constituting SPH REIT dated 9 July 2013 (“Trust Deed”) and as amended from time to time. The Manager sets the strategic direction of SPH REIT and gives recommendations to DBS Trustee Limited, as trustee of SPH REIT (the “Trustee”) on the acquisition, divestment, development and/or enhancement of its assets in accordance with its stated investment strategy. As a REIT manager, the Manager is granted a Capital Market Services Licence (“CMS Licence”) by the MAS.

The Manager uses its best endeavours to ensure that SPH REIT conducts its business in a proper and efficient manner; and conducts all transactions with or for SPH REIT on an arm’s length basis and on normal commercial terms.

The Manager’s other functions and responsibilities include:

1. preparing business plans on a regular basis, which may contain proposals and forecasts on gross revenue, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions;
2. ensuring compliance with the applicable provisions of the Securities and Futures Act and all other relevant legislation such as the SGX-ST Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (the “Property Funds Appendix”), the Trust Deed, the CMS Licence and any tax ruling and all relevant contracts;
3. attending to all regular communications with Unitholders; and
4. supervising SPH Retail Property Management Services Pte Ltd, the property manager that manages the day-to-day property management functions (including leasing, accounting, budgeting, marketing, promotion, property management, maintenance and administration) for SPH REIT’s properties, pursuant to the property management agreements signed for the respective properties.

CORPORATE GOVERNANCE

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Board's Leadership and Control

The Board is responsible for the overall management and corporate governance of the Manager and SPH REIT including establishing goals for Management and monitoring the achievement of these goals. The Board also sets the values and ethical standards of SPH REIT as well as considers sustainability issues relevant to its business environment and stakeholders.

The key roles of the Board are to:

1. guide the corporate strategy and directions of the Manager;
2. ensure that senior management discharges business leadership and demonstrates the necessary management capability with integrity and enterprise;
3. oversee the proper conduct of the Manager; and
4. safeguard the interests of SPH REIT Unitholders and SPH REIT's assets.

To assist the Board in the discharge of its oversight function, the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC") have been constituted with written terms of reference.

The Board has put in place a set of internal controls containing approval limits for operational and capital expenditures, investments and divestments, bank borrowings and cheque signatory arrangements. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

Matters requiring the Board's decision and approval include:

1. Material transactions such as major funding proposals, investments, acquisitions and divestments including SPH REIT's commitment in terms of capital and other resources;
2. The annual budgets and financial plans;
3. Annual and quarterly financial reports;
4. Internal controls and risk management strategies and execution; and
5. Appointment of directors and key management staff including review of performance and remuneration packages.

The names of the members of the Board Committees are set out in the Corporate Directory page of this Annual Report.

Board and Board Committee Attendance

The Board meets on a quarterly basis and as warranted by particular circumstances. Four Board meetings were held in the financial year ended 31 August 2017 ("FY2017") to discuss and review the Manager's and SPH REIT's key activities, including its business strategies and policies for SPH REIT, proposed acquisitions and disposals, the annual budget, the performance of the business and the financial performance of SPH REIT and the Manager. The Board also reviews and approves the release of the quarterly, half and full-year results. A Director who is unable to attend any meeting in person may participate via telephone or video conference. The attendance of the Directors at meetings of the Board, ARC and NRC, and the frequency of such meetings, is disclosed on page 77. A Director who fails to attend three Board meetings consecutively, without good reason, will not be nominated for re-appointment and will be deemed to have resigned.

Directors are expected to exercise independent judgment in the best interests of SPH REIT, and have discharged this duty consistently well.

CORPORATE GOVERNANCE

Training for Directors

Upon the appointment of a Director, he is provided with a formal letter setting out his key responsibilities. New Directors will go through an orientation and induction programme, which includes site visits to the operational centres so as to familiarise them with SPH REIT's business, operations and organisation structure. Directors are updated on changes in relevant laws and regulations; industry developments; and analyst and media commentaries on matters related to SPH REIT.

Following their appointment, Directors are provided with opportunities for continuing education in areas such as Directors' duties and responsibilities, changes to laws, regulations, accounting standards and industry-related matters so as to be updated on matters that affect or may enhance their performance as Board or Board Committee members.

Directors are informed and encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors, SGX-ST, and relevant business and financial institutions and consultants.

For FY2017, Directors were provided with briefing and training in the areas of corporate governance, regulatory compliance, essentials of nominating and remuneration committees. Directors were also provided with training in the areas of personal data protection and anti-money laundering, in addition to updates on audit committee duties and professional ethics.

Directors may, at any time, request for further explanations, briefings or informal discussions on any aspect of SPH REIT's or the Manager's operations or business issues from Management.

Board Composition and Guidance

Principle 2: Strong and Independent Board

Currently, the Board comprises seven Directors, of whom four are independent Directors and three are non-executive Directors. Each Director has been appointed on the strength of his/her calibre and experience.

SPH REIT is committed to building an open, inclusive and collaborative culture, and recognises the benefits of having a Board with diverse backgrounds and experience. Such diversity will provide a wider range of perspectives, skills and experience, which will allow Board members to better identify possible risks, raise challenging questions, and contribute to problem-solving. The Board is of the view that the current composition of the Board encompasses an appropriate balance and diversity of skills, experience, gender, knowledge and core competencies such as accounting, law, finance, business or management experience, industry knowledge and strategic planning experience. The Board will continue to review its composition regularly to ensure that the Board has the appropriate balance and diversity to maximise its effectiveness.

The Board considers that its present size is appropriate which facilitates effective decision making and allows for a balanced exchange of views, robust deliberations and debates among members, and effective oversight over Management.

The independence of each Director is assessed by the Board in accordance with Guideline 2.3 of the 2012 Code

Key information regarding the Directors, including directorship and chairmanship both present and those held over the preceding three years in other listed companies, and other principal commitments, are set out in the Board of Directors' section and on pages 15 to 18 which provide further information on them.

The Board and Management are given opportunities to engage in open and constructive debate for the furtherance of strategic objectives of the Manager and SPH REIT. All Board members are supplied with relevant, complete and accurate information on a timely basis and may challenge Management's assumptions and also extend guidance to Management, in the best interest of SPH REIT.

To facilitate open discussions and the review of the performance and effectiveness of Management, the Directors meet at least once annually without the presence of Management.

CORPORATE GOVERNANCE

Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities between Chairman and Chief Executive Officer to ensure a balance of power and authority

The Chairman and CEO are separate persons and are not related, to maintain an effective check and balance. The Chairman is a non-executive and independent Director. The CEO bears executive responsibility for SPH REIT's business and implements the Board's strategic decisions. The roles of the Chairman and the CEO are kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman sets the agenda for Board meetings, ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues, and that complete, adequate and timely information is made available to the Board. He encourages constructive relations within the Board and between the Board and Management, facilitates the effective contribution of Directors, and facilitates effective communications with Unitholders. He takes a lead role in promoting high standards of corporate governance, with the full support of the Directors, the Company Secretary and Management.

The Manager does not have any lead Independent Director given that the Chairman and CEO are not the same person and are not immediate family members. The Chairman is not a part of the management team and is an independent Director.

Board Membership

Principle 4: Formal and transparent process for appointment of directors

The NRC administers nominations to the Board, reviews the structure, size and composition of the Board, and reviews the independence of Board members. In addition, as part of regulatory requirements, MAS also gives approval for any change of the CEO or of any appointment of Director. Directors of the Manager are not subject to periodic retirement by rotation.

The composition of the Board, including the selection of candidates for new appointments to the Board as part of the Board's renewal process, is determined using the following principles:

- (a) the Board should comprise Directors with a broad range of commercial experience, including expertise in funds management, the property industry and in the banking and legal fields; and
- (b) at least one-third of the Board should comprise independent Directors. Where, among other things, the Chairman of the Board is not an independent Director, at least half of the Board should comprise independent Directors.

Guideline 4.4 of the 2012 Code recommends that the Board determine the maximum number of listed companies board representations which any director may hold and disclose this in the annual report. The Board is of the view that, the limit on the number of listed company directorships that an individual may hold should be six but this serves only as a guide. The Board has the discretion to decide whether to adhere to the guide on a case-by-case basis, as a person's available time and attention may be affected by many different factors such as whether they are in full-time employment and their other responsibilities.

A Director with multiple directorships is expected to ensure that sufficient attention is given to the affairs of the Manager in managing the assets and liabilities of SPH REIT for the benefit of Unitholders. In considering the nomination of Directors for appointment, the Board will take into account, amongst other things, the competing time commitments faced by Directors with multiple Board memberships. All Directors have confirmed that notwithstanding the number of their individual listed company board representations and other principal commitments, they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of SPH REIT for the benefit of Unitholders. The Board is of the view that current commitments of each of its Directors are reasonable and each of the Directors is able to and has been able to carry out his/her duties satisfactorily.

CORPORATE GOVERNANCE

The NRC will review the composition of the Board and ARC periodically, taking into account the need for progressive renewal of the Board and each Director's competencies, commitment, contribution and performance.

The NRC regularly reviews the balance and mix of expertise, skills and attributes of the Directors in order to meet the business and governance needs of the Manager, shortlists candidates with the appropriate profile for nomination or re-nomination and recommends them to the Board for approval. It looks out for suitable candidates to ensure continuity of Board talent. Some of the selection criteria used are integrity, independent mindedness, diversity of competencies, ability to commit time and effort to the Board, track record of good decision-making experience in high-performing companies and financial literacy.

The Board does not appoint alternate directors as recommended by Guideline 4.5 of the 2012 Code.

The Board may seek advice from external search consultants where necessary.

Review of Directors' Independence

The NRC reviews annually whether a Director is considered an independent director based on the 2012 Code's definition of an "independent director" and guidance as to possible relationships, which might deem a Director not to be independent. The NRC has ascertained that for the period under review, four of the non-executive Directors, namely Dr Leong Horn Kee, Mr Soon Tit Koon, Mr David Chia and Ms Rachel Eng, are independent and that all Directors have devoted sufficient time and attention to the Manager's affairs. There are no relationships or circumstances which affect or would be likely to affect the judgment of the independent Directors, and their ability to discharge their responsibilities as independent Directors of the Board. None of the independent Directors have served on the Board for more than nine years from the date of first appointment.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board and contribution of each director

The Board's performance is reviewed on an annual basis, based on performance criteria as agreed by the Board.

The Board had implemented a process for assessing the effectiveness of the Board as a whole and its Board Committee as well as for assessing the contribution by Directors to the effectiveness of the Board.

The NRC reviews the Board's performance on an annual basis, based on the performance criteria as agreed by the Board from time to time, and decides how this may be evaluated.

Board Evaluation Process

This process involves having Directors complete a Questionnaire seeking their views on various aspects of Board performance, such as Board composition, access to information, process and accountability.

The Company Secretary compiles Directors' responses to the Questionnaire into a consolidated report. The report is discussed at the NRC meeting.

For FY2017, the Questionnaire on the performance of the Board and Board Committees was reviewed in accordance with the best practices on board evaluation. The performance of the Board was reviewed as a whole, taking into account the Board's composition and size, the Board's access to information, Board processes, Board accountability, standard of conduct and performance of the Board's principal functions and fiduciary duties, and guidance to and communication with the Management.

CORPORATE GOVERNANCE

Individual Director Evaluation

As from FY2017, the NRC also conducted a peer and self evaluation to assess the performance of individual Directors. The Board Chairman, together with the Chairman of NRC, assessed the performance of individual directors based on factors such as the Director's attendance, preparedness, candour, participation and contribution at Board meetings, industry and business knowledge, functional expertise, and commitment and dedication. The results of the peer and self evaluation are compiled by the Company Secretary and given to the Board Chairman, who assesses the performance of the individual Directors, and will discuss with each individual Director if needed.

The NRC is satisfied that all performance objectives have been achieved for FY2017 for the Board as a whole and for individual Directors.

Succession Planning

The NRC regards succession planning as an important part of corporate governance and follows an internal process of succession planning for the Directors and CEO to ensure the progressive and orderly renewal of the Board.

Access to Information

Principle 6: Provision of complete, adequate and timely information prior to board meetings and on an on-going basis

The Manager recognises that the provision of complete, adequate and timely information is critical for the Board to be effective in discharging its duties.

The Board is provided with monthly and quarterly reports encompassing management reports, financial statements, progress reports of SPH REIT's business operations, as well as analysts' reports. The quarterly results announcement and annual budget are presented to the Board for approval. Financial results are compared against prior year as well as budgets, together with explanations given for significant variances for the relevant period. The Board also receives regular updates regarding industry and technological developments. Such reports enable Directors to keep abreast of issues and developments in the industry, as well as challenges and opportunities for SPH REIT.

As a general rule, board papers are sent to Directors at least one week in advance in order for Directors to be adequately prepared for the meeting. Senior Management attends Board meetings to answer any queries from the Directors. The Directors also have unrestricted access to the Company Secretary and Management at all times. Directors are entitled to request from Management and provided with such additional information as needed to make informed and timely decisions.

The Company Secretary works closely with the Chairman in setting the agenda for Board meetings. He attends all Board meetings and prepares minutes of the Board proceedings. He ensures that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flow within the Board and the Board Committees and between Management and Directors. The Company Secretary also organises orientation and training for Directors, as well as provides updates and advises Directors on all governance matters. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Should Directors, whether as a group or individually, need independent professional advice relating to the Manager's affairs, the Company Secretary will appoint a professional advisor to render the relevant advice and keep the Board informed of such advice. The cost of such professional advice will be borne by the Manager.

CORPORATE GOVERNANCE

Remuneration Matters

Principle 7: Formal and transparent procedure for fixing remuneration packages of directors

Level and Mix of Remuneration

Principle 8: Appropriate remuneration to attract, retain and motivate directors and key management

Principle 9: Clear disclosure on remuneration policy, level and mix

As SPH REIT has no personnel of its own, the Manager hires qualified staff to manage the operations of the Manager and SPH REIT. As such, the remuneration of Directors and staff of the Manager is paid by the Manager, and not by SPH REIT.

The NRC supports the Board in the remuneration matters of the Manager in accordance with the NRC's written terms of reference. As the NRC comprises all members of the Board, the majority of the NRC is independent. Chairman of the NRC is Mr David Chia who is an independent director.

The NRC's terms of reference set out the scope and authority, amongst others, in performing the functions of a remuneration committee, which include the following:

1. review and recommend to the Board a framework of remuneration for the Board, CEO and key executives;
2. review and recommend to the Board the specific remuneration packages for each director, the CEO and key executives;
3. review and administer the share and other incentive scheme(s) adopted by the Manager and to decide on the allocations to eligible participants under the said share scheme(s); and
4. review the Manager's obligations arising in the event of termination of the executive directors' and key executives' contracts of service, so as to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has considered the remuneration policies and practices of the Manager's holding company, Singapore Press Holdings Limited ("SPH"), and believes that these are transparent and suitable for adoption by the Manager taking into account the circumstances of the Manager and SPH and its subsidiaries as well as the benefits of tapping into SPH's compensation framework. In its decision to adopt the remuneration policies and practices of SPH, the NRC took into account that the framework of remuneration for the Board and key executives should not be taken in isolation; it should be linked to the building of management strength and the development of key executives. SPH has a remuneration committee ("SPHRC") that determines and recommends to the SPH board of directors the framework of remuneration, terms of engagement, compensation and benefits for senior executives of SPH and its subsidiaries, which include the CEO and Management of the Manager. SPHRC sets the remuneration guidelines of the SPH Group for each annual period, including the structuring of long-term incentive plans, annual salary increases and variable and other bonuses for distribution to its Group employees. Following the new directions and guidelines from the MAS on the remuneration of directors and key executive officers of REIT managers, the Board with the assistance of the NRC has reviewed the remuneration objectives, policies and procedures applicable to the Manager, with a view to aligning them with the substance and spirit of such directions and guidelines from the MAS.

CORPORATE GOVERNANCE

Name	Board Member S\$	Audit & Risk Committee S\$	Nominating & Remuneration Committee S\$	Total Fees S\$
Leong Horn Kee	70,000 (Chairman)	–	7,000	77,000
Soon Tit Koon	40,000	20,000 (Chairman)	7,000	67,000
David Chia Chay Poh	40,000	13,000	12,000 (Chairman)	65,000
Rachel Eng Yaag Ngee	40,000	13,000	7,000	60,000
Chan Heng Loon Alan*	**36,667	–	**6,417	**43,084
Ng Yat Chung*	***3,333	–	***583	***3,916
Anthony Mallek*	40,000	–	7,000	47,000
Ginney Lim May Ling*	40,000	–	7,000	47,000
Total Fees	310,000	46,000	54,000	410,000

* Directors who are full-time SPH management staff. They do not receive Directors' fees. Fees are instead paid directly to SPH.

** From 1 September 2016 to up to 31 July 2017

*** From 1 August 2017 to 31 August 2017

Directors' fees comprise a basic retainer fee and fees in respect of service on Board Committees. The Directors' fees are appropriate to the level of contribution, taking into account factors such as effort and time spent, and the responsibilities of the Directors, such that the independence of the independent non-executive Directors is not compromised by their compensation. While there are no unit-based compensation schemes in place for non-executive Directors, the NRC will consider the introduction of unit-based compensation for non-executive Directors as and when appropriate.

There are no termination, retirement and post-employment benefits granted to Directors, the CEO or the CFO during FY2017.

No employee of the Manager was an immediate family member of a Director or the CEO and whose remuneration exceeded \$50,000 during FY2017. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

In deciding on the remuneration of directors and key executive officers, the NRC will consider the level of remuneration that is appropriate to attract, retain and motivate the directors and key executive officers to run the Manager successfully. The NRC will, in setting the remuneration packages, take into account the pay and employment conditions within the industry and in comparable companies, the Manager's relative performance and the performance of the key executive officers.

The Manager adopts a remuneration policy for staff comprising a fixed component, a variable component, and benefits-in-kind. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Manager's and each individual employee's performance. The NRC will approve the bonus for distribution to staff on that basis.

The NRC may seek expert advice inside and/or outside of the Manager on remuneration of Directors and staff. It ensures that in the event of such advice being sought, existing relationships, if any, between the Manager and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

CORPORATE GOVERNANCE

The 2012 Code and the Notice to All Holders of a Capital Markets Service Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the Securities and Futures Act) require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis with a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives; (ii) the disclosure of the remuneration of at least the top five key executive officers (who are neither Directors nor the CEO) in bands of \$250,000, with a breakdown (in percentage or dollar terms) of each key executive officer's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives; and (iii) the aggregate total remuneration paid to the top five key executive officers (who are neither Directors nor the CEO). In the event of non-disclosure, the Manager is required to give reasons for such non-disclosure.

The Board has reviewed, assessed and decided against such disclosure on the following grounds:

1. the remuneration of the Directors and employees of the Manager are not paid out of the deposited property of SPH REIT (listed issuer). Instead, they are remunerated directly by the Manager, which is a private company. The fees that the Manager gets from SPH REIT has been disclosed under the "Interested person/interested party transactions" section of the Annual Report;
2. remuneration matters for the CEO and each of the executive officers are highly confidential and sensitive matters;
3. there is no misalignment between the remuneration of the Directors and the key management personnel of the Manager and the interests of the Unitholders given that their remuneration is not linked to the gross revenue of SPH REIT and is paid out of the assets of the Manager and not out of SPH REIT; and
4. the negative impact which such disclosure may have on the Manager in attracting and retaining talent for the Manager on a long-term basis, taking into consideration factors such as the commercial sensitivity and confidential nature of remuneration matters, the competitive nature of the REIT management industry, the competitive business environment in which the Manager operates in, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place.

For the Manager, long term incentive-based compensation is granted as part of an overall compensation programme. It is an extension of the Manager's pay-for-performance philosophy. Performance unit awards recognise the contributions and services of high performing employees, and motivate the incumbents to perform for the long-term success of SPH REIT as well as to enhance total returns for Unitholders of SPH REIT.

Accountability and Audit

Principle 10: Board presents the company's performance, position and prospects

The Board announces SPH REIT's quarterly and full-year financial results which present a balanced, clear and informed assessment of its performance, position and prospects through public announcements and through the SGXNET.

The Manager conforms to a set of guidelines to ensure full compliance with statutory and regulatory requirements as well as adopts best practices in SPH REIT's business processes. This is imperative to maintaining Unitholders' confidence and trust in SPH REIT.

The Management recognizes the importance of providing the Board with accurate and relevant information on a timely basis. Hence the Manager provides the Board on a regular basis, with management reports that contain financial, business and operational information and such explanation and information as the Board may require from time to time. This enables the Board to make a balanced and informed assessment of SPH REIT's performance and prospects.

CORPORATE GOVERNANCE

Risk Management and Internal controls

Principle 11: Sound system of risk governance and internal controls

The ARC assists the Board in overseeing the risk governance of the Manager and SPH REIT to ensure that the Manager maintains a sound system of risk management and internal controls to safeguard SPH REIT's assets and Unitholders' interests.

The ARC's objectives in relation to risk management include the following:

- a. Oversee SPH REIT's and the Manager's risk exposure and risk management strategy;
- b. Review and guide Management in the formulation of SPH REIT's and the Manager's risk policies and implementation of risk management assessment processes and mitigation strategies;
- c. Review the report to the Board of risk management activities and performance, including whether key risks are managed within acceptable levels, breaches of any of key risk indicators and the corrective actions taken;
- d. Review annually, or more often as required by the ARC, the adequacy and effectiveness of SPH REIT's and the Manager's risk management and internal control systems and processes, including those governing financial, operational, compliance and information technology risks, and
- e. Report to the Board all significant risk matters and ARC's assessment of risk management performance on an annual basis.

The Manager has in place a risk management framework which has been established to ensure adequate and effective management of risks in the Manager and SPH REIT and facilitate the Board's assessment on the adequacy and effectiveness of the Manager's and SPH REIT's risk management system. The framework sets out the governing policies, processes and systems pertaining to each of the key risk areas to which the Manager and SPH REIT are exposed. The framework also facilitates the assessment by the Board in the effectiveness of the Manager in managing each of the key risk areas.

Under the risk management framework, the Manager has implemented a systematic risk assessment process to identify significant risks, set relevant risk appetite, monitor risk exposure, and take risk mitigating measures when necessary. The Manager's approach to risk management and internal control and the management of key business risks is set out in the "Risk Management Report" section on pages 60 to 62 of this Annual Report.

The ARC reviews periodically the implementation by the Management of the risk management framework, and the extent to which risk perspectives are used in achieving its strategic objectives of SPH REIT. Key risks, their likely impact and possible control measures and management actions have to be continually identified, analysed and understood by Management before any significant undertaking is embarked upon. In addition, the Manager also promptly submits monthly reports to the Board on business and financial performance and updates on operational matters.

The SPH's Internal Audit Division ("IAD") has an annual audit plan, which complements that of the external auditors. IAD's plan focuses on material internal control systems including financial, operational, IT and compliance controls, and risk management. IAD also assesses security and control in new systems development, recommends improvements on the effectiveness of operations, and contributes to risk management and corporate governance processes. Any material non-compliance with established processes or lapses in internal controls together with corrective measures are reported to the ARC. The ARC annually reviews the adequacy and effectiveness of IAD.

The CEO and CFO at each financial year-end will provide a letter of assurance to the Board on the integrity of the financial records/statements, as well as the effectiveness of SPH REIT's risk management and internal control systems.

CORPORATE GOVERNANCE

Such assurance includes the following:

- internal controls were established and maintained;
- material information relating to the Manager is disclosed on a timely basis for the purposes of preparing financial statements; and
- the Manager's internal controls were effective as at the end of the financial year.

Based on the internal audit reports submitted and the management controls that are in place, the ARC is satisfied that the internal control systems provide reasonable assurance that SPH REIT's assets are safeguarded, that proper accounting records are maintained and financial statements are reliable. In addition, the Manager's external auditors will highlight any material internal control weaknesses which have come to their attention in the course of their annual audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses and recommendations, if any, will be reported by the external auditors to the ARC.

Based on the internal controls established and maintained by the Manager, work performed by the internal and external auditors, and regular reviews performed by Management, the Board and ARC are of the opinion that the Manager's risk management systems and internal controls were adequate and effective as at 31 August 2017 to address financial, operational, compliance and information technology risks, which the Manager considers relevant and material to SPH REIT's operations.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Manager will not be affected by any event whether or not the event could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of unforeseen events, material errors, poor judgment in decision-making, human error, fraud or other irregularities.

CODE OF DEALINGS IN SECURITIES

The Manager has in place a Code of Dealings in SPH REIT units, which prohibits dealings in SPH REIT units by all Directors of the Manager, certain employees of the Manager, SPH and its subsidiaries, within certain trading "black-out" periods. The "black-out" periods are two weeks prior to the announcement of the Manager's financial statements for each of the first three quarters of its financial year and one month prior to the announcement of the Manager's full year financial statements. These persons are also reminded to observe insider trading laws at all times, and not to deal in SPH REIT units when in possession of any unpublished price-sensitive information regarding the Manager or SPH REIT, or on short-term considerations. In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Manager issues quarterly reminders to its Directors, relevant officers and employees on the restrictions in dealing in SPH REIT units as set out above.

Audit and Risk Committee

Principle 12: Establishment of an Audit and Risk Committee with written terms of reference

The ARC currently comprises three members, all of whom are non-executive and independent Directors. The Chairman is Mr Soon Tit Koon and its members are Mr David Chia and Ms Rachel Eng.

The Board is of the view that the members of the ARC have sufficient financial management expertise and experience to discharge the ARC's functions given their experience as directors and/or senior management in accounting, financial and industry areas. The ARC performs the functions as set out in the 2012 Code including the following:

- a) reviewing the annual audit plans and audit reports of external and internal auditors;

CORPORATE GOVERNANCE

- b) reviewing the financial statements of SPH REIT before they are submitted to the Board for approval;
- c) reviewing the significant financial reporting issues so as to ensure the integrity of the financial statements of SPH REIT and any announcements relating to SPH REIT's financial performance;
- d) reviewing the auditors' evaluation of the system of internal accounting controls;
- e) reviewing and reporting to the Board the adequacy and effectiveness of the Manager's internal controls, including financial, operational, compliance and information technology controls;
- f) reviewing the scope, results and effectiveness of the internal audit function;
- g) reviewing the scope, results and effectiveness of the external audit, and the independence and objectivity of the external auditors annually, and the nature and extent of non-audit services supplied by the external auditors so as to maintain objectivity;
- h) making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- i) reviewing the Manager's whistle-blowing policy, and to ensure that channels are open for possible improprieties to be raised and independently investigated, and for appropriate follow-up action to be taken;
- j) overseeing any internal investigation into cases of fraud and irregularities;
- k) reviewing interested person transactions;
- l) approving (or participating in) the hiring, removal, evaluation and compensation of the head of the internal audit function;
- m) ensuring that the internal audit function is adequately resourced and has adequate support within the Company; and
- n) overseeing the risk management function of the Manager to ensure the adequacy and effectiveness of risk management processes in safeguarding interest of SPH REIT.

The ARC has the authority to investigate any matter within its terms of reference, full access to and co-operation by management, full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The ARC has conducted an annual review of the performance of the external auditor and the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, before confirming their re-nomination. The aggregate amount of fees paid to the external auditors for FY2017 was S\$248,000, comprising fees paid for audit and non-audit services of S\$178,000 and S\$70,000 respectively.

The ARC meets separately with the external and internal auditors, in each case without the presence of Management, at least once a year. The audit partner of the external auditors is required to be rotated every five years, in accordance with the requirements of the SGX-ST Listing Manual.

Quarterly financial statements and the accompanying announcements of SPH REIT are reviewed by the ARC before being submitted to the Board for approval, to ensure the integrity of information to be released.

During the financial year, the ARC reviewed the quarterly financial statements prior to endorsing and recommending their release to the Board. This includes assessing the following: significant financial reporting issues and judgments; the auditors' evaluation of the system of internal accounting controls; the adequacy and effectiveness of SPH REIT's internal controls, including financial, operational, compliance and information technology controls; the annual audit plan of the external and internal auditors and the results of the audits performed by them; and the list of interested person transactions. It also reviewed the scope, results and effectiveness of the internal audit and external audit functions; the independence and objectivity of the external auditors and the non-audit services rendered by them; and the re-appointment of the external auditors and its remuneration. Management's assessment of fraud risks, adequacy of the whistle-blower arrangements and whistle-blower complaints are reviewed by the ARC.

CORPORATE GOVERNANCE

The ARC takes measures to keep abreast of the changes to regulatory environment and accounting standards which have a direct impact on the business of SPH REIT and its financial statements, with training conducted by professionals or external consultants.

In the review of the financial statements, the ARC had discussed with Management the accounting principles that applied and their judgment of items that affect the financial statements. This included a review of valuation of investment properties, a key audit matter ("KAM") identified by the external auditor in the audit report for the financial year ended 31 August 2017.

The ARC considered the standing of the valuers and their independence, appropriateness of valuation methodologies, and underlying key assumptions applied in the valuation of investment properties. The ARC reviewed the outcome of the valuation process and discussed the details of the valuation with Management. They also assessed the findings of the external auditor and consulted with the external auditors. The ARC concluded that the accounting treatment and estimates in the KAM were appropriate.

External Auditors

Details of the aggregate amount of fees paid to the external auditors for FY2017, and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found on page 74.

The Manager confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the SGX-ST Listing Manual.

None of the ARC members is a former partner of the Manager's existing auditing firm.

CODE OF BUSINESS ETHICS AND EMPLOYEE CONDUCT POLICY

The Manager has an existing Code of Business Ethics and Employee Conduct Policy ("Ethics Code"), to regulate the ethical conduct of its employees.

Whistleblowing Policy

The Manager also has a Whistleblowing Policy & Procedure to allow staff and external parties such as suppliers, customers, contractors and other stakeholders, to raise concerns or observations in confidence to the Manager, about possible irregularities for independent investigation and appropriate follow up action to be taken. Such concerns include dishonesty, fraudulent acts, corruption, legal breaches and other serious improper conduct; unsafe work practices and any other conduct that may cause financial or non-financial loss to the Manager or damage to the Manager's reputation. The Whistleblowing Policy encourages staff and external parties to identify themselves whenever possible to facilitate investigations, but will also consider anonymous complaints, in certain circumstances. It makes available to staff and external parties the contact details of the Receiving Officer, who may also forward the concern to the respective superiors, CEO, ARC Chairman and/or Chairman.

CORPORATE GOVERNANCE

Internal Audit

Principle 13: Establishment of an internal audit function that is independent of the functions it audits

The internal audit of the Manager is an outsourced function by SPH's IAD. Audit engagements for the Manager and SPH REIT form part of the audit workplan for SPH Group.

The role of the internal auditor is to provide reasonable assurance to the ARC that the risk management, system of internal controls and governance processes designed by the Management are adequate and effective.

SPH's IAD is staffed with eight audit executives, including the Head of Internal Audit. Most of the SPH's IAD staff have professional qualifications, and are members of the Institute of Singapore Chartered Accountants and/or Institute of Internal Auditors ("IIA"). Some are Certified Information Systems Auditor (CISA). All IAD staff have to adhere to a set of code of ethics adopted from the IIA. SPH's IAD is guided by the International Professional Practices Framework issued by the IIA and ensures staff competency through the recruitment of suitably qualified and experienced staff, provision of formal and on-the-job training, and appropriate resource allocation in engagement planning.

The Head of Internal Audit reports directly to the Chairman of the ARC on the Manager's and SPH REIT's audit matters. SPH's IAD has unrestricted direct access to all the Manager's and SPH REIT's documents, records, properties and personnel. SPH's IAD's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. The ARC reviews and approves the annual IA plans and resources to ensure that SPH's IAD has the necessary resources to adequately perform its functions.

Unitholder Rights & Responsibilities

Principle 14: Fair and equitable treatment of Unitholders

Communication with Unitholders

Principle 15: Regular, effective and fair communication with Unitholders

Conduct of Unitholder Meetings

Principle 16: Greater Unitholder participation at AGMs

The Manager is committed to treating all Unitholders fairly and equitably and keeping all Unitholders and other stakeholders and analysts informed of the performance and changes in SPH REIT or its business which would be likely to materially affect the price or value of Units, on a timely and consistent basis, so as to assist Unitholders and investors in their investment decisions.

The Manager provides accurate and timely disclosure of material information on SGXNET. Unitholders are notified in advance of the date of release of SPH REIT's financial results through an announcement via SGXNET. The Manager also conducts regular briefings for analysts and media representatives, which will generally coincide with the release of SPH REIT's quarterly and full year results. During these briefings, Management will review SPH REIT's most recent performance as well as discuss the business outlook for SPH REIT. In line with the Manager's objective of transparent communication, briefing materials are simultaneously released through the SGX-ST via SGXNET and also made available at SPH REIT's website.

All Unitholders are entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings. All Unitholders are also informed of the rules, including voting procedures, governing such meetings.

SPH REIT prepares minutes of general meetings, which incorporates comments or queries from Unitholders and responses from the Board and management. These minutes are available to Unitholders upon their request.

CORPORATE GOVERNANCE

At general meetings, each distinct issue is proposed as a separate resolution. For greater efficiency and transparency, resolutions are put to the vote by electronic poll voting. Independent scrutineers are appointed to conduct the voting process, and verify and tabulate votes after each resolution. The results of the electronic poll voting will be announced immediately after each resolution has been put to a vote, and the number of votes cast for and against and the respective percentages are displayed in real-time at the general meeting. The outcome of the general meeting is promptly announced on SGXNET after the general meeting.

All Directors and senior management are in attendance at the AGM to allow Unitholders the opportunity to air their views and ask Directors or Management questions regarding SPH REIT. The external auditors also attend the AGM to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditors' report.

The Trust Deed does not allow a Unitholder to vote in absentia at general meetings, but allows any Unitholder to appoint proxies during his absence, to attend and vote on his behalf at the general meetings. In addition, Unitholders who hold shares through custodial institutions may attend the general meetings as observers.

SPH REIT targets to provide sustainable and progressive dividend payouts.

DIRECTORS' ATTENDANCE AT BOARD, AUDIT AND RISK COMMITTEE AND NOMINATING AND REMUNERATION COMMITTEE (for FY2017)

Directors' attendance at Board, Audit & Risk Committee and Nominating and Remuneration Committee meetings for the period from 01 September 2016 to 31 August 2017.

Name of Director	Board	Audit & Risk Committee	Nominating & Remuneration Committee
Leong Horn Kee (Board Chairman) (Appointed on 10 June 2013)	4 out of 4	–	2 out of 2
Soon Tit Koon (Audit & Risk Committee Chairman) (Appointed on 10 June 2013)	4 out of 4	4 out of 4	2 out of 2
David Chia Chay Poh (Nominating & Remuneration Committee Chairman) (Appointed on 10 June 2013)	4 out of 4	4 out of 4	2 out of 2
Rachel Eng Yaag Ngee (Appointed on 1 December 2015)	4 out of 4	4 out of 4	2 out of 2
Chan Heng Loon Alan (From 1 March 2013 to 1 August 2017)	4 out of 4	–	2 out of 2
Ng Yat Chung (Appointed on 1 August 2017)	–	–	–
Anthony Mallek (Appointed on 1 March 2013)	4 out of 4	–	2 out of 2
Ginney Lim May Ling (Appointed on 10 June 2013)	4 out of 4	–	2 out of 2

CORPORATE GOVERNANCE

Additional Information

Interested Person Transactions

All interested person transactions are undertaken only on normal commercial terms and the ARC regularly reviews all related party transactions to ensure compliance with the internal control system as well as with relevant provisions of the SGX-ST Listing Manual and Property Funds Appendix. In addition, the Trustee also has the right to review such transactions to ascertain that the Property Funds Appendix has been complied with.

In particular, the following procedures are in place:

1. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S\$100,000 in value, but below 3.0% of SPH REIT's net tangible assets, will be subject to review and approval by the ARC;
2. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of SPH REIT's net tangible assets, will be subject to the review and approval of the ARC, and SGX announcement requirements under the SGX-ST Listing Manual and Property Funds Appendix;
3. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of SPH REIT's net tangible assets will be subject to review and approval by the ARC which may, as it deems fit, request for advice on the transaction from independent sources or advisors, including the obtaining of valuations from professional valuers, as well as SGX announcement requirements under the SGX-ST Listing Manual and the Property Funds Appendix and such transactions would have to be approved by Unitholders at a meeting of Unitholders; and
4. the ARC's approval shall only be given if the transactions are on normal commercial terms and consistent with similar types of transactions undertaken by the Trustee with third parties which are unrelated to the Manager.

The interested person transactions undertaken by the Manager in FY2017 which are subject to disclosure requirements under the SGX-ST Listing Manual can be found on page 129 of this Annual Report.

CONFLICTS OF INTEREST

The Manager has instituted the following procedures to deal with potential conflicts of interest issues:

- a. The Manager will not manage any other real estate investment trust ("REIT") which invests in the same types of properties as SPH REIT.
- b. All key executive officers work exclusively for the Manager and do not hold executive positions in other entities.
- c. At least one-third of the Board comprises independent directors. The Chairman of the Board is an independent director.
- d. All resolutions in writing of the Directors in relation to matters concerning SPH REIT must be approved by at least a majority of the Directors, including at least one independent Director.
- e. In respect of matters in which the Sponsor (SPH) and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the independent directors of the Manager and must exclude nominee directors of the Sponsor and/or its subsidiaries. The Manager and the Property Manager (SPH Retail Property Management Services Pte Ltd) are indirect wholly-owned subsidiaries of the Sponsor.

CORPORATE GOVERNANCE

- f. There is a separation of the roles of CEO and Chairman to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.
- g. Directors disclose promptly all interests in a transaction or proposed transaction to fellow Board members.
- h. The independence of each Director is reviewed upon appointment, and thereafter annually. A Director who has no relationship with the Manager, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment is considered independent.
- i. The ARC comprises three independent directors. Its Chairman is independent.
- j. All matters relating to interested person transactions are conducted in accordance with the procedures set out in the section on 'Interested Person Transactions'.

The Trust Deed provides that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of SPH REIT with a related party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of SPH REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager is obliged to pursue the appropriate remedies under such agreement. The Directors of the Manager will have a duty to ensure that the Manager so complies. Notwithstanding the forgoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of SPH REIT with a related party of the Manager, and the Trustee may take such action as it deems necessary to protect the interests of the Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

FEES PAYABLE TO THE MANAGER

Pursuant to the CIS Code issued by MAS, the Manager is to disclose the methodology and justifications of fees which are payable out of the deposited property of a property fund.

The Manager is entitled to the following fees:

Base Fee

The Base Fee, which is contained in Clause 15.1.1 of the Trust Deed, is recurring and enables the Manager to cover the operational and administrative expenses incurred in the management of the portfolio. The Base Fee is calculated at a percentage of asset value as the asset value provides an appropriate metric to determine the resources for managing the assets.

Performance Fee

The Performance Fee is contained in Clause 15.1.2 of the Trust Deed. It is based on NPI and measures the Manager's ongoing effort on the long-term sustainability of the properties through proactive leasing to retain existing tenants and attract new retailers to optimise tenant mix and rental income, as well as to improve operational efficiencies and manage cost prudently. This aligns the interests of the Manager with Unitholders as the Manager is motivated and incentivised to achieve income stability by ensuring the long-term sustainability of the assets through proactive asset management strategies and asset enhancement initiatives. The focus on sustainability of NPI performance addresses both revenue and cost drivers, and ensures the Manager take a long-term, holistic view in carrying out asset management and asset enhancement strategy, instead of taking excessive risks for short-term gains to the detriment of Unitholders.

CORPORATE GOVERNANCE

Acquisition Fee

The Acquisition Fee, which is contained in Clause 15.2.1(i) of the Trust Deed, seeks to motivate the Manager to continually pursue quality, yield-accretive opportunities that will add value to the portfolio and deliver inorganic growth to Unitholders. These involve rigorous and disciplined assessment taking into consideration the valuation, yield-accretion, value creation opportunities and continued sustainability of each property. In addition, the Acquisition Fee allows the Manager to recover the additional costs and resources incurred by the Manager in the course of seeking out new acquisition opportunities, including but not limited to, due diligence efforts and man hours spent in evaluating the transaction. The Acquisition Fee for non-Related Parties acquisitions is higher than the Acquisition Fee for Related Parties because there is additional work required to be undertaken in terms of sourcing, evaluating and conducting due diligence on a non-Related Party acquisition.

As required by the Property Funds Appendix, where real estate assets are acquired from an interested party, the Acquisition Fee payable to the Manager will be in the form of units which shall not be sold within one year from the date of issuance of the units.

Divestment Fee

The Divestment Fee, which is contained in Clause 15.2.1(ii) of the Trust Deed, seeks to motivate the Manager to review the portfolio for opportunities to unlock the underlying value of its existing properties. The fee compensates the Manager for the time, effort and resources expended in identifying and maximizing the value from potential divestment. The Manager provides these services over and above ongoing management services to enhance the long-term sustainability of existing properties. In addition, the Divestment Fee allows the Manager to recover additional costs and resources incurred by the Manager for the divestment, including but not limited to due diligence efforts and man hours spent in marketing and maximising the divestment price. The divestment fee is lower than Acquisition Fee to ensure fees are commensurate with the resources utilised to complete the transaction. The acquisition process is generally more time consuming than the divestment process as there are many considerations in an acquisition process such as property specifications, price, underlying tenancies and financial strength of the master lessee which are more complex than carrying out a divestment.

As required by the Property Funds Appendix, where real estate assets are disposed of to an interested party, the Divestment Fee payable to the Manager will be in the form of units which shall not be sold within one year from the date of issuance of the units.

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

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REPORT OF THE TRUSTEE

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of SPH REIT (the "Trust") held by it in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of SPH REIT Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 9 July 2013 supplemented by the First Supplemental Deed on 7 November 2016 and Second Supplemental Deed on 6 January 2017 between the Manager and the Trustee in each annual accounting year and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial year covered by these financial statements, set out on pages 89 to 126 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited



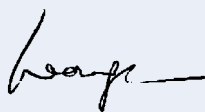
Jane Lim
Director

Singapore
9 October 2017

STATEMENT BY THE MANAGER

In the opinion of the directors of SPH REIT Management Pte. Ltd., the accompanying financial statements of SPH REIT (the "Trust") set out on pages 89 to 126, comprising the Statement of Financial Position, Statement of Total Return, Distribution Statement, Statement of Changes in Unitholders' Funds, the Statement of Cash Flows, Portfolio Statement of the Trust, and Notes to the Financial Statements have been drawn up so as to present fairly, in all material respects, the financial position of the Trust as at 31 August 2017, and the total return, distributable income and changes in Unitholders' funds and cash flows of the Trust for the year ended on that date in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
SPH REIT Management Pte. Ltd.



Leong Horn Kee
Chairman



Anthony Mallek
Director

Singapore
9 October 2017

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF SPH REIT
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 9 JULY 2013)

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of SPH REIT (the "Trust"), which comprise the Statement of Financial Position and Portfolio Statement of the Trust as at 31 August 2017, the Statement of Total Return, Distribution Statement, Statement of Changes in Unitholders' Funds and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 89 to 126.

In our opinion, the financial statements of the Trust present fairly, in all material respects, the financial position and portfolio holdings of the Trust as at 31 August 2017 and the total return, distributable income and changes in Unitholders' funds of the Trust and cash flows of the Trust for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

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 Trust 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 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.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF SPH REIT
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 9 JULY 2013)

Valuation of investment properties

(Refer to Note 5 and 22(f) to the financial statements)

Risk:

The Trust owns two investment properties, The Paragon and The Clementi Mall, located in Singapore. Investment properties represent the single largest category of assets on the balance sheet, at \$3.3 billion as at 31 August 2017.

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

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the capitalisation and discount rate i.e. a small change in the assumptions can have a significant impact to the valuation.

Our response:

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

We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents. We challenged the capitalisation and discount rates used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors.

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

Our findings:

The valuer is a member of generally-recognised professional bodies for valuers and have confirmed their own independence in carrying out their work.

The approach to the methodologies and in deriving the assumptions in the valuations is supported by generally accepted market practices and market data. The disclosures in the financial statements are appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF SPH REIT
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 9 JULY 2013)

Other information

SPH REIT Management Pte Ltd, the Manager of the Trust ("the Manager") 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 will not express any form of assurance conclusion thereon.

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

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust'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 the Manager either intends to terminate the Trust or to cease operations of the Trust, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Trust's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF SPH REIT
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 9 JULY 2013)

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager'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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust 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.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF SPH REIT
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 9 JULY 2013)

We communicate with the Manager 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 Manager 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 Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lee Sze Yeng.



KPMG LLP

Public Accountants and Chartered Accountants

Singapore

9 October 2017

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2017

	Note	2017 S\$'000	2016 S\$'000
Non-current assets			
Plant and equipment	4	843	950
Investment properties	5	3,278,000	3,230,000
Intangible asset	6	–	7,035
		3,278,843	3,237,985
Current assets			
Intangible asset	6	1,500	–
Trade and other receivables	7	3,353	5,888
Cash and cash equivalents	8	63,005	67,382
		67,858	73,270
Total assets		3,346,701	3,311,255
Non-current liabilities			
Borrowing	9	528,004	845,887
Derivative financial instruments	10	7,365	9,890
Trade and other payables	11	30,147	32,763
		565,516	888,540
Current liabilities			
Borrowing	9	319,423	–
Derivative financial instruments	10	621	–
Trade and other payables	11	40,081	34,183
		360,125	34,183
Total liabilities		925,641	922,723
Net assets attributable to Unitholders		2,421,060	2,388,532
Represented by:			
Unitholders' funds		2,421,060	2,388,532
Units in issue ('000)	13	2,556,106	2,546,703
Net asset value per unit (\$)		0.95	0.94

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

STATEMENT OF TOTAL RETURN

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

	Note	2017 S\$'000	2016 S\$'000
Gross revenue	15	212,756	209,594
Property operating expenses	16	(44,668)	(48,683)
Net property income		168,088	160,911
Income support		1,186	2,365
Amortisation of intangible asset	6	(1,186)	(2,365)
Write down of intangible asset	6	(4,349)	–
Manager's management fees	17	(16,708)	(16,312)
Trustee's fees		(483)	(482)
Other trust expenses	18	(1,096)	(1,128)
Finance income		744	915
Finance costs	19	(23,944)	(24,015)
Net income		122,252	119,889
Fair value change on investment properties	5	34,904	7,685
Total return for the year before taxes and distribution		157,156	127,574
Less: income tax	20	–	–
Total return for the year after taxes and before distribution		157,156	127,574
Earnings per unit (cents)			
Basic and diluted	21	6.14	5.02

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

DISTRIBUTION STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

	2017 S\$'000	2016 S\$'000
Income available for distribution to Unitholders at beginning of the year	37,916	35,798
Net income	122,252	119,889
Add: Net tax adjustments (Note A)	18,976	21,189
Total income available for distribution to Unitholders for the year	179,144	176,876
Distribution to Unitholders		
– Distribution of 1.39 cents per unit for the period from 1 June 2015 to 31 August 2015	–	(35,158)
– Distribution of 1.33 cents per unit for the period from 1 September 2015 to 30 November 2015	–	(33,696)
– Distribution of 1.40 cents per unit for the period from 1 December 2015 to 29 February 2016	–	(35,531)
– Distribution of 1.36 cents per unit for the period from 1 March 2016 to 31 May 2016	–	(34,575)
– Distribution of 1.41 cents per unit for the period from 1 June 2016 to 31 August 2016	(35,909)	–
– Distribution of 1.34 cents per unit for the period from 1 September 2016 to 30 November 2016	(34,182)	–
– Distribution of 1.40 cents per unit for the period from 1 December 2016 to 28 February 2017	(35,743)	–
– Distribution of 1.37 cents per unit for the period from 1 March 2017 to 31 May 2017	(35,006)	–
	(140,840)	(138,960)
Income available for distribution to Unitholders at end of the year	38,304	37,916
Note A – Net tax adjustments		
Non-tax deductible items:		
– Manager's management fees	14,308	16,312
– Trustee's fees	483	482
– Amortisation of intangible asset	1,186	2,365
– Amortisation of upfront fee for loan facility	1,540	1,992
– Other items	1,459	38
Net tax adjustments	18,976	21,189

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

STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

	2017 S\$'000	2016 S\$'000
Balance as at beginning of year	2,388,532	2,397,810
<u>Operations</u>		
Total return for the year	157,156	127,574
<u>Hedging reserve</u>		
Effective portion of changes in fair value of cash flow hedges [Note 12]	1,904	(14,204)
<u>Unitholders' transactions</u>		
Distribution to Unitholders	(140,840)	(138,960)
Manager's fee paid/payable in units	14,308	16,312
	(126,532)	(122,648)
Balance as at end of year	2,421,060	2,388,532

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

	2017 S\$'000	2016 S\$'000
Cash flows from operating activities		
Total return for the year	157,156	127,574
Adjustments for:		
Fair value change on investment properties	(34,904)	(7,685)
Manager's fee paid/payable in units	14,308	16,312
Depreciation of plant and equipment	211	210
Finance income	(744)	(915)
Finance costs	23,944	24,015
Amortisation of intangible asset	1,186	2,365
Write down of intangible asset	4,349	–
Operating cash flow before working capital changes	165,506	161,876
Changes in operating assets and liabilities		
Trade and other receivables	2,475	(819)
Trade and other payables	(2,781)	(1,038)
Net cash from operating activities	165,200	160,019
Cash flows from investing activities		
Additions to investment properties	(7,027)	(8,501)
Purchase of plant and equipment	(45)	(116)
Interest received	803	854
Net cash used in investing activities	(6,269)	(7,763)
Cash flows from financing activities		
Distribution to Unitholders	(140,840)	(138,960)
Payment of transaction costs related to borrowing	(18)	(1,018)
Interest paid	(22,450)	(22,251)
Net cash used in financing activities	(163,308)	(162,229)
Net decrease in cash and cash equivalents	(4,377)	(9,973)
Cash and cash equivalents at beginning of the year	67,382	77,355
Cash and cash equivalents at end of the year	63,005	67,382

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

PORTFOLIO STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

Description of Property	Location	Tenure of Land	Term of Lease
Paragon	290 Orchard Road, Singapore 238859	Leasehold	99 years, commencing on 24 July 2013 (Listing date)
The Clementi Mall	3155 Commonwealth Avenue West, Singapore 129588	Leasehold	99 years, commencing on 31 August 2010

Portfolio of investment properties

Other assets and liabilities (net)

Unitholders' funds

The carrying amount of the investment properties were based on independent valuations as at 31 August 2017 and 31 August 2016 conducted by Jones Lang LaSalle Property Consultants Pte Ltd ("JLL"). JLL has appropriate professional qualifications and experience in the locations and category of the properties being valued. The valuations of the investment properties were based on the discounted cash flow and capitalisation methods. The net change in fair value has been recognised in the Statement of Total Return.

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

PORTFOLIO STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

Remaining Term of Lease 31 August 2017	Occupancy Rate as at 31 August		At Valuation 31 August		Percentage of Unitholders' funds 31 August	
	2017 (%)	2016 (%)	2017 S\$'000	2016 S\$'000	2017 (%)	2016 (%)
95 years	100.0	100.0	2,695,000	2,656,000	111	111
92 years	100.0	100.0	583,000	574,000	24	24
			3,278,000	3,230,000	135	135
			(856,940)	(841,468)	(35)	(35)
			2,421,060	2,388,532	100	100

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

These notes form an integral part of and should be read in conjunction with the financial statements.

1. GENERAL INFORMATION

SPH REIT (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 9 July 2013 supplemented by the First Supplemental Deed on 7 November 2016 and Second Supplemental Deed on 6 January 2017 (the "Trust Deed") between SPH REIT Management Pte. Ltd. (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 24 July 2013 and was included under the Central Provident Fund ("CPF") Investment Scheme on 17 July 2013.

The principal activity of the Trust is to invest, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for retail purposes in Asia-Pacific, as well as real estate-related assets with the primary objective of providing Unitholders with regular and stable distributions and sustainable long-term growth.

The Trust has entered into several service agreements in relation to management of the Trust and its property operations. The fee structures for these services are as follows:

(a) Trustee's fees

The Trustee's fee shall not exceed 0.1% per annum of the value of all the assets of the Trust ("Deposited Property") (subject to a minimum of \$15,000 per month) and shall be payable out of the Deposited Property monthly in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

(b) Manager's management fees

The Manager is entitled under the Trust Deed to the following management fees:

- (i) a base fee of 0.25% per annum of the value of Deposited Property; and
- (ii) an annual performance fee of 5.0% per annum of the Net Property Income (as defined in the Trust Deed)

The management fees payable to the Manager will be paid in the form of cash and/or units. The Management fees payable in units will be computed at the volume weighted average price for a unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the Trust Deed) immediately preceding the end date of the relevant financial quarter, to which such fees relate. The base fees are payable quarterly in arrears. The annual performance fees are payable annually in arrears.

For the period from 24 July 2013 (listing date) to 28 February 2017, the Manager has elected to receive 100% of management fees in units.

The manager has elected for partial payment of management fees in cash for the half year from 1 March 2017 to 31 August 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

1. GENERAL INFORMATION (CONT'D)

(c) Property Manager's management fees

(i) Property management fees

Under the Property Management Agreement, SPH Retail Property Management Services Pte. Ltd. (the "Property Manager") is entitled to receive the following fees:

- 2.0% per annum of Gross Revenue for the relevant property;
- 2.0% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period); and
- 0.5% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents.

The property management fees are payable to the Property Manager in the form of cash and/or units. For the period from 24 July 2013 (listing date) to 31 August 2017, the property management fees are paid in cash.

(ii) Project management fees

The Property Manager is entitled to receive project management fees ranging between 1.25% and 5% of the total construction cost, for the development or redevelopment, the refurbishment, retrofitting and renovation works on or in respect of a property. The project management fees are payable to the Property Manager in the form of cash and/or units.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with the *Statement of Recommended Accounting Practice* ("RAP") 7 "Reporting Framework for Unit Trusts" revised and issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies adopted to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards.

The adoption of this revised RAP 7 did not result in substantial changes to the accounting policies of the Trust and had no material effect on the amounts reported for the current or prior years.

The Trust's financial statements are prepared on a going concern basis. As at 31 August 2017, the net current liabilities are primarily due to certain bank loans due on 2018. The Trust is in the process of reviewing refinancing options for the loans. Refer to note 9 – Borrowing.

The accounting policies set out below have been applied consistently by the Trust.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Functional and presentation currency

The financial statements are presented in Singapore dollars ("presentation currency"), which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

(c) Currency translation

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are taken to the statement of total return. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

(d) Investment properties

Investment properties comprise office and retail buildings that are held for long-term rental yields. Investment properties are initially recognised at cost and subsequently measured at fair value. Any gains or losses arising from the changes in their fair values are taken to the statement of total return.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written-off to the statement of total return. The cost of maintenance, repairs and minor improvements is charged to the statement of total return when incurred.

Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code.

On disposal of an investment property, the difference between the net disposal proceeds and its carrying amount is taken to the statement of total return.

(e) Plant and equipment

(i) Measurement

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Plant and equipment (Cont'd)

(ii) Depreciation

Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the expected useful lives of the assets. The estimated useful lives for this purpose are:

Plant and equipment	3 – 10 years
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The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the statement of total return when the changes arise.

No depreciation is charged on capital work-in-progress.

(iii) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the statement of total return when incurred.

(iv) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of total return.

(f) Intangible assets

Intangible asset relating to income support from the vendors of The Clementi Mall is measured initially at cost. Following initial recognition, the intangible asset is measured at cost less any accumulated amortisation and accumulated impairment losses.

The intangible asset is amortised in the statement of total return on a systematic basis over its estimated useful life.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets

(i) Classification

The Trust classifies its financial assets as loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. The Manager determines the classification of its financial assets on initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than twelve months after the reporting date which are presented as non-current assets. Loans and receivables comprise bank balances and fixed deposits and trade and other receivables.

(ii) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date – the date on which the Trust commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in the statement of total return. Any amount in the fair value reserve relating to that asset is also transferred to the statement of total return.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(iv) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method less accumulated impairment losses.

(v) Impairment

The Trust assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (Cont'd)

(v) Impairment (Cont'd)

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the statement of total return. When the asset becomes uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are recognised in the statement of total return.

The allowance for impairment loss account is reduced through the statement of total return in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(i) Derivative financial instruments and hedging activities

Derivative financial instruments are used to manage exposure to interest rate risks arising from financing activities. Derivative financial instruments taken up by the Trust are not used for trading purposes.

A derivative financial instrument is initially recognised at its fair value on the date the derivative contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Trust designates its derivatives for hedging purposes as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge), or hedges of highly probable forecast transactions (cash flow hedge).

The Trust documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Trust also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than twelve months, and as a current asset or liability if the remaining expected life of the hedged item is less than twelve months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Derivative financial instruments and hedging activities (Cont'd)

(i) Cash flow hedge

The Trust has entered into interest rate swaps that are cash flow hedges for the Trust's exposure to interest rate risk on its borrowing. These contracts entitle the Trust to receive interest at floating rates on notional principal amounts and oblige the Trust to pay interest at fixed rates on the same notional principal amounts, thus allowing the Trust to raise borrowing at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of these interest rate swaps are recognised in the statement of Unitholders' funds and transferred to the statement of total return in the periods when the interest expense on the borrowing is recognised in the statement of total return. The gain or loss relating to the ineffective portion is recognised immediately in the statement of total return.

(ii) Derivatives that do not qualify for hedge accounting

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of total return.

(j) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices as at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

(k) Impairment of non-financial assets

- Intangible asset
- Plant and equipment

Intangible asset, Plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of non-financial assets (Cont'd)

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

An impairment loss is recognised when the carrying amount of the asset (or CGU) exceeds the recoverable amount of the asset (or CGU). Recoverable amount of the asset (or CGU) is the higher of the asset's (or CGU's) fair value less cost to sell and value-in-use.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of total return.

(l) Units and unit issuance expenses

Unitholders' funds represent the Unitholders' residual interest in the Trust's net assets upon termination and is classified as equity.

Incremental costs directly attributable to the issue of units are recognised as a deduction from Unitholders' funds.

(m) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Trust's activities. Revenue is presented, net of goods and services tax, rebates, discounts and returns.

The Trust recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the following are met as follows:

- (i) Revenue from rental and rental-related services is recognised on straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income.
- (ii) Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income taxes

Current tax for current and prior years is recognised at the amount expected to be paid to (or recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except when the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable returns.

Deferred tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Trust expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Current and deferred taxes are recognised as income or expense in the statement of total return, except to the extent that the tax arises from a transaction which is recognised directly in equity.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of its taxable income, the Trust will not be assessed for tax on the portion of its taxable income that is distributed to Unitholders. Any portion of taxable income that is not distributed to Unitholders will be taxed at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS.

The distributions made by the Trust out of its taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions (the "tax transparency ruling"). The Trust is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust except:

- where the beneficial owners are individuals or Qualifying Unitholders, the Trust will make the distributions to such Unitholders without withholding any income tax; and
- where the beneficial owners are foreign non-individual investors or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are foreign non-individual investors, the Trust will withhold tax at a reduced rate of 10% from the distributions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income taxes (Cont'd)

A "Qualifying Unitholder" is a Unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a body of persons, other than a company or a partnership, incorporated or registered in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club and a trade and industry association); or
- a Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deduction at source in respect of distributions from SPH REIT.

A "Qualifying Non-resident Non-individual Unitholder" is a person who is neither an individual nor a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to Unitholders without having to deduct tax at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

(o) Distribution policy

The Trust's distribution policy is to distribute at least 90% of its specified taxable income, comprising rental and other property related income from its business of property letting, interest income and top-up payments from income support and after deducting allowable expenses and applicable tax allowances. The actual level of distribution will be determined at the Manager's discretion, taking into consideration the Trust's capital management and funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Expenses

(i) Trustee's fees

Trustee's fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(a).

(ii) Manager's management fees

Manager's management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(b).

(iii) Property operating expenses

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are property management fees which are based on the applicable formula stipulated in Note 1(c).

(iv) Borrowing costs

Borrowing costs are recognised in the statement of total return using the effective interest method.

(q) Borrowing

Borrowing is initially recognised at fair value (net of transaction costs incurred) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the statement of total return over the year of the borrowing using the effective interest method.

Borrowing is presented as a current liability unless the Trust has an unconditional right to defer settlement for at least twelve months after the reporting date, in which case they are presented as non-current liabilities.

(r) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Trust prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Trade and other payables are initially carried at fair value, and subsequently carried at amortised cost using the effective interest method.

(s) Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Operating leases – as a lessor

Leases where the Trust retains substantially all risks and rewards incidental to ownership are classified as operating leases. Assets leased out under operating leases are included in investment properties. Rental income from operating leases is recognised in the statement of total return on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents are recognised as income in the statement of total return when earned.

(u) Segment reporting

Segmental information is reported in a manner consistent with the internal reporting provided to the management of the Manager who conducts a regular review for allocation of resources and assessment of performance of the operating segments.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements in conformity with RAP 7 requires the Manager to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties which have significant effect on amounts recognised relates to the fair value of investment properties which is based on independent professional valuations, determined using valuation techniques and assumptions set out in (Note 5).

4. PLANT AND EQUIPMENT

	2017 S\$'000	2016 S\$'000
Cost		
Beginning of financial year	1,447	1,331
Additions	105	116
Disposals/Write-offs	(30)	–
End of financial year	1,522	1,447
Accumulated depreciation		
Beginning of financial year	497	287
Depreciation charge	211	210
Disposals/Write-offs	(29)	–
End of financial year	679	497
Net book value		
Beginning of financial year	950	1,044
End of financial year	843	950

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

5. INVESTMENT PROPERTIES

	2017 S\$'000	2016 S\$'000
Beginning of financial year	3,230,000	3,212,500
Additions	13,096	9,815
Fair value change	34,904	7,685
End of financial year	3,278,000	3,230,000

The fair value of the investment properties as at the reporting date was stated based on independent professional valuations by Jones Lang LaSalle Property Consultants Pte Ltd. In determining the fair value, the valuers have used discounted cash flow analysis and capitalisation approach. The discounted cash flow analysis involves an assessment of the annual net income streams over an assumed investment horizon and discounting these net income streams with an internal rate of return. The capitalisation approach estimates the gross rent income at a mature sustainable basis from which total expenses have been deducted and net income capitalised at an appropriate rate. Details of valuation techniques and inputs used are disclosed in Note 22(f).

The net change in fair value of the investment properties has been recognised in the statement of total return in accordance with the Trust's accounting policies.

The Paragon on Orchard Road, with a carrying value of S\$2,695 million (2016: S\$2,656 million), is mortgaged to banks as security for the loan facility of S\$850 million (2016: S\$850 million) [Note 9].

6. INTANGIBLE ASSET

	2017 S\$'000	2016 S\$'000
Cost		
Beginning of financial year	17,500	17,500
End of financial year	17,500	17,500
Accumulated amortisation		
Beginning of financial year	10,465	8,100
Amortisation	1,186	2,365
Write down of intangible asset	4,349	–
End of financial year	16,000	10,465
Carrying amounts		
Beginning of financial year	7,035	9,400
End of financial year	1,500	7,035

Intangible asset represents the unamortised income support receivable by the Trust under the Deed of Income Support entered into with CM Domain Pte Ltd, the vendor of The Clementi Mall. The income support has a remaining period of approximately 1 year (2016: 2 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

6. INTANGIBLE ASSET (CONT'D)

Write down of intangible asset

The recoverable amount of the intangible asset was based on its value in use and determined by the estimated future cash flows to be derived under the Deed of Income Support over the remaining income support period. The carrying amount was determined to be higher than its recoverable amount and a write down of intangible asset amounting to \$4,349,000 was recognised in the statement of total return. The write down of intangible asset arose due to an expected lower drawdown of income support as a result of better than expected performance of The Clementi Mall.

7. TRADE AND OTHER RECEIVABLES

	2017 S\$'000	2016 S\$'000
Trade receivables from non-related parties	2,257	3,795
Amount owing by related parties	319	611
Other receivables	549	1,157
Deposits	65	59
Accrued interest	53	113
Prepayments	110	153
	3,353	5,888

The amounts owing by related parties are trade in nature, unsecured, interest free, and repayable on demand. There is no impairment loss arising from these outstanding balances.

8. CASH AND CASH EQUIVALENTS

	2017 S\$'000	2016 S\$'000
Cash held as fixed bank deposit	50,000	55,000
Cash and bank balances	13,005	12,382
	63,005	67,382

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0% to 0.93% (2016: 0% to 0.99%) per annum. During the financial year, fixed bank deposits were placed for varying periods of generally up to 6 months, with interest rates ranging from 0.48% to 1.60% (2016: 0.64% to 1.60%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

9. BORROWING

	2017 S\$'000	2016 S\$'000
Secured term loan	850,000	850,000
Less: Unamortised transaction costs	(2,573)	(4,113)
	847,427	845,887
Borrowing repayable:		
Within 1 year	319,423	–
Between 1 – 5 years	528,004	845,887
	847,427	845,887

On 24 July 2013, SPH REIT established a term loan facility of up to the amount of S\$975 million, of which the amount drawn down was S\$850 million. As at the reporting date, the amount of S\$847.4 million represented the loan stated at amortised cost. The loan has various repayment dates, of which S\$135 million is repayable in March 2018, S\$185 million in July 2018, S\$125 million in July 2019, S\$280 million in July 2020 and S\$125 million in July 2021.

The term loan is secured by way of a first legal mortgage on Paragon [Note 5], first legal charge over the tenancy account and sales proceeds account for Paragon, and an assignment of certain insurances taken in relation to Paragon.

In respect of bank borrowing, where appropriate, the Trust's policy is to manage its interest rate risk exposure by entering into fixed rate loan and/or interest rate swaps over the duration of its borrowing. Accordingly, the Trust entered into interest rate swap contracts to swap floating rates for fixed interest rates as part of their interest rate risk management. Under the interest rate swaps, the Trust agreed with other parties to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

As at 31 August 2017, fixed rate loan and loans hedged with interest rate swaps amounted to S\$730 million (2016: S\$730 million). The fixed interest rates were from 1.44% to 2.65% (2016: 1.44% to 2.65%) per annum. The floating rates are referenced to Singapore dollar swap offer rate and repriced every three months. The effective interest rate as at the reporting date on the outstanding term loan of S\$850 million (2016: S\$850 million) was 2.82% (2016: 2.82%) per annum.

The notional principal amounts of the outstanding interest rate swap contracts and their corresponding fair values as at 31 August 2017 are:

	2017 S\$'000	2016 S\$'000
Notional due [Note 10]:		
Within 1 year	170,000	–
Between 1 – 5 years	280,000	450,000
Total	450,000	450,000
Fair values* [Note 10]	(7,986)	(9,890)

* The fair values of interest rate swap contracts had been calculated (using rates quoted by the Trust's bankers) assuming the contracts are terminated at the reporting date. These interest rate swaps are contracted with counter-parties which are banks and financial institutions with acceptable credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

10. DERIVATIVE FINANCIAL INSTRUMENTS

Analysed as:

	Contract notional amount S\$'000	Fair value amount S\$'000
2017		
Non-current liabilities		
Cash flow hedge		
– Interest-rate swaps [Note 9]	280,000	(7,365)
Current liabilities		
Cash flow hedge		
– Interest-rate swaps [Note 9]	170,000	(621)
2016		
Non-current liabilities		
Cash flow hedge		
– Interest-rate swaps [Note 9]	450,000	(9,890)

11. TRADE AND OTHER PAYABLES

	2017 S\$'000	2016 S\$'000
Non-current		
Deposits received	30,147	32,763
Current		
Trade payable to non-related parties	383	176
Amount owing to related parties	2,614	882
Other payables	9,507	8,843
Accrued expense	6,342	4,921
Interest payable	2,499	2,563
Deposits received	16,723	15,469
Collections in advance	2,013	1,329
	40,081	34,183

The amounts owing to related parties are trade in nature, unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

12. HEDGING RESERVE

	2017 S\$'000	2016 S\$'000
Beginning of financial year	9,890	(4,314)
Fair value change	3,620	17,961
Transferred to finance costs	(5,524)	(3,757)
End of financial year	7,986	9,890

13. UNITS IN ISSUE

	2017 '000	2016 '000
<u>Units in issue</u>		
Beginning of financial year	2,546,703	2,529,309
Issue of new units:		
– Manager's fee paid in units	9,403	17,394
End of financial year	2,556,106	2,546,703

During the financial year, the Trust issued 9,402,702 (2016: 17,394,008) new units at the issue price range of S\$0.9468 to S\$0.9882 (2016: S\$0.9241 to S\$0.9483 per unit), in respect of the payment of management fees to the Manager in units. The issue prices were determined based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter on which the fees accrued.

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- Attend all Unitholders meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable for indemnifying the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

14. CAPITAL AND OTHER COMMITMENTS

(a) Commitments for capital expenditure

	2017 S\$'000	2016 S\$'000
Authorised and contracted for		
– Investment properties	3,475	4,596

(b) Operating lease commitments – where the Trust is a lessor

The future minimum lease receivables under non-cancellable operating leases contracted for but not recognised as receivables, are as follows:

	2017 S\$'000	2016 S\$'000
Within 1 year	184,029	190,101
Between 1 – 5 years	228,493	263,455
After 5 years	–	247
	412,522	453,803

The Trust leases retail space to third parties under non-cancellable operating lease agreements with varying terms, escalation clauses and renewal rights.

15. GROSS REVENUE

	2017 S\$'000	2016 S\$'000
Gross rental income	203,644	199,868
Car park income	6,462	6,868
Other income	2,650	2,858
	212,756	209,594

16. PROPERTY OPERATING EXPENSES

	2017 S\$'000	2016 S\$'000
Property tax	18,368	19,962
Maintenance and utilities	10,507	12,987
Property management fees	8,674	8,425
Marketing	4,135	4,353
Staff cost	2,511	2,439
Others	473	517
	44,668	48,683

Staff cost is primarily reimbursed to the Property Manager in respect of agreed employee expenditure incurred by the Property Manager for providing its services as provided for in the Property Management Agreement. There are no employees on the Trust's payroll as its daily operations and administrative functions are provided by the Manager and the Property Manager.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

17. MANAGER'S MANAGEMENT FEES

	2017 S\$'000	2016 S\$'000
Base fee	8,304	8,266
Performance fee	8,404	8,046
	16,708	16,312

18. OTHER TRUST EXPENSES

	2017 S\$'000	2016 S\$'000
Trust's auditors		
– audit fees	178	165
– non-audit fees	70	22
Valuation expense	68	68
Consultancy and other professional fees	278	366
Other expenses	502	507
	1,096	1,128

19. FINANCE COSTS

	2017 S\$'000	2016 S\$'000
Interest on borrowing	22,386	22,005
Amortisation of upfront fee for loan facility	1,540	1,992
Other financial expenses	18	18
	23,944	24,015

20. INCOME TAX

The income tax expense on profit for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to total return for the year due to the following factors:

	2017 S\$'000	2016 S\$'000
Total return for the year	157,156	127,574
Tax calculated at tax rate of 17%	26,717	21,688
Expenses not deductible for tax purposes	3,226	3,601
Income not subject to tax due to tax transparency	(24,009)	(23,983)
Fair value change on investment properties	(5,934)	(1,306)
	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

21. EARNINGS PER UNIT

Basic and diluted Earnings per Unit are based on:

	2017	2016
Total return for the year after tax (\$\$'000)	157,156	127,574
Weighted average number of Units ('000)	2,557,160	2,540,165
Basic and diluted Earnings per Unit (cents)	6.14	5.02

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the year.

22. FINANCIAL RISK MANAGEMENT

The Trust's activities expose it to a variety of financial risks, particularly market risk (interest rate risk), credit risk and liquidity risk. Where appropriate, the Trust's risk management policies seek to minimise potential adverse effects of these risks on the financial performance of the Trust.

Matters pertaining to risk management strategies and execution require the decision and approval of the Board of Directors of the Manager. This is supported by a sound system of risk management and internal controls to manage the risks to acceptable levels. The Manager regularly reviews the risk management policies and adequacy of risk-mitigating initiatives to reflect changes in market conditions and the Trust's activities.

The policies for managing these risks are summarised below.

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Trust has cash balances placed with reputable banks and financial institutions which generate interest income for the Trust. The Trust manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

The Trust's debt comprises mainly bank borrowing to finance the acquisition of its investment properties. Where appropriate, the Trust seeks to mitigate its cash flow interest rate risk exposure by entering into fixed rate loan as well as interest rate swap contract to swap floating interest rate for fixed interest rate over the duration of its borrowing. The Trust's borrowing is denominated in SGD.

Movements in interest rates will therefore have an impact on the Trust. If the interest rate change by 0.50% (2016: 0.50%) with all other variables being held constant, the annual total return and hedging reserve will change by the amounts shown below, as a result of the change in interest expense and fair value of interest rate swaps respectively:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

22. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Interest rate risk (Cont'd)

	Statement of Total Return		Hedging Reserve	
	Increase S\$'000	Decrease S\$'000	Increase S\$'000	Decrease S\$'000
2017				
Borrowings	(600)	600	–	–
Interest rate swap	–	–	4,263	(4,343)
	(600)	600	4,263	(4,343)
2016				
Borrowings	(600)	600	–	–
Interest rate swap	–	–	6,476	(6,599)
	(600)	600	6,476	(6,599)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, thereby resulting in financial loss to the Trust. For trade receivables, the Trust manages its credit risk through prior assessment of business proposition and credit standing of tenants, and monitoring procedures. Where appropriate, the Trust obtains collateral in the form of deposits, and bankers'/insurance guarantees from its tenants. For other financial assets, the Trust adopts the policy of dealing only with high credit quality counterparties. As such, management has determined the credit quality of the customers to be of acceptable risk.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position which comprise mainly trade receivables, and cash balances placed with banks. As at the reporting date, the Trust has no significant concentration of credit risks. Amount owing by related parties mainly relates to income support receivable by the Trust under the Deed of Income Support (Note 6), and is backed in the form of banker's guarantees and cash deposit in an escrow account. As at 31 August 2017 and 31 August 2016, all trade receivables were backed by bankers'/insurance guarantees and/or deposits from customers.

(i) Financial assets that are neither past due nor impaired

Bank deposits are neither past due nor impaired. Bank deposits are placed with reputable banks and financial institutions. Trade receivables that are neither past due nor impaired are substantially due from tenants with a good collection track record with the Trust.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

22. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

- (ii) Financial assets that are past due and/or impaired

The age analysis of trade receivables past due but not impaired is as follows:

	2017 S\$'000	2016 S\$'000
Past due 1 to 30 days	1,427	1,983
Past due 31 to 60 days	68	1,215
Past due 61 to 90 days	470	371
Past due over 90 days	292	226
	2,257	3,795

Based on historical default rates, the Manager believes that no impairment losses is necessary in respect of trade receivables as these receivables mainly arose from tenants that have a good track record with the Trust and there are sufficient security deposits and/or bankers'/insurance guarantees as collateral.

(c) Liquidity risk

Liquidity risk refers to the risk that the Trust will encounter difficulty in meeting obligations associated with financial liabilities. To manage liquidity risk, the Trust monitors and maintains a level of cash and cash equivalents to finance the Trust's operations and mitigate the effects of fluctuation in cash flows.

The table below analyses the maturity profile of the Trust's financial liabilities (including derivative financial instruments) based on contractual undiscounted cash flows.

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
2017				
Net-settled interest rate swap	(4,446)	(2,450)	(1,548)	—
Trade and other payables	(38,068)	(9,195)	(20,952)	—
Borrowing	(335,926)	(135,710)	(415,456)	—
	(378,440)	(147,355)	(437,956)	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

22. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (Cont'd)

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
2016				
Net-settled interest rate swap	(4,498)	(2,561)	(2,751)	–
Trade and other payables	(32,854)	(14,001)	(18,389)	(373)
Borrowing	(17,180)	(335,796)	(550,799)	–
	(54,532)	(352,358)	(571,939)	(373)

(d) Offsetting financial assets and liabilities

The disclosures set out in the tables below include financial instruments that are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statements of financial position.

	Gross amount of recognised financial instruments S\$'000	Gross amount of recognised financial instruments offset in the statement of financial position S\$'000	Net amount of financial instruments presented in the statement of financial position S\$'000	Related amount not offset in the statement of financial position S\$'000	Net amount S\$'000
2017					
Financial Liabilities					
Interest rate swaps	7,986	–	7,986	–	(7,986)
2016					
Financial Liabilities					
Interest rate swaps	9,890	–	9,890	–	(9,890)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

22. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Capital management

The Trust's objectives for managing capital are to safeguard the Trust's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise Unitholders value. In order to maintain or achieve an optimal capital structure, the Trust may issue new units or obtain new borrowings.

The Trust is subject to the aggregate leverage limit as defined in the Property Fund Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45% of the fund's deposited property.

As at reporting date, the Trust has a gearing of 25.4% (2016: 25.7%), and is in compliance with the Aggregate Leverage limit of 45% (2016: 45%).

(f) Fair value measurements

Fair value hierarchy

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
2017				
Assets				
Investment properties	–	–	3,278,000	3,278,000
Liabilities				
Derivative financial instruments	–	(7,986)	–	(7,986)
2016				
Assets				
Investment properties	–	–	3,230,000	3,230,000
Liabilities				
Derivative financial instruments	–	(9,890)	–	(9,890)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

22. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Fair value measurements (Cont'd)

Fair value hierarchy (Cont'd)

Level 2

The fair value of interest rate swap contracts (which are not traded in an active market) is determined from information provided by financial institutions using valuation techniques with observable inputs that are based on market information existing at each reporting date.

Level 3

The valuation for investment properties is determined by independent professional valuers with appropriate professional qualifications and experience in the locations and category of the properties being valued. The valuation is generally sensitive to the various unobservable inputs tabled below. Management reviews the appropriateness of the valuation methodologies and assumptions adopted and address any significant issues that may arise.

Description	Valuation technique(s)	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment properties	Discounted cash flow	Discount rate 7.50% (2016: 7.50%)	Significant reduction in the capitalisation rate and/or discount rate in isolation would result in a significantly higher fair value of the investment properties
	Income capitalisation	Capitalisation rate 3.75% to 4.80% (2016: 4.00% to 5.00%)	

Key unobservable inputs correspond to:

- Discount rate, based on the risk-free rate for 10-year bonds issued by the Singapore government, adjusted for a risk premium to reflect the increased risk of investing in the asset class.
- Capitalisation rate correspond to a rate of return on investment properties based on the expected income that the property will generate.

Movement in Level 3 financial instruments for the financial year is as shown in investment properties [Note 5].

Fair value

The basis for fair value measurement of financial assets and liabilities is set out above. The fair values of other financial assets and liabilities approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

22. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Financial instruments by category

	Loans and receivables S\$'000	Derivatives used for hedging S\$'000	Other financial liabilities at amortised costs S\$'000	Total S\$'000
2017				
Assets				
Trade and other receivables excluding non-financial instruments	3,243	—	—	3,243
Cash and cash equivalents	63,005	—	—	63,005
	<u>66,248</u>	<u>—</u>	<u>—</u>	<u>66,248</u>
Liabilities				
Trade and other payables excluding non-financial instruments	—	—	(68,215)	(68,215)
Borrowing	—	—	(847,427)	(847,427)
Derivative financial instruments	—	(7,986)	—	(7,986)
	<u>—</u>	<u>(7,986)</u>	<u>(915,642)</u>	<u>(923,628)</u>
2016				
Assets				
Trade and other receivables excluding non-financial instruments	5,735	—	—	5,735
Cash and cash equivalents	67,382	—	—	67,382
	<u>73,117</u>	<u>—</u>	<u>—</u>	<u>73,117</u>
Liabilities				
Trade and other payables excluding non-financial instruments	—	—	(65,617)	(65,617)
Borrowing	—	—	(845,887)	(845,887)
Derivative financial instruments	—	(9,890)	—	(9,890)
	<u>—</u>	<u>(9,890)</u>	<u>(911,504)</u>	<u>(921,394)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

23 RELATED PARTIES TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Trust if the Trust has the ability, directly or indirectly, to control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Trust is subject to common significant influence. Related parties may be individuals or other entities. The Manager (SPH REIT Management Pte. Ltd.) and the Property Manager (SPH Retail Property Management Services Pte. Ltd.) are subsidiaries of a substantial Unitholder of the Trust.

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business on arm's length commercial terms:

	2017 S\$'000	2016 S\$'000
Manager's management fees paid to a related company	16,708	16,312
Property management fees paid/payable to a related company	8,674	8,425
Income support received/receivable from related company	1,186	2,365
Trustee's fees paid/payable to the Trustee	483	482
Staff reimbursements paid/payable to a related company	2,487	2,329
Rental and other income received/receivable from related companies	1,531	1,310
Other expenses paid/payable to related companies	1,324	1,385

24 OPERATING SEGMENTS

For the purpose of making resource allocation decisions and the assessment of segment performance, the management of the Manager reviews internal/management reports of its investment properties. This forms the basis of identifying the operating segments of the Trust.

Segment revenue comprises mainly of income generated from its tenants. Segment net property income represents the income earned by each segment after deducting property operating expenses. This is the measure reported to the management for the purpose of assessment of segment performance. In addition, the management monitors the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fees, trust expenses, finance income and finance expenses. Segment information by geographical area is not presented as all of the Trust's assets are located in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

24. OPERATING SEGMENTS (CONT'D)

	Paragon S\$'000	The Clementi Mall S\$'000	Total S\$'000
2017			
Result			
Gross revenue	173,077	39,679	212,756
Property operating expenses	(34,804)	(9,864)	(44,668)
Segment net property income	138,273	29,815	168,088
Income support	–	1,186	1,186
Amortisation of intangible asset	–	(1,186)	(1,186)
Write down of intangible asset	–	(4,349)	(4,349)
	138,273	25,466	163,739
Unallocated amounts:			
Manager's management fees			(16,708)
Trustee's fee			(483)
Other trust expenses			(1,096)
Finance income			744
Finance costs			(23,944)
Net Income			122,252
Fair value change on investment properties	30,531	4,373	34,904
Total return for the year before taxes and distribution			157,156
Less: income tax			–
Total return for the year after taxes and before distribution			157,156
Segment assets	2,695,813	584,530	3,280,343
Segment assets includes:			
– Plant and equipment	813	30	843
– Investment properties	2,695,000	583,000	3,278,000
– Intangible asset	–	1,500	1,500
Unallocated assets			66,358
Total assets			3,346,701
Segment liabilities	37,249	9,621	46,870
Unallocated liabilities:			
– Borrowing			847,427
– Others			31,344
Total liabilities			925,641
Other information			
Additions to:			
– Plant and equipment	89	16	105
– Investment properties	8,469	4,627	13,096
Depreciation of plant and equipment	(194)	(17)	(211)
Amortisation of intangible asset	–	(1,186)	(1,186)
Write down of intangible asset	–	(4,349)	(4,349)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

24. OPERATING SEGMENTS (CONT'D)

	Paragon S\$'000	The Clementi Mall S\$'000	Total S\$'000
2016			
Result			
Gross revenue	170,292	39,302	209,594
Property operating expenses	(38,016)	(10,667)	(48,683)
Segment net property income	132,276	28,635	160,911
Income support	–	2,365	2,365
Amortisation of intangible asset	–	(2,365)	(2,365)
	132,276	28,635	160,911
Unallocated amounts:			
Manager's management fees			(16,312)
Trustee's fee			(482)
Other trust expenses			(1,128)
Finance income			915
Finance costs			(24,015)
Net Income			119,889
Fair value change on investment properties	5,910	1,775	7,685
Total return for the year before taxes and distribution			127,574
Less: income tax			–
Total return for the year after taxes and before distribution			125,574
Segment assets	2,656,918	581,067	3,237,985
Segment assets includes:			
– Plant and equipment	918	32	950
– Investment properties	2,656,000	574,000	3,230,000
– Intangible asset	–	7,035	7,035
Unallocated assets			73,270
Total assets			3,311,255
Segment liabilities	38,434	9,798	48,232
Unallocated liabilities:			
– Borrowing			845,887
– Others			28,604
Total liabilities			922,723
Other information			
Additions to:			
– Plant and equipment	86	30	116
– Investment properties	9,090	725	9,815
Depreciation of plant and equipment	(191)	(19)	(210)
Amortisation of intangible asset	–	(2,365)	(2,365)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

25. FINANCIAL RATIOS

	2017 %	2016 %
Ratio of expenses to weighted average net assets value ¹		
– including performance component of Manager's management fees	0.76	0.75
– excluding performance component of Manager's management fees	0.41	0.41
Total operating expenses to net asset value ²	2.56	2.74
Portfolio turnover rate ³	–	–

Notes:

- 1 The annualised ratio is computed in accordance with guidelines of Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses of the Trust, excluding property expenses and finance expense.
- 2 The ratio is computed based on the total property expenses, including all fees and charges paid to the Trustee, the Manager and related parties for the financial year and as a percentage of net asset value as at the end of the financial year.
- 3 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Trust expressed as a percentage of weighted average net asset value. The portfolio turnover rate was nil for the year ended 31 August 2017 and 31 August 2016, as there were no sales of investment properties.

26. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards and amendments and interpretations to existing standards have been published and are mandatory for the Trust's accounting periods beginning on or after September 1, 2017 or later periods for which the Trust has not early adopted.

For those new standards and amendments and interpretations to existing standards that are expected to have an effect on the financial statements of the Trust in future financial periods, the Trust is currently assessing the transition options and the potential impact on the financial statements. The Trust does not plan to adopt these standards early.

Applicable to the Trust's accounting periods beginning September 1, 2018

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces all existing revenue recognition requirements. It establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Trust is assessing the impact of FRS115 on its financial statements and does not expect significant changes to the basis of revenue recognition for its rental revenue. Transition adjustments are not expected to be material on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

26. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

FRS 109 Financial Instruments

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

The Trust's preliminary assessment of the three elements of FRS 109 is as described below.

Classification and measurement – The Trust does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

For financial assets currently held at fair value, the Trust expects to continue measuring most of these assets at fair value under FRS 109.

Impairment – The Trust plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 109. The Trust is currently refining its impairment loss estimation methodology to quantify the impact on its financial statements.

Hedge accounting – The Trust expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109.

The Trust plans to adopt the standard when it becomes effective in 2018 without restating comparative information.

Applicable to the Trust's accounting periods beginning September 1, 2019

FRS 116 Leases

FRS 116 replaces existing lease accounting guidance. It eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The accounting for lessors will not change significantly.

The Trust does not expect the adoption of FRS116 to have a significant impact on its financial statements.

27. SUBSEQUENT EVENT

Subsequent to the reporting date, the Manager announced a distribution of 1.42 cents per unit, for the quarter from 1 June 2017 to 31 August 2017.

28. AUTHORISATION OF FINANCIAL STATEMENT

The financial statements were authorised for issue by the Manager and the Trustee on 9 October 2017.

STATISTICS OF UNITHOLDINGS

AS AT 10 OCTOBER 2017

Issued and Fully Paid-Up Units

2,556,106,012 units (voting rights: vote per unit)

There is only one class of units in SPH REIT.

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	3	0.01	31	0.00
100 - 1,000	8,791	28.59	8,735,166	0.34
1,001 - 10,000	18,462	60.04	71,759,297	2.81
10,001 - 1,000,000	3,460	11.25	176,945,149	6.92
1,000,001 AND ABOVE	34	0.11	2,298,666,369	89.93
TOTAL	30,750	100.00	2,556,106,012	100.00

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	TIMES PROPERTIES PRIVATE LIMITED	1,264,679,500	49.48
2	TPR HOLDINGS PTE LTD	486,017,500	19.01
3	CITIBANK NOMINEES SINGAPORE PTE LTD	139,816,027	5.47
4	RAFFLES NOMINEES (PTE) LIMITED	81,724,890	3.20
5	DBS NOMINEES (PRIVATE) LIMITED	73,590,460	2.88
6	NTUC FAIRPRICE CO-OPERATIVE LTD	67,213,000	2.63
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	44,635,600	1.75
8	SPH REIT MANAGEMENT PTE LTD	43,101,612	1.69
9	LEE FOUNDATION STATES OF MALAYA	17,500,000	0.68
10	HSBC (SINGAPORE) NOMINEES PTE LTD	17,076,815	0.67
11	DBSN SERVICES PTE. LTD.	9,587,120	0.38
12	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	5,421,644	0.21
13	MEDIACORP PRESS LIMITED	5,000,000	0.20
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,435,700	0.17
15	HL BANK NOMINEES (SINGAPORE) PTE LTD	4,255,000	0.17
16	OCBC SECURITIES PRIVATE LIMITED	3,656,300	0.14
17	UOB KAY HIAN PRIVATE LIMITED	2,739,800	0.11
18	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	2,640,600	0.10
19	CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,578,859	0.10
20	DB NOMINEES (SINGAPORE) PTE LTD	2,259,942	0.09
TOTAL		2,277,930,369	89.13

STATISTICS OF UNITHOLDINGS

AS AT 10 OCTOBER 2017

SUBSTANTIAL UNITHOLDERS

No.	Name of Company	Direct Interest	Deemed Interest	% of Total Issued Units
1	Singapore Press Holdings Ltd ¹	–	1,793,798,612	70.177
2	Times Properties Private Limited ²	1,264,679,500	529,119,112	70.177
3	TPR Holdings Pte Ltd	486,017,500	–	19.014
4	NTUC Enterprise Co-operative Limited ³	–	134,426,000	5.259
5	National Trades Union Congress ⁴	–	134,426,000	5.259
6	Singapore Labour Foundation ⁴	–	134,426,000	5.259

- (1) Singapore Press Holdings Ltd ("SPH") is deemed to be interested in 1,264,679,500 units held by Times Properties Private Limited, 486,017,500 units held by TPR Holdings Pte Ltd, and 43,101,612 units held by SPH REIT Management Pte Ltd. Times Properties Private Limited is a wholly-owned subsidiary of SPH. TPR Holdings Pte Ltd and SPH REIT Management Pte Ltd are both wholly-owned subsidiaries of Times Properties Private Limited.
- (2) Times Properties Private Limited is deemed to be interested in 486,017,500 units held by TPR Holdings Pte Ltd and 43,101,612 units held by SPH REIT Management Pte Ltd. TPR Holdings Pte Ltd and SPH REIT Management Pte Ltd are both wholly-owned subsidiaries of Times Properties Private Limited.
- (3) NTUC Enterprise Co-operative Limited is deemed to be interested in 67,213,000 units held by NTUC FairPrice Co-operative Limited and 67,213,000 units in NTUC Income Insurance Co-operative Limited. NTUC Enterprise Co-operative Limited is entitled to control the exercise of more than 40% of the votes in each of NTUC FairPrice Co-operative Limited and NTUC Income Insurance Co-operative Limited.
- (4) Singapore Labour Foundation and National Trades Union Congress are each deemed to be interested in 67,213,000 units held by NTUC FairPrice Co-operative Limited and 67,213,000 units in NTUC Income Insurance Co-operative Limited. Singapore Labour Foundation and National Trades Union Congress are each entitled to exercise or control the exercise of not less than 20% of the votes attached to the shares of NTUC Enterprise Co-operative Limited.

DIRECTORS' UNITHOLDINGS IN SPH REIT

(As at 21 September 2017)

No	Name of Director	Direct Interest	Deemed Interest
1	LEONG HORN KEE	–	200,000
2	SOON TIT KOON	100,000	–
3	CHIA CHAY POH DAVID	150,000	–
4	LIM MAY LING GINNEY	200,000	–
5	ANTHONY MALLEK	390,000	20,000

FREE FLOAT

Approximately 24.52% of the units in SPH REIT is held by the public and Rule 723 of SGX Listing Manual has been complied with.

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year ended 31 August 2017, which fall under the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST") and Appendix 6 of the Code on Collective Investment Schemes (the "Property Funds Appendix") (excluding transactions of less than \$100,000 each), are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the period under review (excluding transactions of less than \$100,000 each) \$'000	
	Year Ended 31 August 2017	Year Ended 31 August 2016
Singapore Press Holdings Ltd and its subsidiaries or associates		
– Manager's management fees	16,708	16,312
– Property management/project management fees and reimbursable	11,705	10,960
– Income support	1,186	2,365
– Rental income	729	862
– Other Income	738	316
DBS Trustee Limited		
– Trustee's fees	483	482

Save as disclosed above, there were no additional interested person transactions (excluding transactions of less than \$100,000 each) entered into during the period under review.

As set out in SPH REIT's Prospectus dated 17 July 2013, related party transactions in relation to the fees and charges payable by SPH REIT to the Manager under the Trust Deed and to the Property Manager under the Property Management Agreement, and receivable under the Deed of Income Support, are deemed to have been specifically approved by the Unitholders upon purchase of the units and are therefore not subject to Rules 905 and 906 of the Listing Manual of the SGX-ST to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will affect SPH REIT. However, the renewal of such agreements will be subject to Rules 905 and 906 of the Listing Manual of the SGX-ST.

Please also see significant related party transactions on Note 23 in the financial statements.

SUBSCRIPTION OF SPH REIT UNITS

During the financial year ended 31 August 2017, SPH REIT issued 9,402,702 new units as payment of management fees.

NOTICE OF ANNUAL GENERAL MEETING

SPH REIT

(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 9 JULY 2013 (AS AMENDED))

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the holders of units of SPH REIT (the "**SPH REIT**", and the holders of units of SPH REIT, "**Unitholders**") will be held at The Auditorium, 1000 Toa Payoh North, News Centre, 1st Storey, Annexe Block, Singapore 318994 on Thursday, November 30, 2017 at 2.30 p.m. for the following business:

ORDINARY BUSINESS

1. To receive and adopt the Report of DBS Trustee Limited, as trustee of SPH REIT (the "**Trustee**"), the statement by SPH REIT Management Pte. Ltd., as manager of SPH REIT (the "**Manager**"), and the Audited Financial Statements of SPH REIT for the financial year ended August 31, 2017 together with the Auditors' Report thereon. (*Ordinary Resolution 1*)
2. To re-appoint KPMG LLP as the Auditors of SPH REIT to hold office until the conclusion of the next Annual General Meeting of SPH REIT, and to authorise the Manager to fix their remuneration. (*Ordinary Resolution 2*)

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions:

3. That pursuant to Clause 5 of the trust deed constituting SPH REIT (as amended) (the "**Trust Deed**") and the listing rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Manager to:
 - (a)
 - (i) issue units in SPH REIT ("**Units**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and
 - (b) issue Units in pursuance of any Instruments made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (A) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);

NOTICE OF ANNUAL GENERAL MEETING

- (B) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
- (i) any new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of Units;
- (C) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (D) unless revoked or varied by Unitholders in a general meeting of Unitholders, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of SPH REIT or (ii) the date by which the next Annual General Meeting of SPH REIT is required by applicable regulations to be held, whichever is earlier;
- (E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (F) the Manager, any director of the Manager, and the Trustee, be and are hereby severally authorised to complete and to do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, or, as the case may be, the Trustee may consider expedient or necessary or in the interest of SPH REIT to give effect to the authority conferred by this Resolution. (*Ordinary Resolution 3*)

(Please see Explanatory Note 1)

By Order of the Board
SPH REIT MANAGEMENT PTE. LTD.
as manager of SPH REIT

Lim Wai Pun
Khor Siew Kim
Company Secretaries

Singapore,
8 November 2017

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. *Ordinary Resolution 3*

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this Annual General Meeting until (i) the conclusion of the next Annual General Meeting of SPH REIT or (ii) the date by which the next Annual General Meeting of SPH REIT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding fifty per cent. (50%) of the total number of issued Units, with a sub-limit of twenty per cent. (20%) for issues other than on a pro rata basis to existing Unitholders (in each case, excluding treasury Units, if any).

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time Ordinary Resolution 3 is passed, after adjusting for (i) new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and (ii) any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

NOTES

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the proxy form.

"relevant intermediary" means

- (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
- (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
- (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF ANNUAL GENERAL MEETING

3. The proxy form must be lodged at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than 27 November 2017 at 2.30 p.m., being 72 hours before the time fixed for the Annual General Meeting.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by SPH REIT (or its agents or service providers) for the purpose of the processing, administration and analysis by SPH REIT (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for SPH REIT (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to SPH REIT (or its agents or service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by SPH REIT (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify SPH REIT in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

SPH REIT

(A REAL ESTATE INVESTMENT TRUST CONSTITUTED
UNDER THE LAWS OF THE REPUBLIC OF SINGAPORE
PURSUANT TO A TRUST DEED DATED 9 JULY 2013 (AS AMENDED))

PROXY FORM

ANNUAL GENERAL MEETING

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

IMPORTANT

1. A relevant intermediary may appoint more than one proxy to attend the Annual General Meeting and vote (please see note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy Units in SPH REIT, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 November 2017.

Refreshment after Annual General Meeting

Coffee, tea and water will be served after the Annual General Meeting.

I/We _____ of
(Name and identification number)

(Address)

being a Unitholder/Unitholders of SPH REIT, hereby appoint:

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Fourth Annual General Meeting (the "Meeting") of Unitholders of SPH REIT to be held at The Auditorium, 1000 Toa Payoh North, News Centre, 1st Storey, Annexe Block, Singapore 318994 on Thursday, 30 November 2017 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against
1.	To receive and adopt the Report of DBS Trustee Limited, as trustee of SPH REIT (the "Trustee"), the statement by SPH REIT Management Pte. Ltd., as manager of SPH REIT (the "Manager"), and the Audited Financial Statements of SPH REIT for the financial year ended 31 August 2017 together with the Auditors' Report thereon. (Ordinary Resolution 1)		
2.	To re-appoint KPMG LLP as the Auditors of SPH REIT to hold office until the conclusion of the next Annual General Meeting of SPH REIT, and to authorise the Manager to fix their remuneration. (Ordinary Resolution 2)		
3.	To authorise the Manager to issue Units and to make or grant convertible instruments. (Ordinary Resolution 3)		

Dated this _____ day of _____ 2017

Signature(s) of Unitholder(s) and,
Common Seal of Corporate Unitholder

Total number of Units held

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM OVERLEAF



Postage will be
paid by
addressee.

For posting in
Singapore only.

**BUSINESS REPLY SERVICE
PERMIT NO. 09059**



SPH REIT Management Pte. Ltd.
(as Manager of SPH REIT)
c/o Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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Notes:

1. Please insert the total number of units in SPH REIT ("Units") held by you. If you have Units entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders, you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.
2. A Unitholder who is not a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A Unitholder who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the instrument appointing a proxy or proxies.
"relevant intermediary" means
 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds these Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a Unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Meeting in person, and in such event, SPH REIT reserves the right to refuse to admit any person or persons appointed under the instrument of proxy or proxies to the Meeting.
5. The instrument appointing a proxy or proxies or the power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited at the office of SPH REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 72 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
8. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Meeting as observers are requested to submit in writing, a list with details of the investor's names, NRIC/Passport numbers, addresses and number of Units held. The list, signed by an authorised signatory of the relevant CPF Approved Nominees, should reach the office of the office of SPH REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least 72 hours before the time appointed for holding the Meeting.
9. The Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Manager may reject any instrument appointing a proxy or proxies lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Manager.

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CORPORATE DIRECTORY

MANAGER

SPH REIT Management Pte. Ltd.

1000 Toa Payoh North, News Centre
Singapore 318994

Telephone : +65 6319 6319
Facsimile : +65 6319 8282
Email : ir@sphreit.com.sg

DIRECTORS OF THE MANAGER

Dr Leong Horn Kee

- Chairman, Non-Executive and Independent Director
- Member, Nominating & Remuneration Committee

Mr Soon Tit Koon

- Non-Executive and Independent Director
- Chairman, Audit & Risk Committee
- Member, Nominating & Remuneration Committee

Mr David Chia Chay Poh

- Non-Executive and Independent Director
- Chairman, Nominating & Remuneration Committee
- Member, Audit & Risk Committee

Ms Rachel Eng Yaag Ngee

- Non-Executive and Independent Director
- Member, Audit & Risk Committee
- Member, Nominating & Remuneration Committee

Mr Chan Heng Loon Alan

(Up to 1 August 2017)

- Non-Executive and Non-Independent Director
- Member, Nominating & Remuneration Committee

Mr Ng Yat Chung

(from 1 August 2017)

- Non-Executive and Non-Independent Director
- Member, Nominating & Remuneration Committee

Mr Anthony Mallek

- Non-Executive and Non-Independent Director
- Member, Nominating & Remuneration Committee

Ms Ginney Lim May Ling

- Non-Executive and Non-Independent Director
- Member, Nominating & Remuneration Committee

AUDIT & RISK COMMITTEE

Mr Soon Tit Koon

(Chairman)

Mr David Chia Chay Poh

Ms Rachel Eng Yaag Ngee

NOMINATING & REMUNERATION COMMITTEE

Mr David Chia Chay Poh

(Chairman)

Dr Leong Horn Kee

Mr Soon Tit Koon

Ms Rachel Eng Yaag Ngee

Mr Chan Heng Loon Alan

(Up to 1 August 2017)

Mr Ng Yat Chung

(From 1 August 2017)

Mr Anthony Mallek

Ms Ginney Lim May Ling

MANAGEMENT

Ms Susan Leng Mee Yin

Chief Executive Officer

Ms Soon Suet Har

Chief Financial Officer & Head,
Investor Relations

Ms Belinda Zheng Qinyin

Investment Manager

Mr Sze Hock Thong

Asset Manager

COMPANY SECRETARIES

Mr Lim Wai Pun

Ms Khor Siew Kim

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone : +65 6536 5355
Facsimile : +65 6438 8710

TRUSTEE

DBS Trustee Limited

12 Marina Boulevard
Level 44 DBS Asia Central
Marina Bay Financial Centre
Singapore 018982
Telephone : +65 6878 8888
Facsimile : +65 6878 3977

AUDITORS

KPMG LLP

16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Ms Lee Sze Yeng
(Since financial period ended
31 August 2014)

SPH REIT MANAGEMENT PTE. LTD.

(AS MANAGER OF SPH REIT)

1000 Toa Payoh North,
News Centre
Singapore 318994

www.sphreit.com.sg
Co. Reg. No. 201305497E



UNISON'S ANNUAL REPORT 2017