



RESILIENCE FOR EMERGENCE



ANNUAL REPORT 2021



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



Singapore

SPH REIT is a Singapore-based real estate investment trust 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 (“SPH” or the “Sponsor”), Asia’s leading media organisation with publications across multiple languages and platforms. As at 31 August 2021, SPH REIT’s portfolio comprises five quality and well-located commercial properties in Singapore and Australia. The three properties in Singapore total up to 962,955 sq ft Net Lettable Area (“NLA”) with an aggregate value of





Singapore

Australia

S\$3.3 billion as at 31 August 2021, whereas the two properties in Australia have an aggregate Gross Lettable Area (“GLA”) of 1,721,801 sq ft, with a value of A\$840.5 million as at 31 August 2021.

SINGAPORE

Paragon, a premier upscale retail mall and medical suite/office property, is located in the heart of Orchard Road, Singapore’s premier shopping and tourist precinct. Paragon consists of a six-storey retail podium and one basement level with 494,807 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 of 223,098 sq ft of medical suite/ offices NLA (“Paragon Medical”). It is a 99-year leasehold interest that commenced on 24 July 2013.

The Clementi Mall, a mid-market suburban mall located in the centre of Clementi Town, with excellent frontage to residential estates in the west of Singapore and is well-connected to expressways and the rest of the island. The retail mall with 195,283 sq ft of retail NLA also houses a public library, and is part of an integrated mixed use development that includes Housing & Development Board (“HDB”) residential blocks and a bus interchange. The property is directly linked to the Clementi Mass Rapid Transit (“MRT”) station. It is a 99-year leasehold interest that commenced on 31 August 2010.

The Rail Mall, a retail strip with 360-metre prominent road frontage to Upper Bukit Timah Road, comprises a trade mix including a supermarket, dining options and medical services to serve the different needs of residents and visitors. It is well-served by the Hillview MRT station, which is about 250 metres from the mall, as well as a network of public bus services. Accessibility is further enhanced by its proximity to the Bukit Timah Expressway (“BKE”) and Pan Island Expressway (“PIE”). It is a 99-year leasehold interest that commenced on 18 March 1947. One of the key access points to the Rail Corridor is located within a short walking distance from The Rail Mall. It has a NLA of 49,767 sq ft.

AUSTRALIA

Westfield Marion Shopping Centre is a freehold shopping centre in Adelaide, South Australia in which SPH REIT has a 50.0% stake in ownership. It is the largest and only super regional shopping centre in South Australia. Strategically located approximately 10 km south-west of Adelaide’s Central Business District (“CBD”), it is in a highly accessible location which is bound by three major thoroughfares and arterial roads in Diagonal Road, Sturt Road and Morphett Road, extending greater access to shoppers beyond its usual catchment. The shopping centre offers large and well segmented precincts of entertainment, fresh food, and dining; supported by a high quality tenant base of leading national retailers. The property has an aggregate GLA of 1,485,243 sq ft.

Figtree Grove Shopping Centre is an established freehold sub-regional shopping centre in Wollongong, New South Wales Australia, in which SPH REIT has a 85.0% stake in ownership. Located approximately 3 km south-west of Wollongong and approximately 85 km south-west of Sydney CBD, the property is situated at the north-eastern corner of the Princes Highway and The Avenue – major thoroughfares which carry traffic between Wollongong Central Business District and the wider Wollongong area. The shopping centre houses two major supermarkets, specialty stores, and a variety of services, F&B dining options and other retailers providing convenience and necessity to residents. The property has an aggregate GLA of 236,558 sq ft.



FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF TOTAL RETURN FOR THE FINANCIAL YEAR ENDED 31 AUGUST

	2021 S\$ million	2020 S\$ million	Change %
Gross Revenue	277.2	241.5	14.8
Net Property Income	202.6	181.9	11.4
Distributable Income to Unitholders	157.8	92.2	71.1
Distribution per Unit (cents)	5.40	2.72	98.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST

	2021 S\$ million	2020 S\$ million	Change %
Total Assets	4,246.6	4,240.7	0.1
Total Liabilities	1,398.7	1,426.0	(1.9)
Borrowings	1,293.1	1,298.6	(0.4)
Net Assets Attributable to Unitholders	2,535.2	2,503.3	1.3
Number of Units in Issue (million)	2,785.2	2,763.1	0.8
Net Asset Value per Unit (S\$)	0.91	0.91	-

FINANCIAL RATIOS

	2021	2020
Annualised Distribution Yield (%) • Based on closing price ¹	5.93	3.13
Gearing Ratio (%)	30.3	30.5
Interest Cover Ratio (times)	7.3	4.7
Average All-in-Cost of Debt (% per annum)	1.84	2.66
Average Term to Maturity for Debt (years)	2.9	2.9

¹ Based on closing price of S\$0.91 per unit on 31 August 2021 (31 August 2020: S\$0.87).



5.40 cents

DISTRIBUTION PER UNIT
Increased **98.5%** compared to 2020

S\$202.6 million

NET PROPERTY INCOME
Increased **11.4%** compared to 2020

S\$4.1 billion

VALUATION OF INVESTMENT PROPERTIES

5.93 %

DISTRIBUTION YIELD
Based on closing price of **S\$0.91** on 31 August 2021

30.3 %

GEARING
Healthy balance sheet

98.8 %

COMMITTED OCCUPANCY
Strong track record

PARAGON



OPPORTUNITY IN SYNERGY



PARTNERING OUR TENANTS TO
NAVIGATE NEW CHALLENGES







STATEMENT BY CHAIRMAN & CEO

From left:

DR LEONG HORN KEE
MS SUSAN LENG MEE YIN



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SPH REIT remains committed to providing our unitholders with a regular and stable distribution as well as achieving sustainable long-term growth in DPU and net asset value.

Whilst there have been encouraging signs of improvement in our businesses, we expect uncertainties and negative factors brought about by COVID-19 to linger for some time. Our performance will be dependent on the effective control of potential resurgence of COVID-19 cases, with the relaxation of travel restrictions and re-opening of borders.

As we move into the next financial year, our focus is to maintain high occupancy levels and achieve sustainable rental income levels by working in partnership with our tenants while carefully managing our cost base.

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DEAR UNITHOLDERS,

On behalf of the Board of Directors of SPH REIT Management Pte. Ltd., we the Manager of SPH REIT (the “**Manager**”), are pleased to present SPH REIT’s Annual Report for the period from 1 September 2020 to 31 August 2021 (“**FY2021**”).

Notwithstanding the worldwide vaccination initiatives, which are progressing at varying rates, the unprecedented COVID-19 pandemic continues to impact retailers around the globe in 2021. Our key markets in Singapore and Australia have not been spared.

While Singapore’s strategy to live with the COVID-19 virus and accept the virus as endemic rather than pandemic bodes well for retailers, the resurgence of cases brought about by the Delta variant may lead to the re-introduction of tightening measures.

In this challenging operating environment, our Board of Directors, together with the management, have remained steadfast and responsive to the changing situation. We have made timely and strategic decisions to work with all our partners and safeguard the long term value of our unitholders.

For FY2021, SPH REIT delivered a resilient performance through our continued proactive asset management as evidenced by an 11.4% year-on-year (“yoy”) increase in net property income (“NPI”) and supported by a modest 2% increase in tenant sales. We continue to be recognised as the landlord of choice as demonstrated by the high occupancy rates across all assets.

As the challenging conditions remain, we will continue to work closely with our stakeholders including our tenants, to ride out the impact of COVID-19.

SINGAPORE

Paragon, a premier upscale retail mall located in Orchard Road, Singapore’s prime shopping district, was affected by the decline in tourist arrivals. Compared to FY2020 which was largely impacted by COVID-19, tenant sales stabilised in FY2021, declining slightly by 1% yoy.

The Clementi Mall, a suburban mall located in an established housing estate with a large residential catchment, demonstrated its resiliency and recorded encouraging growth in tenant sales of 5% yoy.

Our third asset in Singapore, The Rail Mall, a retail strip mall in the suburban north-west of Singapore, showed its resilience as evidenced by its improved financial performance for FY2021.

AUSTRALIA

Our Australian assets have gradually recovered to pre-COVID-19 levels - a reflection of their strategic locations and close proximity to large catchment pools.

Tenant sales at Westfield Marion Shopping Centre, South Australia’s largest mall rose 5% yoy as the area experienced a low incidence of COVID-19 cases. Figtree Grove Shopping Centre, a suburban asset in Wollongong, remained resilient, registering

a marginal decline in tenant sales of 7% yoy despite the extended lockdown in New South Wales.

FY2021 PERFORMANCE

Notwithstanding the impact of COVID-19 and the resultant negative rental reversion of 8.4% for the portfolio, SPH REIT achieved a significant improvement in its financial performance in FY2021.

The improvement was mainly attributable to the first full year contribution from Westfield Marion which was acquired in FY2020. Portfolio NPI increased 11.4% yoy to S\$202.6 million. NPI of Singapore assets and Australia assets increased by 7.4% yoy to S\$153.7 million and 26.0% yoy to S\$48.9 million respectively.

As a testament to our growth efforts, SPH REIT was included into FTSE EPRA NAREIT Global Developed Index in September 2021. This inclusion into a benchmark REIT index raises SPH REIT’s visibility amongst global investors, improves its trading liquidity, and offers the potential to significantly expand our investor base. We believe that this inclusion will strengthen our position to capitalise on the upcoming economic recovery and capture attractive accretive growth opportunities.

SPH REIT continues to adopt a prudent and disciplined approach to capital management by maintaining a healthy balance sheet as well as diversified sources of funding. Gearing is maintained at 30.3% and debt maturity profile is well-staggered, with a weighted average term to maturity of 2.9 years.

With the improved performance of our portfolio, the Board has decided to declare a distribution per unit (“DPU”) of 5.40 Singapore cents to our unitholders. The full year DPU of 5.40 Singapore cents marks a 98.5% increase yoy and a yield of 5.93%, based on the closing price on 31 August 2021 of S\$0.91.

COMMITMENT TOWARDS SUSTAINABILITY

The challenges brought about by COVID-19 have underscored the importance of sustainability more than ever. COVID-19 serves as a pertinent reminder for us to

STATEMENT BY CHAIRMAN & CEO



continue driving our sustainability agenda as well as integrating these efforts in our business practices to enhance resilience.

The Board bears oversight of the implementation and performance of our sustainability efforts. The Board has delegated to the Audit & Risk Committee (“**ARC**”) the responsibility of overseeing the sustainability projects and efforts undertaken by the Management. The Management has established the Sustainability Steering Committee (“**SSC**”) to drive and coordinate these efforts across SPH REIT.



In this fourth sustainability report of SPH REIT, we have expanded our reporting scope to include Westfield Marion in Australia. The six material Environmental, Social and Governance (“ESG”) factors that we identified in FY2020 have been reviewed and considered to remain important and relevant to the business. These ESG factors are mapped to the seven United Nations (“UN”) Sustainable Development Goals (“SDGs”) that we have adopted, which will guide us as we continue on our sustainability journey. We strive to be a good corporate citizen, and manage our business in a sustainable manner through mutually supportive engagements with our shoppers, employees, business partners and the greater community while conducting our businesses with minimum impact to the environment.



LOOKING AHEAD

SPH REIT remains committed to providing our unitholders with a regular and stable distribution as well as achieving sustainable long-term growth in DPU and net asset value.

Whilst there have been encouraging signs of improvement in our businesses, we expect uncertainties and negative factors brought about by COVID-19 to linger for some time. Our performance will be dependent on the effective control of potential resurgence of COVID-19 cases, with the relaxation of travel restrictions and re-opening of borders.

As we move into the next financial year, our focus is to maintain high occupancy levels and achieve sustainable rental income levels, by working in partnership with our tenants while carefully managing our cost base.

SPH REIT’s assets are well established in their respective locations and supported by their catchment areas. We will continue to actively engage our stakeholders and focus on the long-term sustainability of our assets.

ACKNOWLEDGEMENTS

The fortitude, perseverance and commitment of the Board members, management team and staff in the past financial year are deeply appreciated given the challenging backdrop of COVID-19. We are sincerely grateful to all stakeholders, including our Unitholders, business partners, tenants, shoppers, employees and the government, for their continued support and trust in our organisation. We would like to thank Mr David Chia, who retired from the Board in December 2020 after having served the Board for more than seven years, for his invaluable contributions. We also welcome Mrs Trina Loh, who joined the Board this year. As we look forward to the upcoming economic recovery, we are determined to remain resilient in the face of the structural changes brought about by COVID-19.

Stay safe, stay healthy.

DR LEONG HORN KEE

Chairman, Non-Executive and Independent Director

MS SUSAN LENG MEE YIN

Chief Executive Officer

YEAR IN REVIEW

Dec 20

Westfield Marion - collaborated with Foodbank to set up collection points to encourage shoppers to donate food

Paragon - Members of Paragon Club rewards program pledged donations to Kids Horizon Appeal (KHA) via reward program points



Jan 21

SPH REIT announced DPU of 1.20 cents, YTD 1Q FY2021 gross revenue increased 10.8% yoy

Feb 21

The Clementi Mall - Shoppers made donations to Lion Befrienders via donation boxes within the mall; The Clementi Mall pledged to match the donations dollar-for-dollar

Mar 21

SPH REIT announced DPU of 1.24 cents, YTD 1H FY2021 gross revenue increased 4.9% yoy

Apr 21

Paragon - 7 beneficiaries of Kids Horizon Appeal attended a complimentary art workshop with one of Paragon's tenants

May 21

Paragon - The Paragon Club members' lounge was launched as a respite for members to unwind and relax in style between shopping



Jul 21

SPH REIT announced DPU of 1.38 cents, YTD 3Q FY2021 gross revenue increased 22.2% yoy

Aug 21

SPH REIT's aggregate DPU was 5.40 cents for FY2021

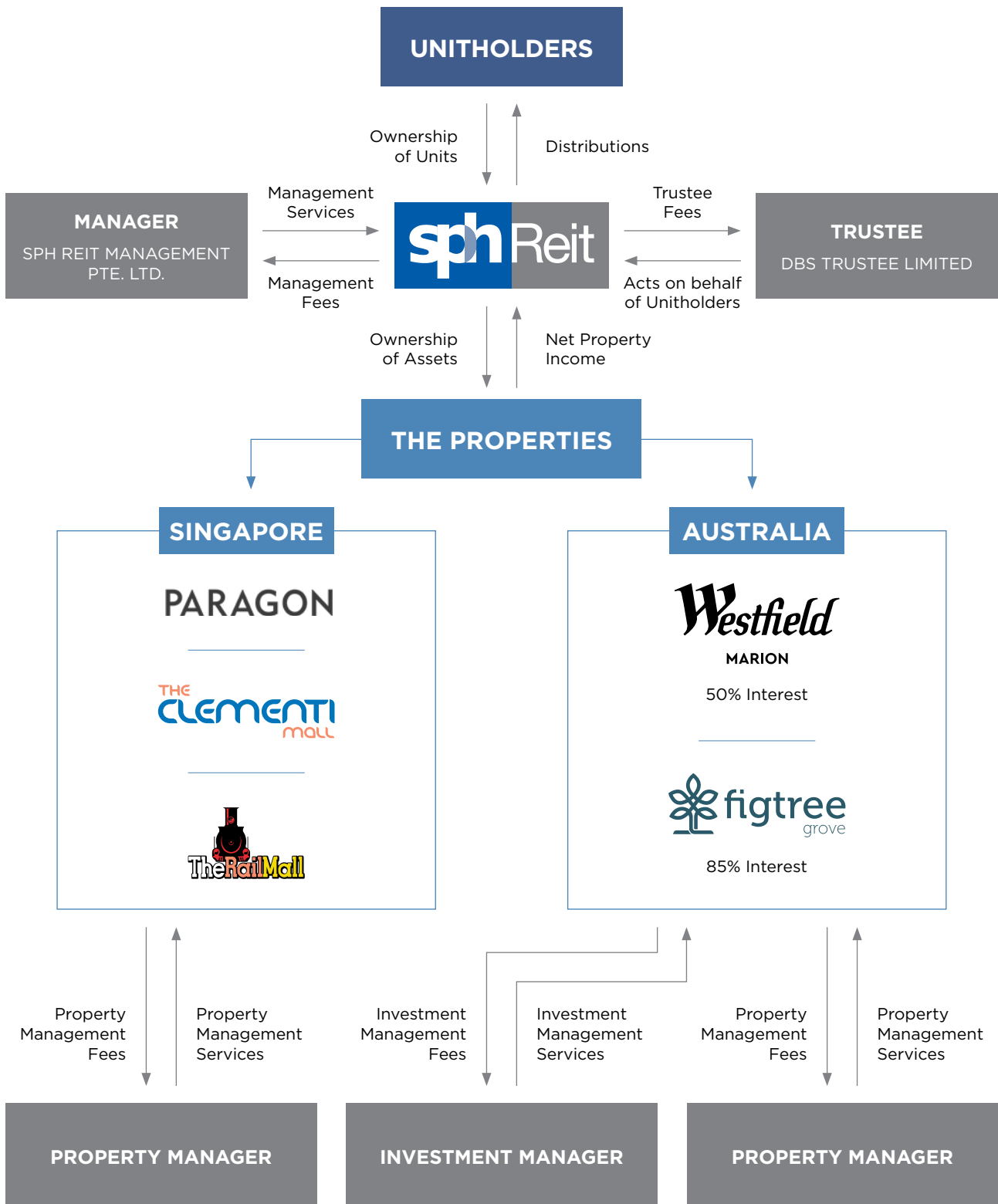
The DPU was 1.58 cents for 4Q FY2021

Gross revenue for FY2021 increased 14.8% yoy

Valuation of SPH REIT portfolio of properties was S\$4.1 billion as at 31 August 2021



TRUST STRUCTURE



ORGANISATION STRUCTURE



BOARD OF DIRECTORS



DR LEONG HORN KEE

SOON TIT KOON



HOO SHEAU FARN

TRINA LOH SOH YONG

NG YAT CHUNG



CHUA HWEE SONG

GINNEY LIM MAY LING

DR LEONG HORN KEE

**Chairman, Non-Executive and Independent Director
Member, Nominating & Remuneration Committee**

Dr Leong is the Chairman of CapitalCorp Ventures Pte Ltd, an investment advisory firm. He is currently Singapore's non-resident Ambassador to Argentina. From 1994 to 2008, Dr Leong was an executive director of Far East Organization, the CEO of Orchard Parade Holdings Ltd and the 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 a Bachelor's degree in Production Engineering from Loughborough University, UK; a Bachelor's degree in Economics from London University; a Bachelor's degree in Chinese Language & Literature from Beijing Normal University; a Master of Business Administration (MBA) from INSEAD; and a Master of Business Research (MBR) and a Doctor of Business Administration (DBA) from the University of Western Australia, Australia.

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 September 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, Mr Soon was the Chief Financial Officer of Wilmar Holdings Pte Ltd from 2000 to 2002. 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 the University of Chicago. He also completed the Advanced Management Program at the Harvard Business School in 1997.

HOO SHEAU FARN

**Non-Executive and Independent Director
Member, Audit & Risk Committee
Member, Nominating & Remuneration Committee**

Ms Hoo is a partner of Allen & Gledhill LLP and her areas of practice include REITs, property acquisitions, property investments and leasing. She has advised REITs and property funds on acquisitions of real properties in Singapore and the region, such as office units and buildings, commercial buildings and healthcare buildings. Ms Hoo has also advised multinational corporations on acquisition and leasing of commercial and industrial buildings, as well as government-linked corporations on acquisition and divestment of real properties.

Ms Hoo was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1990 and holds a Bachelor of Laws (Honours) degree from the National University of Singapore.

TRINA LOH SOH YONG

**Non-Executive and Independent Director
Chairman, Nominating & Remuneration Committee
Member, Audit & Risk Committee**

Mrs Trina Loh was the Group Managing Director of GuocoLand (Singapore) Pte. Ltd. She joined GuocoLand in 1999 and retired in 2013. She was the General Manager in Wheelock Property Development Ltd from 1994 to 1999. Prior to this, she was living overseas, and worked in the Investment Property Data Bank, an established portfolio analyst firm in London. She has more than 30 years of real estate experience in various countries, including Singapore, United Kingdom, New Zealand and China.

Ms Loh holds a Bachelor of Property Administration (University of Auckland). She is an Associate Member of New Zealand Institute of Valuers and Member of Singapore Institute of Surveyors and Valuers. She is a director with Temasek Foundation Ecosperity.



BOARD OF DIRECTORS

NG YAT CHUNG

**Non-Executive and Non-Independent Director
Member, Nominating & Remuneration Committee**

Mr Ng is a Director and the Chief Executive Officer of SPH. He is also the Chairman of the Singapore Institute of Technology Board of Trustees.

Prior to joining SPH, he was the Executive Director and CEO of Neptune Orient Lines Ltd from 2011 to 2016 and Senior Managing Director at Temasek Holdings (Private) Limited from 2007 to 2011. 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.

CHUA HWEE SONG

**Non-Executive and Non-Independent Director
Member, Nominating & Remuneration Committee**

Mr Chua is the Chief Financial Officer of SPH. In 2018, he spearheaded the SPH Group's entry into the purpose-built student accommodation (PBSA) sector. He continues to oversee the PBSA business and its subsequent expansion.

Prior to joining SPH, he was a director and Group Chief Financial Officer of CWG International Ltd from 2015 to 2018. Mr Chua started his career with the Singapore Economic Development Board, where he led the promotion of technology entrepreneurship and development of the enterprise financing infrastructure in Singapore, focusing on the industry development of the venture capital and private equity industry.

Mr Chua graduated in 1989 with a Bachelor of Engineering (First Class Honours) in Electrical and Electronics Engineering from King's College London, University of London. He is also a Chartered Financial Analyst and Chartered Accountant.

GINNEY LIM MAY LING

**Non-Executive and Non-Independent Director
Member, Nominating & Remuneration Committee**

Ms Lim heads the Secretariat/Legal Division and oversees the Corporate Communications & CSR Division of SPH. She is also the General Manager of Singapore Press Holdings Foundation Limited, an Institution of Public Character established in 2003 by SPH.

When she joined SPH in 1991, she was tasked to set up the Secretariat / Legal Division. She is responsible for the corporate secretarial, legal, compliance, insurance and corporate communications functions in the SPH Group and sits on several steering and senior management committees.

Ms Lim is a director of Times Development Pte Ltd, Orchard 290 Ltd and SPH REIT (Investments) Pte Ltd, all of which are property subsidiaries of SPH. She is also a member of the NUS Law Advisory Council and Temasek Junior College Advisory Committee. She is also a specialist mediator of the Singapore International Mediation Centre.

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

IGG Ltd*	Director
CSC Holdings Limited*	Director
Singapore Embassy to Argentina	Non-resident Ambassador
ESR Funds Management (S) Limited (as manager of a listed REIT)	Director

Directorships over the past 5 years (1/9/16 – 31/8/21)

Tat Hong Holdings Ltd* <i>(*date of cessation 20.07.2018)</i>	Director
Viva Industrial Trust Management Pte Ltd* (as manager of a listed REIT) <i>(*date of cessation 07.02.2019)</i>	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 5 years (1/9/16 – 31/8/21)

Nil

HOO SHEAU FARN

Non-Executive and Independent Director

Date of first appointment as a director

26 September 2018

Board Committees served on

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

Current Directorships/Principal Commitments

Nil

Directorships over the past 5 years (1/9/16 – 31/8/21)

Nil

TRINA LOH SOH YONG

Non-Executive and Independent Director

Date of first appointment as a director

1 December 2020

Board Committees served on

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

Current Directorships/Principal Commitments

Temasek Foundation Ecosperity	Director
CLG Limited	
Securities Industry Council	Member

Directorships over the past 5 years (1/9/16 – 31/8/21)

Singapore Pools Pte Ltd <i>(2014 to 2020)</i>	Director
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* Public-listed company

FURTHER INFORMATION ON BOARD OF DIRECTORS

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)

Current Directorships/Principal Commitments

Singapore Press Holdings Limited*	Director
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Singapore Institute of Technology	Chairman, Board of Trustees
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Singapore Press Holdings Foundation Limited	Director
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Directorships over the past 5 years (1/9/16 - 31/8/21)

Neptune Orient Lines Ltd*	Director
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CHUA HWEE SONG

Non-Executive & Non-Independent Director

Date of first appointment as a director

30 November 2018

Board Committee served on

Nominating & Remuneration Committee
(Member)

Current Directorships/Principal Commitments

Orchard 290 Ltd	Director
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Straits CM Pte Ltd	Director
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Tembusu Properties Pte Ltd	Director
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Tembusu Ventures Pte Ltd	Director
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Times Properties Private Limited	Director
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The Seletar Mall Pte Ltd	Director
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Directorships over the past 5 years (1/9/16 - 31/8/21)

Thomson Medical Group Ltd (f.k.a. Rowsley Ltd)*	Director
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CWG International Pte Ltd	Director
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Konnectivity Pte Ltd	Director
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Synagie Corporation Ltd*	Director
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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

Times Development Pte Ltd	Director
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Orchard 290 Ltd	Director
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SPH REIT (Investments) Pte Ltd	Director
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Directorships over the past 5 years (1/9/16 - 31/8/21)

MediaCorp Press Ltd	Alternate Director
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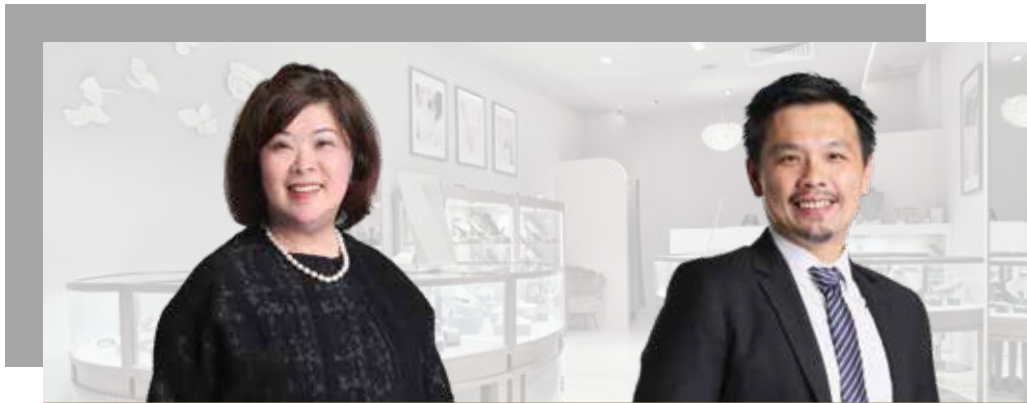
701 Search Pte Ltd	Alternate Director
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Waterbrooks Consultants Pte. Ltd.	Director
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SPH Retail Property Management Services Pte Ltd	Director
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* Public-listed company

MANAGEMENT TEAM



SUSAN LENG MEE YIN

BENJAMIN KUAH HSIEN YIAO

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. Ms Leng has 16 years of aggregate experience in shopping centre management and property development, eight years of accounting and finance experience, and eight years of experience in Real Estate Investment Trust.

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. Ms Leng is a director of SPH REIT (Investments) Pte Ltd, a subsidiary of SPH.

BENJAMIN KUAH HSIEN YIAO

**Chief Financial Officer & Head, Investor Relations
SPH REIT Management Pte. Ltd.**

Mr Kuah was appointed Chief Financial Officer and Head of Investor Relations of SPH REIT Management Pte. Ltd. in January 2019. Mr Kuah has over 15 years of finance and accounting experience.

Mr Kuah's last appointment was Group Financial Controller of Nanshan Group Singapore in which he was responsible for all the group's real estate business and property development projects in Singapore. Prior to that, he was with Stamford Land Corporation, handling the group's hotel assets and property development projects in Australia and New Zealand.

Mr Kuah started his career at PricewaterhouseCoopers Singapore in which he spent two years seconded to the PricewaterhouseCoopers Macao office.

Mr Kuah holds a Bachelor of Accountancy degree from Nanyang Technological University. He is a member of the Institute of Singapore Chartered Accountants.

MANAGEMENT TEAM



BELINDA ZHENG QINYIN

YOU WENPEI

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. Ms Zheng has over 15 years' experience in investment and financial services.

Before this appointment, she was with SPH handling property transactions including government land bids and private treaties. Besides property transactions, she was also involved in growing SPH'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 and 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.

YOU WENPEI

Asset Manager
SPH REIT Management Pte. Ltd.
(Up to 12 October 2021)

Mr You was appointed the Asset Manager of SPH REIT Management Pte. Ltd in 2021. Mr You has over 14 years' experience in real estate investment and asset management.

Before this appointment, he was with Mapletree China in which he was General Manager responsible for the asset management of an office building in Beijing, China. Prior to that he was with Hines China, handling asset management and project development of various projects in China.

Mr You began his career at Alpha Investment Partners Limited and subsequently moved to Parkway Trust Management Limited before he worked in China.

A CFA® charterholder, Mr You holds a Master in Real Estate from National University of Singapore and a Bachelor of Science from Peking University, China.

PROPERTY MANAGEMENT TEAM



JAYLYN ONG
General Manager

TAN POH SENG
Deputy General Manager

PAULINE LOH
Head, Leasing (Paragon)



IRENE NG
Head, Leasing (Suburban)

JOZIE LIM
Head, Marketing Communications
(Up to 12 October 2021)

FRANCIS LIM
Head, Facilities &
Projects Management





SUSTAINABILITY THROUGH STRATEGY



LEADING THE WAY FORWARD THROUGH
EFFECTIVE LEADERSHIP

OPERATIONS REVIEW

SPH REIT assets continued to be impacted by COVID-19 and FY2021 saw a decline in footfall across the portfolio. However, tenant sales registered a modest increase of 2% year-on-year (“yoy”). Continued rental assistance was granted in a targeted manner to eligible tenants in FY2021.

In Singapore, recovery was uneven across the various trade categories even as it moved towards an endemic approach and introduced various phased safe distancing measures.

In Australia, COVID-19 cases varied from state to state. South Australia where Westfield Marion Shopping Centre (“Westfield Marion”) is located had a low incidence of COVID-19 cases with only a 10-day lockdown in FY2021. However, New South Wales where Figtree Grove Shopping Centre (“Figtree Grove”) is located saw a spike in COVID-19 cases since June 2021 which led to an extended lockdown that was lifted subsequently in October 2021.

Despite the portfolio negative rental reversion of 8.4% due to the soft retail leasing sentiment, SPH REIT delivered a set of resilient results, mainly from the full year contribution from Westfield Marion in FY2021, which was acquired in FY2020. With proactive leasing, the portfolio achieved a high occupancy of 98.8%.

PARAGON

Amidst these challenging times, Paragon remained resolute as it continued to revitalise its tenancy mix.

The wine and dine options saw exciting new entrants such as a Korean barbeque concept, Sam Han Gung, and an all-natural vegan ice cream by Kind Kones. Existing tenants such as Baker’s Brew also increased their store space to introduce an expanded menu.

DFI Retail Group which owns and operates the CS Fresh Gold supermarket, a new concept, launched its flagship store at

Paragon. Scoops Wholefoods, an Australian environmentally responsible wholesome food concept that aims to minimise waste, opened at the basement; complementing well with CS Fresh Gold and the food hall concept.

Other new tenants included the American lifestyle brand, Tommy Hilfiger, a local entrepreneur jewelry store, Daughters Diamonds as well as Tree Art, an experiential art school catering to children.

Paragon was the exclusive venue in February 2021 which saw the launch of the “Doraemon X Gucci” collaboration to commemorate the 50th anniversary of Doraemon and 100th anniversary of Gucci, with the accompanying “Epilogue” collection of ready-to-wear, shoes and bags. Statues of the popular Japanese manga character were displayed throughout Paragon, providing photographic opportunities.

In August 2021, coinciding with the Chinese Valentine’s Day, Gucci unveiled the “Gucci





Les Pommes” collection also exclusively at Paragon. This collection of apparel featured playful apple and heart motifs combined with Gucci logos. This was accompanied by a highly Instagram-worthy Gucci Les Pommes installation in Paragon emanating a fun and whimsical feel with giant shiny red apple sculptures.

“Paragon Club”, launched in October 2019 allows members to earn rewards points when they shop and dine at Paragon. The Paragon Club members’ lounge was opened in May 2021 to further enhance the overall experience for its members. This lounge also offers private meeting rooms where selected food menus from the tenants are available.

In FY2021, Paragon registered a decrease in footfall of 17% to 11.4 million and tenant sales saw a marginal decline of 1% to S\$502 million year on year, as it continued

OPERATIONS REVIEW

to be impacted by border restrictions. Occupancy as at 31 August 2021 remained high at 99.1%.

THE CLEMENTI MALL

In FY2021, The Clementi Mall's F&B offering was further strengthened with the introduction of Yakiniku Like, a BBQ fast-food concept; HotPot by Seoul Garden; Eighteen Chefs, a restaurant chain based on the principle of social enterprise that serves western delights, and Burger King.

In addition, the sports offering at The Clementi Mall was enhanced with French sporting goods retailer Decathlon opening in May 2021 with a click and collect concept.

The Clementi Mall registered an increase in tenant sales of 5% to S\$217 million in FY2021, despite a decrease in footfall of 33% to 15.3 million. As at 31 August 2021, occupancy was 99.9%. The resilient performance amidst COVID-19 was due to The Clementi Mall's strategic location within a transport hub, densely populated Clementi Town and its tactical partnerships with the likes of Grab and FavePay.

THE RAIL MALL

The Rail Mall saw the addition of a new F&B tenant in FY2021; a Japanese eatery, Yuba Hut, known for its signature rolls and Instagram-worthy menu.

Being a strip mall comprising 43 shop units, footfall data was not collected. This asset was acquired in June 2018 and progressively, tenant sales submissions are being integrated into the lease structure.

With its historic architecture and proximity to the Rail Corridor, The Rail Mall is a popular destination for those exploring the rustic Bukit Timah Truss bridges surrounded by extensive flora and fauna.

As at 31 August 2021, occupancy was 92.2%.

WESTFIELD MARION

FY2021 was Westfield Marion's first full year contribution since its acquisition on 6 December 2019.

New fashion tenants introduced in FY2021 to Westfield Marion included Glassons, a New Zealand based fashion retailer, and Gorman, an iconic Australian brand which positions itself as a local, sustainable fashion brand with organic collections.

Two established athletic and athleisure stores also opened at Westfield Marion. They are Sportspower, one of the leading major independent sports brands in the Australian sports and fitness market; JD Sports, a leader in sneakers and sports fashion retailer from the UK.

In addition, international brands were introduced at Westfield Marion strengthening its dominant position in South Australia. These included Lego, its first store in South Australia as well as Nespresso.

During the year, T2, Hype, Noni B, Specsavers and Dotti upgraded their stores which enhanced shoppers' experience.

In FY2021, footfall at Westfield Marion declined by 3% to 11.6 million. Tenant sales recorded an increase of 5% to A\$728 million. Occupancy as at 31 August 2021 remained high at 98.8%.

FIGTREE GROVE

Figtree Grove, a resilient sub-regional mall saw no significant changes in its tenancy mix for FY2021.

Up till June 2021, Figtree Grove's footfall and tenant sales recovered close to pre-COVID-19 levels. However, the onset of lockdowns in New South Wales impacted footfall and tenant sales. For the full financial year, footfall declined 11% to 4.1 million while tenant sales declined 7% to A\$172 million. Occupancy as at 31 August 2021 remained high at 99.1%.

SUMMARY OF RENEWALS/NEW LEASES FOR FY2021

	Number of renewals/ new leases ^(a)	Retention rate ^(b)	NLA/GLA		Rental reversion ^(c)
			Renewed/ new leases (sq ft)	As a % of property	
SINGAPORE					
Paragon	105	75.9%	307,893	43.0%	-8.3%
The Clementi Mall	34	70.6%	45,205	23.1%	-8.7%
The Rail Mall	5	100.0%	5,998	12.1%	5.4%
Singapore assets	144	75.5%	359,096	37.4%	-8.2%
AUSTRALIA					
Westfield Marion	26	91.5%	130,029	8.8%	-10.5%
Figtree Grove	11	93.1%	13,357	5.7%	-12.0%
Australia assets	37	91.8%	143,386	8.4%	-10.8%
SPH REIT Portfolio Total	181	84.0%	502,482	18.8%	-8.4%

(a) For expiries in FY2021, excluding newly created, reconfigured units and licenses less than 12 months.

(b) Based on number of leases expiring in FY2021.

(c) For the Singapore assets, the change is measured between average rents of the renewed & new lease terms and the average rents of the preceding lease terms. For the Australian assets, the change is based on the first year fixed rent of new leases and the preceding final year fixed rent of expiring leases.

PORTFOLIO OCCUPANCY

	As at 31 August 2020	As at 31 August 2021
SINGAPORE		
Paragon	97.8%	99.1%
The Clementi Mall	99.6%	99.9%
The Rail Mall	92.2%	92.2%
Singapore assets	97.8%	98.9%
AUSTRALIA		
Westfield Marion	97.4%	98.8%
Figtree Grove	99.2%	99.1%
Australia assets	97.7%	98.8%
SPH REIT Portfolio Total	97.7%	98.8%

PORTFOLIO LEASE EXPIRY AS AT 31 AUGUST 2021

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 and beyond
SINGAPORE						
By no. of lease expiry	3%	22%	36%	26%	12%	1%
By NLA	1%	15%	34%	30%	13%	7%
By Gross Rental Income	0%	21%	32%	27%	15%	5%
AUSTRALIA						
By no. of lease expiry	7%	30%	17%	18%	11%	17%
By GLA	1%	13%	15%	7%	5%	59%
By Gross Rental Income	0%	22%	16%	14%	10%	38%
Portfolio Total						
By no. of lease expiry	5%	26%	27%	22%	12%	8%
By NLA/GLA	1%	13%	22%	15%	8%	41%
By Gross Rental Income	0%	21%	28%	24%	14%	13%

LEASE EXPIRY

SPH REIT's portfolio lease expiry profile was well staggered with 21.0% of leases by gross rental income expiring in FY2022.

The portfolio Weighted Average Lease Expiry ("WALE") by gross rental income was 2.7 years. For new leases, the WALE by gross rental income based on commencement in FY2021 is 2.9 years. The proportion of gross rental income attributed to these leases is 28.1% of the portfolio gross rental income in FY2021.

OPERATIONS REVIEW

TOP 10 TENANTS BY GROSS RENTAL INCOME

SPH REIT's top 10 tenants contributed 20.6% of gross rental income for the month of August 2021. The top 10 tenants (by gross rental income) are listed below, in alphabetical order.

Name of Top 10 Tenants

Burberry Singapore • Club 21 • Cold Storage Singapore • Cortina Watch • Ermenegildo Zegna Far-East Ferragamo Singapore • Metro • Prada Singapore • Wesfarmers • Woolworths Group

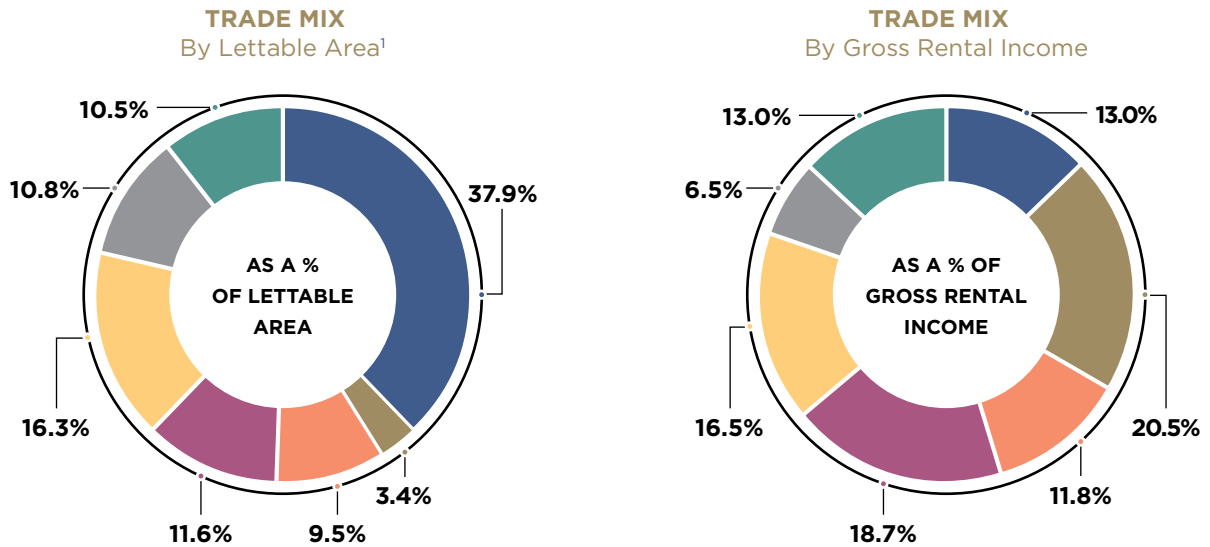
The table below sets out selected information about the top 10 tenants of the portfolio based on gross rental income for the month of August 2021:

	Tenant ^{1,2}	Trade Sector	Lease Expiry (Year) ³	% of Rental Income
1	Tenant A	Departmental Stores & Supermarket	1H 2024	3.8%
2	Tenant B	Departmental Stores & Supermarket	between 1H 2030 & 2H 2036	3.1%
3	Tenant C	Luxury Brands, Jewellery & Watches	between 2H 2022 & 2H 2024	3.0%
4	Tenant D	Departmental Stores & Supermarket, Lifestyle	between 1H 2022 & 1H 2026	2.1%
5	Tenant E	Luxury Brands, Jewellery & Watches	between 1H 2025 & 2H 2025	1.9%
6	Tenant F	Luxury Brands, Jewellery & Watches	1H 2024	1.6%
7	Tenant G	Luxury Brands, Jewellery & Watches, Fashion	between 1H 2022 & 1H 2023	1.5%
8	Tenant H	Luxury Brands, Jewellery & Watches	2H 2024	1.3%
9	Tenant I	Departmental Stores & Supermarket	between 2H 2022 & 1H 2033	1.2%
10	Tenant J	Luxury Brands, Jewellery & Watches	1H 2023	1.1%
	Total			20.6%

- 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 A few 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.

Portfolio Trade Mix

SPH REIT's portfolio is well-diversified and relies on different trade sectors for rental income. The following charts provide a breakdown by gross rental income and NLA of the different trade sectors represented in the portfolio as at 31 August 2021:



- Departmental Stores & Supermarket
- Luxury Brands, Jewellery & Watches
- Fashion, Handbags, Shoes, Accessories & Optical
- Food & Beverage
- Lifestyle / General Retail
- Non-Retail Services
- Medical / Office

¹ Lettable Area refers to NLA in Singapore and GLA in Australia.





PERSEVERANCE AND PERFORMANCE



BUILDING ON A SOLID PORTFOLIO TO
DELIVER LONG-TERM RETURNS





FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF NET INCOME AND DISTRIBUTION FOR THE FINANCIAL YEAR ENDED 31 AUGUST

	2021 S\$'000	2020 S\$'000	Change %
Gross revenue ¹	277,179	241,463	14.8
Property operating expenses	(74,552)	(59,520)	25.3
Net property income	202,627	181,943	11.4
Manager's management fees	(20,434)	(19,245)	6.2
Investment management fees	(2,950)	(2,143)	37.7
Trust expenses ²	(1,995)	(2,282)	(12.6)
Impairment loss on trade receivables ³	(2,823)	(8,100)	(65.1)
Finance income	200	1,775	(88.7)
Finance costs	(23,994)	(32,905)	(27.1)
Grant income ⁴	2,903	24,774	(88.3)
Grant expense ⁴	(2,903)	(24,774)	(88.3)
Net income	150,631	119,043	26.5
Fair value change on investment properties ⁵	3,421	(179,939)	NM
Net foreign currency exchange differences ⁶	(567)	917	NM
Total return/(loss) before taxes and distribution	153,485	(59,979)	NM
Less: income tax ⁷	(1,397)	(4,045)	(65.5)
Total return/(loss) after taxes and before distribution	152,088	(64,024)	NM

NM Not Meaningful

- 1 The gross revenue includes rental reliefs granted by landlord to eligible tenants in Singapore affected by COVID-19.
- 2 Includes recurring trust expenses such as trustee's fees, valuation fees, audit and tax adviser's fees, legal & others professional fees, cost associated with the preparation of annual reports.
- 3 The impairment loss on trade receivables comprises relief and rental arrear allowances for the properties in Singapore and Australia.
- 4 Grant income relates to property tax rebates and cash grants from Singapore government as part of the COVID-19 relief measures. Grant expense relates to the property tax rebates and cash grants being passed on to eligible tenants in the form of rental reliefs in FY2020 and FY2021.
- 5 This relates to the fair value change on the investment properties as at 31 August 2021, based on independent valuations conducted by Savills Valuation & Professional Services (S) Pte Ltd (2020: Edmund Tie & Company (SEA) Pte Ltd) for investment properties in Singapore, CBRE Valuation Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd (2020: Urbis Valuations Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd) for investment properties in Australia.
In FY2021, the Group recognised a fair value gain of S\$3.4 million from its investment properties.
- 6 The net foreign currency exchange differences relate mainly to unrealised foreign exchange (loss)/gain from revaluing of the monetary assets and liabilities that were denominated in Australian dollars.
- 7 This relates mainly to withholding tax payable for Australia income and deferred tax.



	2021 S\$'000	2020 S\$'000	Change %
Attributable to:			
Unitholders	137,348	(74,907)	NM
Perpetual securities holders ⁸	12,300	12,333	(0.3)
Non-controlling interests	2,440	(1,450)	NM
Total return/(loss) for the year	152,088	(64,024)	NM
Total return/(loss) for the year attributable to Unitholders	137,348	(74,907)	NM
Add: Non-tax deductible items ⁹	14,306	167,133	(91.4)
Income available for distribution	151,654	92,226	64.4
Add: Tax-exempt income ¹⁰	6,149	-	NM
Distributable income to Unitholders	157,803	92,226	71.1
Distribution to Unitholders¹¹	150,160	72,851	>100
Distribution per unit (cents) ("DPU")	5.40	2.72	98.5

8 On 30 August 2019, the Trust issued S\$300.0 million of subordinated perpetual securities (the 'Perpetual Securities') at a rate of 4.10% per annum, with the first distribution rate reset falling on 30 August 2024 and subsequent resets occurring every five years thereafter. The Perpetual Securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative.

9 Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, straight-line rental adjustments, amortisation of debt issuance costs, fair value change on investment properties, capital allowance and net income from subsidiaries.

10 This relates to the distribution of tax-exempt income from Australia subsidiaries.

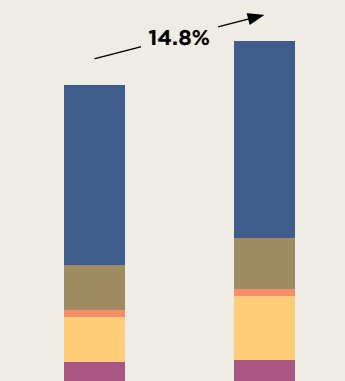
11 The distribution to unitholders for FY2021 includes S\$14.5 million of FY2020 distributable income deferred as allowed under COVID-19 relief measures.

FINANCIAL REVIEW

GROSS REVENUE

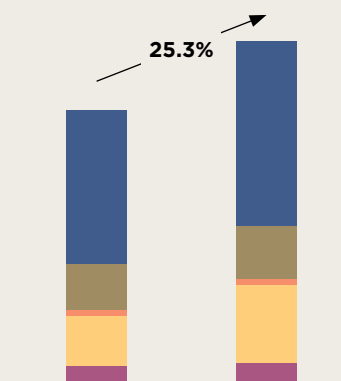
Gross revenue for FY2021 was S\$277.2 million, an increase of S\$35.7 million (14.8%) from FY2020.

FY2021 saw a full year contribution from Westfield Marion which was acquired in the prior year with an incremental gross revenue of S\$15.5 million.



PROPERTY OPERATING EXPENSES

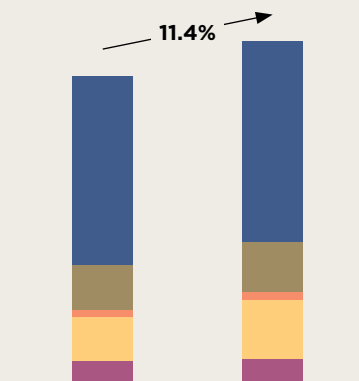
Property operating expenses were S\$74.6 million, an increase of S\$15.1 million (25.3%) from FY2020.



NET PROPERTY INCOME

Net property income ("NPI") of S\$202.6 million, was higher by S\$20.7 million (11.4%) against FY2020.

FY2021 saw a full year contribution from Westfield Marion which was acquired in the prior year with an incremental NPI of S\$9.3 million.



(S\$ million)	2020	2021	2020	2021	2020	2021
Paragon	146.5	159.9	33.8	40.5	112.7	119.4
The Clementi Mall	36.6	41.4	10.0	11.5	26.5	29.9
The Rail Mall	5.0	5.7	1.1	1.3	3.9	4.4
Westfield Marion	37.5	53.0	11.2	17.4	26.3	35.6
Figtree Grove	15.9	17.2	3.4	3.9	12.5	13.3



DISTRIBUTABLE INCOME TO UNITHOLDERS

With the overall decrease in the interest rate environment and having re-financed the loans which were due in FY2021 at a lower interest rate, finance cost decreased by S\$8.9 million (27.1%) to S\$24.0 million for FY2021. The average cost of debt for FY2021 was 1.84% p.a.

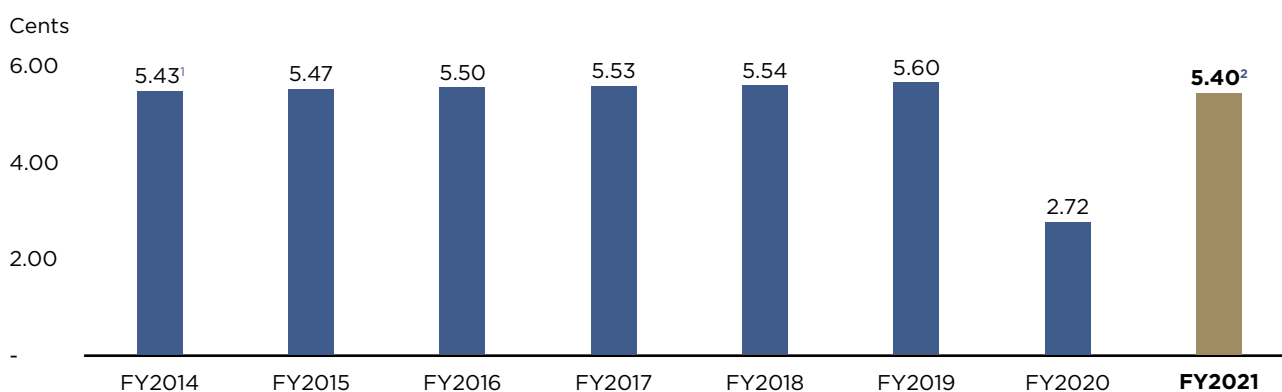
In FY2021, the Group recognised a fair value gain of S\$3.4 million from its investment properties.

Total return for FY2021 amounting to S\$152.1 million was higher than the loss of S\$64.0 million incurred in FY2020.

Distributable income to Unitholders for FY2021 was S\$157.8 million, an increase of S\$65.6 million (71.1%) compared to FY2020.

DISTRIBUTION

Quarter Ended	2021 (cents)	2020 (cents)	Change %
1Q	1.20	1.38	-13.0
2Q	1.24	0.30	313.3
3Q	1.38	0.50	176.0
4Q	1.58	0.54	192.6
Total	5.40	2.72	98.5



The aggregate distribution per unit (“DPU”) of 5.40 cents for FY2021 was 98.5% higher than last year. This translated to a distribution yield of 5.93%, based on the closing price of S\$0.91 as at 31 August 2021.

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

² Includes 0.52 cents FY2020 income deferred as allowed under COVID-19 relief measures announced by IRAS.

FINANCIAL REVIEW

VALUATION OF PROPERTIES

As at 31 August 2021, the portfolio was valued at S\$4.123 billion.

The valuations were performed by Savills Valuation And Professional Services (S) Pte Ltd for investment properties in Singapore, CBRE Valuations Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd for investment properties in Australia.

Net asset per unit as at 31 August 2021 remained at S\$0.91.

Property	Valuation (S\$ million) As at 31 August			Capitalisation Rate (%) As at 31 August	
	2021	2020	Change	2021	2020
Paragon	2,640.0	2,640.0	0%	Retail 4.50%	Retail 4.50%
				Medical suite/ office 3.75%	Medical suite/ office 3.75%
The Clementi Mall	594.0	584.0	1.7%	4.50%	4.50%
The Rail Mall	62.2	62.2	0%	6.00%	6.00%
Westfield Marion	630.1	648.6	-2.9%	5.50%	5.50%
Figtree Grove	196.7	190.6	3.2%	6.00%	6.25%
SPH REIT Portfolio	4,123.0	4,125.4	-0.1%		

Representing:

Additions	6.2
Fair value change	3.4
Translation difference and others	(12.0)

CASH FLOWS AND LIQUIDITY

As at 31 August 2021, SPH REIT's cash and cash equivalents amounted to S\$111.7 million.

Net cash generated from operating activities for FY2021 was S\$202.5 million. Net cash used in investing activities was S\$13.1 million, mainly for the capital expenditures and upgrading of equipment. Net cash used in financing activities was S\$158.3 million, mainly for distribution to unitholders and interest settlements.

CAPITAL MANAGEMENT

SPH REIT and its subsidiaries (the “Group”) have secured term loans amounting to S\$1.3 billion. Details are as follows:

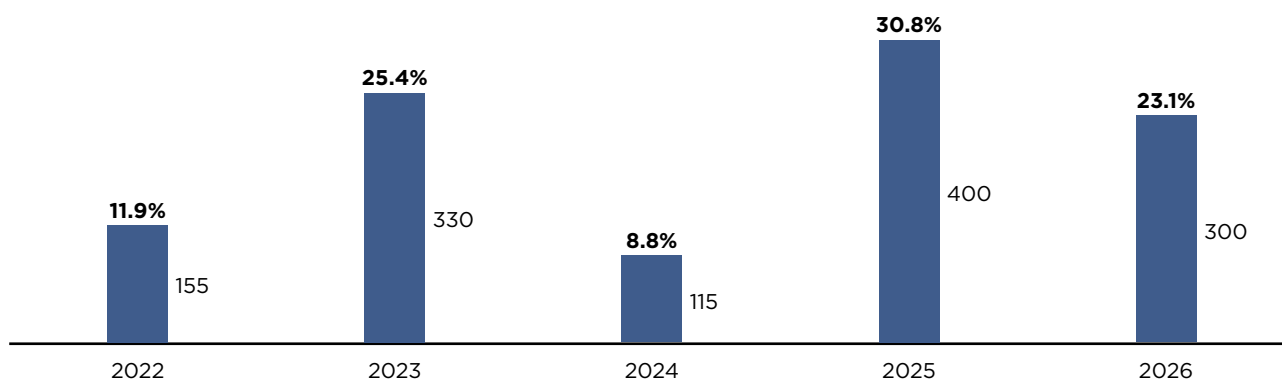
- term loan of S\$995 million secured, inter alia, by way of a first legal mortgage on Paragon, fixed and floating charges by way of debenture over the existing and future assets of Paragon (other than the excluded accounts), first legal charge over the tenancy account and sales proceeds account for Paragon, and an assignment of certain insurances taken in relation to Paragon;
- term loan of A\$200 million secured by way of a legal mortgage on Westfield Marion Shopping Centre.
- term loan of A\$105 million secured by way of a legal mortgage on Figtree Grove Shopping Centre; and

The debt maturity profile is well staggered, without major concentration of debts maturing in any single year. The average term to maturity was 2.9 years and gearing remained low at 30.3%. The average cost of debt was 1.84% p.a. for FY2021.

DEBT MATURITY PROFILE

S\$ million

% of Total Debt



KEY INDICATORS AS AT 31 AUGUST

	2021	2020
Gearing ratio	30.3%	30.5%
Interest coverage ratio	7.3 times	4.7 times
Weighted average term to maturity	2.9 years	2.9 years
Percentage of fixed loan	76.1%	49.7%
Annualised average all-in interest rate	1.84%	2.66%
Derivative financial instrument ¹ as % of NAV	0.15%	0.36%

Note

The derivative financial instruments refer to the fair value of interest rate swap, cross currency interest rate swaps and cross currency swaps contracts as at balance sheet date.

UNIT PRICE PERFORMANCE

The FTSE Straits Times Index and the FTSE Straits Times REIT Index gained by 21% and 4% respectively for the period from 1 September 2020 to 31 August 2021. SPH REIT share price gained by 4%, which is in line with the global recovery.

SPH REIT's unit price closed at S\$0.91 on 31 August 2021. Total distribution for the year was 5.40 cents, representing a distribution yield of 5.93%.

KEY STATISTICS

	FY2021	FY2020
Highest closing price (S\$)	0.950	1.160
Lowest closing price (S\$)	0.725	0.680
Year-end closing price (S\$)	0.905	0.870
Total trading volume (million units)	409.3	685.2
Average daily trading volume (million units)	1.6	2.8

Source: Bloomberg

RETURN ON INVESTMENT IN SPH REIT

	FY2021 ¹	FY2020 ²
	Based on last year's closing price of S\$0.87 as at 31 August 2020	Based on last year's closing price of S\$1.09 as at 31 August 2019
(a) Total return/(loss)	10.8%	-17.7%
(b) Capital appreciation	4.6%	-20.2%
(c) Annual distribution yield	6.2%	2.5%

Notes:

1 For FY2021:

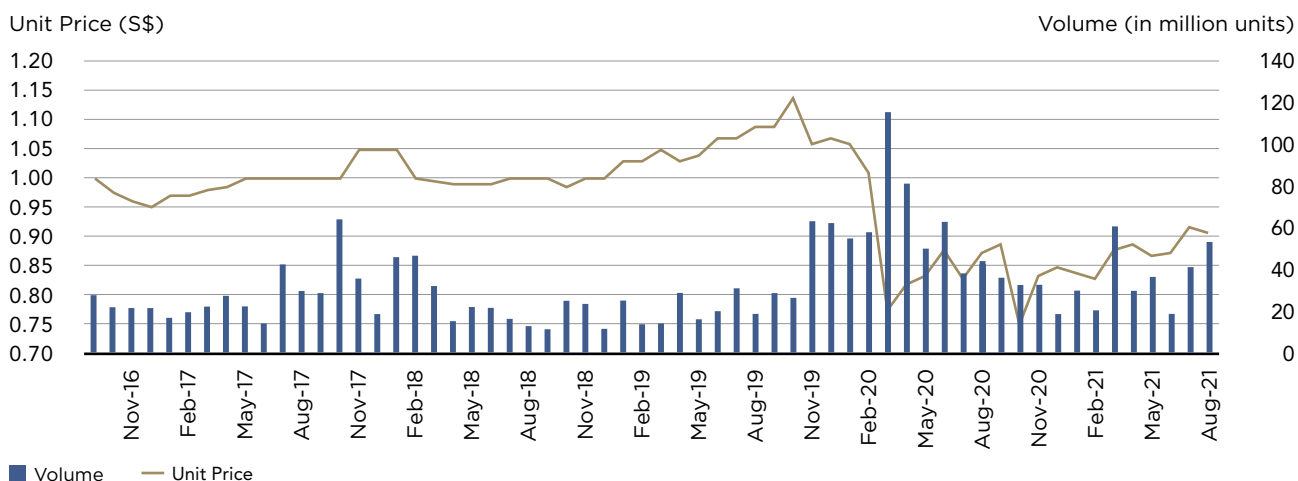
- (a) Sum of price appreciation and distribution for FY2021, over last year's closing price of S\$0.87 as at 31 August 2020.
- (b) Based on closing price of S\$0.91 as at 31 August 2021 and S\$0.87 as at 31 August 2020.
- (c) Based on distribution of 5.40 cents for the year ended 31 August 2021 over last year's closing price of S\$0.87 as at 31 August 2020.

2 For FY2020:

- (a) Sum of price appreciation and distribution for FY2020, over last year's closing price of S\$1.09 as at 31 August 2019.
- (b) Based on closing price of S\$0.87 as at 31 August 2020 and S\$1.09 as at 31 August 2019.
- (c) Based on distribution of 2.72 cents for the year ended 31 August 2020 over last year's closing price of S\$1.09 as at 31 August 2019.

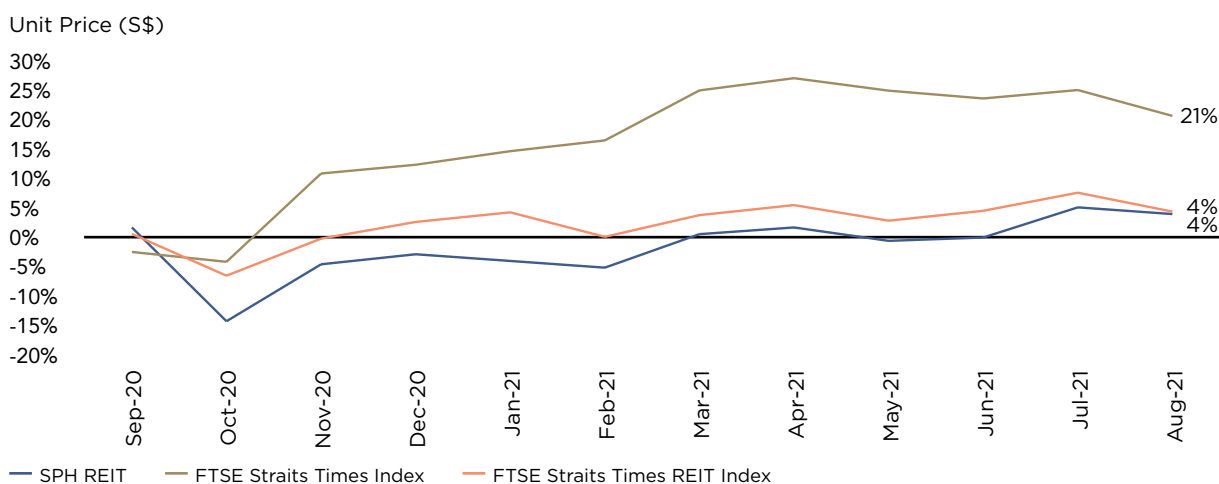
MONTHLY SHARE PRICE AND VOLUME

1 September 2016 To 31 August 2021



Source: Bloomberg

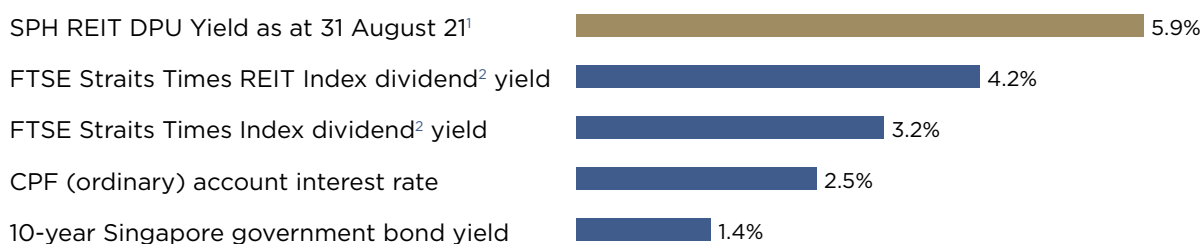
MONTHLY COMPARATIVE PRICE TRENDS FOR FY2021



Note: The price change was compared to the month-end closing price in August 2020.

Source: Bloomberg

COMPARATIVE YIELDS



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

¹ Based on DPU of 5.40 cents for FY2021 and closing price of S\$0.91 as at 31 August 2021.

² Based on sum of gross dividends over the 12 months for FTSE Straits Times Index and FTSE Straits Times REIT Index as at 31 August 2021.

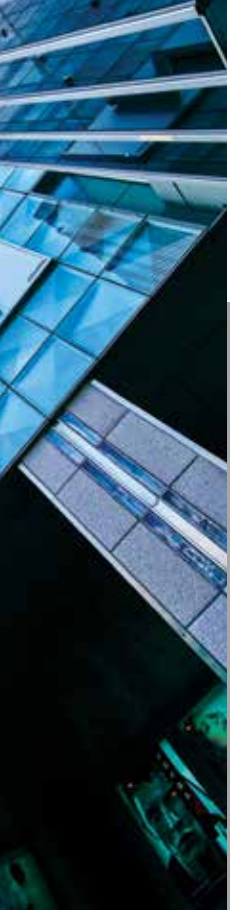
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PORTFOLIO REVIEW

PARAGON

290 Orchard Road
Singapore 238859





PROPERTY INFORMATION

A 6-storey retail podium with one 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 494,807 sq ft Medical suites/offices 223,098 sq ft Total 717,905 sq ft
Number of Tenants	298
Car Park Lots	416
Title	99 years commencing 24 July 2013
Gross Revenue¹	S\$159.9 million
Net Property Income¹	S\$119.4 million
Market Valuation	S\$2,640.0 million as at 31 August 2021
Purchase Price	S\$2,500.0 million
Committed Occupancy	99.1% as at 31 August 2021

Key Tenants

PARAGON

Balenciaga, Burberry, Ermenegildo Zegna, Gucci, MCM, Prada, Salvatore Ferragamo, Tod's

Crystal Jade Golden Palace Restaurant, Din Tai Fung, Imperial Treasure Super Peking Duck Restaurant

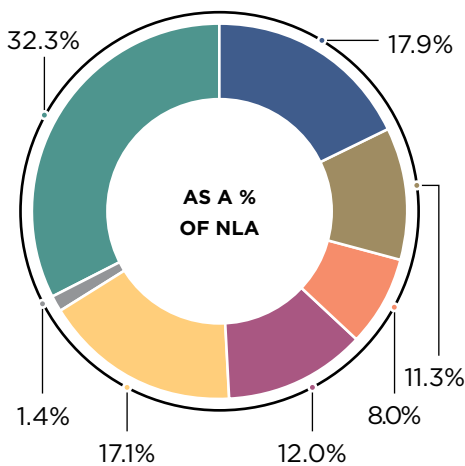
Adeva Spa, Fitness First, Toys R Us

CS Fresh Gold, Marks & Spencer, Metro, MUJI

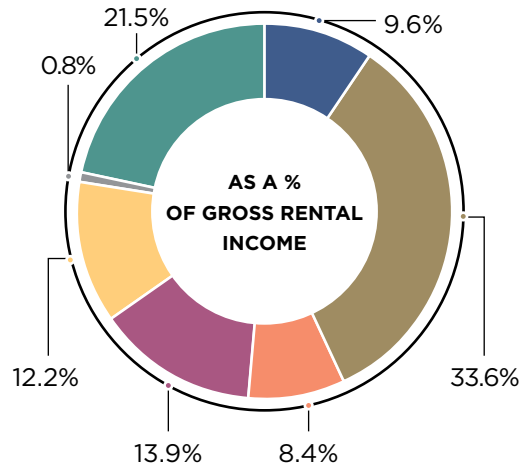
PARAGON MEDICAL

Fullerton Healthcare Group, Japan Green Clinic, Precious Surgery Centre, Singapore Medical Group, Thomson Medical Group

TRADE MIX
By Net Lettable Area



TRADE MIX
By Gross Rental Income



- Departmental Stores & Supermarket
- Luxury Brands, Jewellery & Watches
- Fashion, Handbags, Shoes, Accessories & Optical
- Food & Beverage
- Lifestyle
- Non-Retail Services
- Medical / Office

¹ FY2021

PORTFOLIO REVIEW

Paragon, a premier upscale retail mall and medical suite/office property, is located in the heart of Orchard Road, Singapore's premier shopping and tourist precinct.

From internationally renowned luxury brands such as Givenchy, Gucci, Prada, Salvatore Ferragamo and TOD's, and stylish home-grown designer labels like LAICHAN and SABRINAGOH, to a line-up of dining options, Paragon offers a wide diversity of offerings over 494,807 sq ft.

Seamlessly integrated with Paragon is the established medical tower "Paragon Medical", which occupies 223,098 sq ft and houses over 90 multi-disciplinary medical services, committed to the provision of holistic healthcare to locals and regional medical tourists.







PORTFOLIO REVIEW

THE CLEMENTI MALL

3155 Commonwealth Avenue West
Singapore 129588



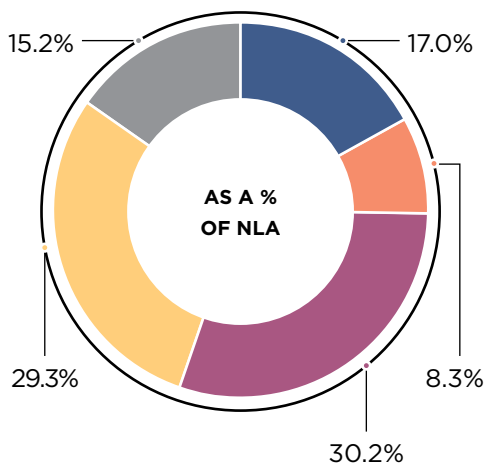


PROPERTY INFORMATION

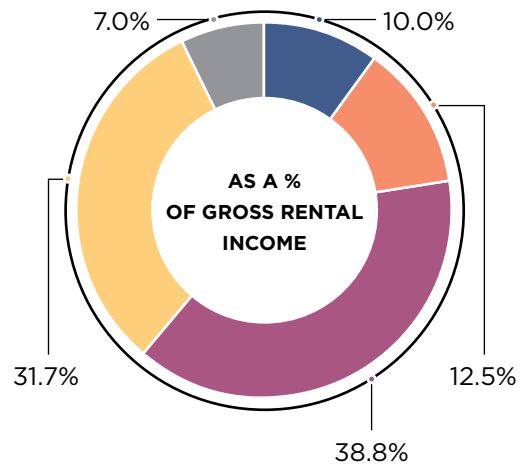
A 5-storey retail podium including a basement carpark, a public library, with direct transport links to the bus interchange on the ground floor and Clementi MRT station on the 3rd floor via a linkbridge.

Net Lettable Area	Retail 195,283 sq ft
Number of Tenants	157
Car Park Lots	166
Title	99 years commencing 31 August 2010
Gross Revenue¹	S\$41.4 million
Net Property Income¹	S\$29.9 million
Market Valuation	S\$594.0 million as at 31 August 2021
Purchase Price	S\$553.0 million
Committed Occupancy	99.9% as at 31 August 2021
Key Tenants	Best Denki, BHG, Clementi Public Library, Fairprice Finest, Popular Bookstore Boleh Boleh, Crystal Jade Kitchen, McDonald's, Swensen's

TRADE MIX
By Net Lettable Area



TRADE MIX
By Gross Rental Income



- Departmental Stores & Supermarket
- Fashion, Handbags, Shoes, Accessories & Optical
- Food & Beverage
- Lifestyle
- Non-Retail Services

¹ FY2021

PORTFOLIO REVIEW

The Clementi Mall, a mid-market suburban mall located in the centre of Clementi Town, with excellent frontage to residential estates in the west of Singapore and is well-connected to expressways and the rest of the island. The retail mall also houses a public library, and is part of an integrated mixed use development that includes Housing & Development Board (“HDB”) residential blocks and a bus interchange. The property is directly linked to the Clementi Mass Rapid Transit (“MRT”) station.

The mall strives to meet the surrounding communities’ needs with offerings from 157 tenants across the mall. With its close proximity to surrounding schools, the mall continues to attract students, which forms a large part of the immediate catchment.

Anchor tenants include department store BHG, Clementi Public Library and supermarket, Fairprice Finest while food and beverage offerings at The Clementi Mall are family-focused such as Boleh Boleh, Crystal Jade Hong Kong Kitchen, Ichiban Sushi, The Soup Restaurant, Swensen’s as well as fast food chains McDonald’s, KFC and Burger King. The 21 food kiosks at the basement also offer a diverse range of F&B takeaway options.







PORTFOLIO REVIEW

THE RAIL MALL

380 Upper Bukit Timah Road
Singapore 678040

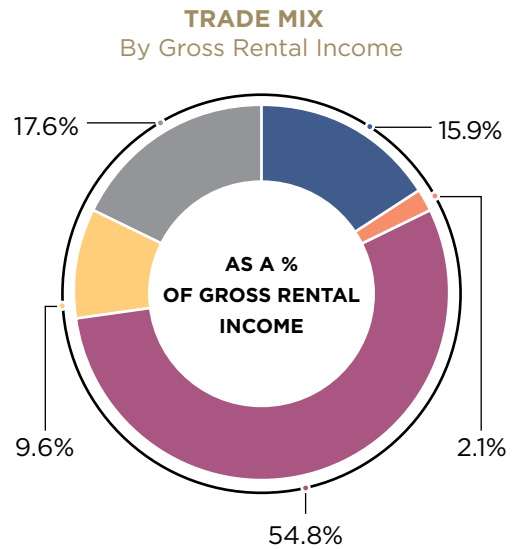
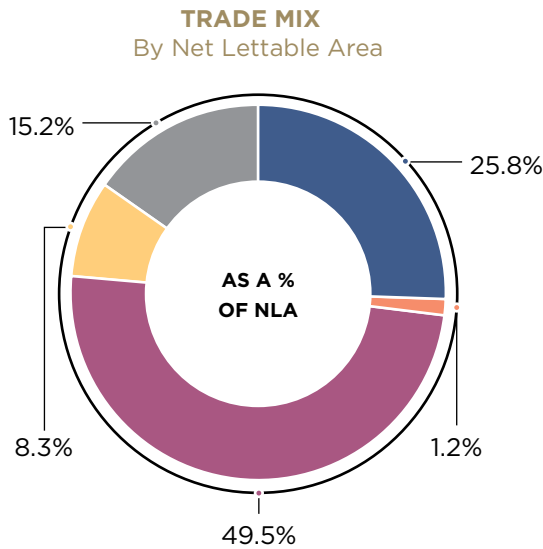




PROPERTY INFORMATION

A retail strip with a 360-metre prominent road frontage along Upper Bukit Timah Road. Comprising 43 single-storey shop units, The Rail Mall is linked by a short walking distance to one of the key access points to the Rail Corridor.

Net Lettable Area	Retail 49,767 sq ft
Number of Tenants	27
Car Park Lots	89
Title	99 year(s) commencing 18 March 1947
Gross Revenue¹	S\$5.7 million
Net Property Income¹	S\$4.4 million
Market Valuation	S\$62.2 million as at 31 August 2021
Purchase Price	S\$63.2 million
Committed Occupancy	92.2% as at 31 August 2021
Key Tenant	Cold Storage



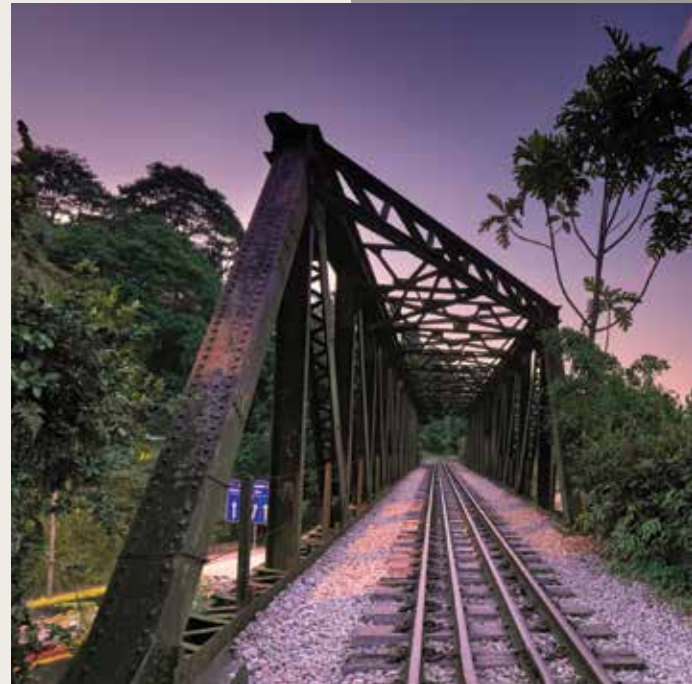
- Departmental Stores & Supermarket
- Fashion, Handbags, Shoes, Accessories & Optical
- Food & Beverage
- Lifestyle
- Non-Retail Services

¹ FY2021

PORTFOLIO REVIEW

The Rail Mall, a retail strip with 360-metre prominent road frontage along Upper Bukit Timah Road, comprises a trade mix including a supermarket, dining options and medical services to serve the different needs of residents and visitors. It is well-served by the Hillview MRT station, which is about 250 metres from the mall, as well as a network of public bus services. Accessibility is further enhanced by its proximity to the Bukit Timah Expressway (“BKE”) and Pan Island Expressway (“PIE”).

It serves a quality catchment living in private residential developments and is anchored by Cold Storage, with a diverse selection of wine and dine options including Coffee Bean & Tea Leaf, Nam Kee Pau, Springleaf Prata, Subway, together with destination dining outlets like Italian restaurant Acqua e Farina, American restaurant & bar BLooiE’s Roadhouse, The Cat Café and Japanese restaurant Yuba Hut.







PORTFOLIO REVIEW

WESTFIELD MARION SHOPPING CENTRE

297 Diagonal Road
Oaklands Park SA 5046, Australia

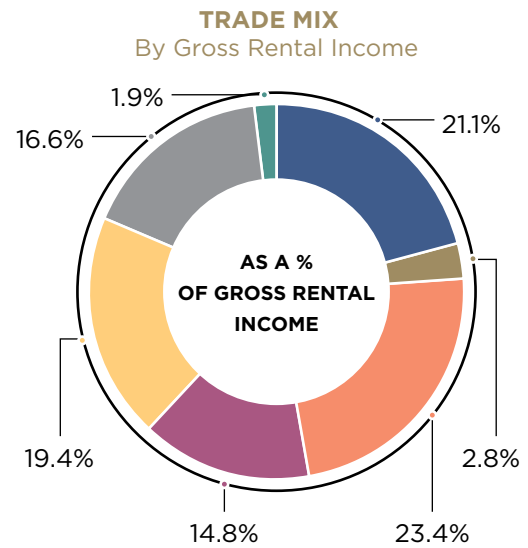
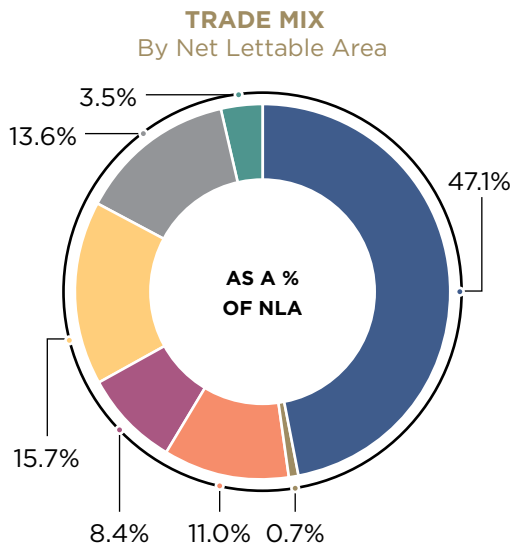




PROPERTY INFORMATION

The largest and only super regional shopping centre in South Australia, Westfield Marion sits on a land parcel of approximately 2.5 million sq ft and is strategically located approximately 10.0 kilometers south west of Adelaide's Central Business District ("CBD").

Gross Lettable Area	1,485,243 sq ft
Number of Tenants	297
Car Park Lots	5,270
Title	Freehold
Gross Revenue¹	A\$52.6 million ²
Net Property Income¹	A\$35.4 million ²
Market Valuation	A\$640.5 million as at 31 August 2021 ²
Purchase Price	A\$670.0 million ²
Committed Occupancy	98.8% as at 31 August 2021
Key Tenants	David Jones, Harris Scarfe, Myer Aldi, Coles, Woolworths Big W, Kmart, Target Bunnings Warehouse, Dan Murphy's, Event Cinemas



- Departmental Stores & Supermarket
- Fashion, Handbags, Shoes, Accessories & Optical
- Lifestyle / General Retail
- Jewellery
- Food & Beverage
- Non-Retail Services
- Offices

¹ FY2021

² Represents SPH REIT's ownership stake 50%

PORTFOLIO REVIEW

Westfield Marion Shopping Centre is a freehold shopping centre in Adelaide, South Australia. It is the largest and only super regional shopping centre in South Australia.

Westfield Marion is strategically located approximately 10 km south-west of Adelaide's Central Business District ("CBD"), it is in a highly accessible location which is bound by three major thoroughfares and arterial roads Diagonal Road, Sturt Road and Morphett Road, extending greater access to shoppers beyond its usual catchment.

It is in close proximity to a range of infrastructure with community and educational uses, including the Oaklands Train Station, Marion Cultural Centre, SA Aquatic and Leisure Centre, City of Marion Council and Marion R.S.L Bowling Club.

It is well-represented by Australian national retailers in its tenant mix. It is anchored by three departmental stores - David Jones, Myer and Harris Scarfe; three supermarkets - Aldi, Coles and Woolworths, three discount departmental stores - Big W, Kmart and Target; a bulky goods store - Bunnings Warehouse, and a liquor supermarket - Dan Murphy's. It also features a 26-screen cinema (Event Cinemas), the largest cinema offering in South Australia, and various mini-major tenants including Cotton On, Daiso Japan, Priceline Pharmacy, JD Sports and The Reject Shop.







PORTFOLIO REVIEW

FIGTREE GROVE SHOPPING CENTRE

19 & 23 Princes Highway Figtree
NSW 2525 Australia



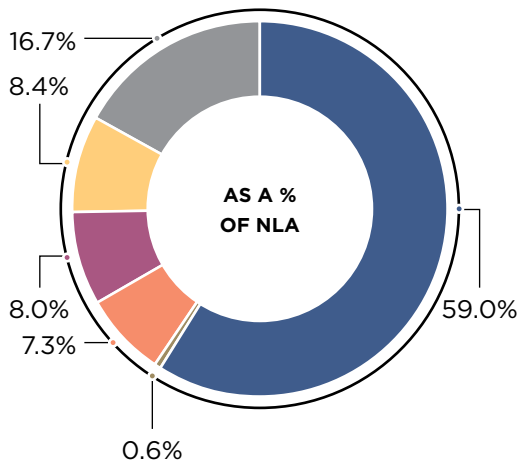


PROPERTY INFORMATION

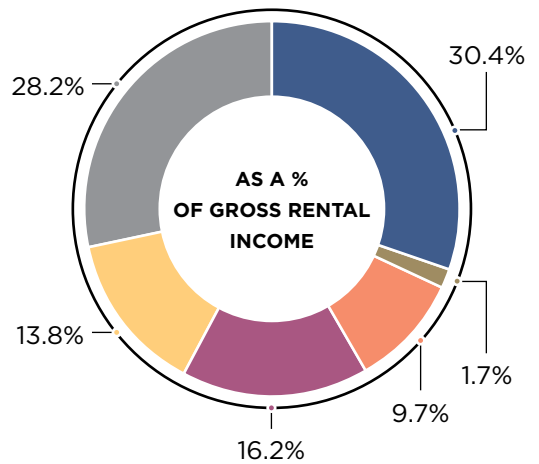
A dominant sub-regional shopping centre located in Wollongong, New South Wales, Figtree Grove Shopping Centre is located approximately 3 km south-west of the Wollongong CBD and approximately 85 km south-west of the Sydney CBD.

Gross Lettable Area	236,558 sq ft
Number of Tenants	85
Car Park Lots	940
Title	Freehold
Gross Revenue¹	A\$17.1 million ²
Net Property Income¹	A\$13.1 million ²
Market Valuation	A\$200.0 million as at 31 August 2021 ²
Purchase Price	A\$206.0 million ²
Committed Occupancy	99.1% as at 31 August 2021
Key Tenants	Coles, Woolworths Kmart

TRADE MIX
By Net Lettable Area



TRADE MIX
By Gross Rental Income



- Departmental Stores & Supermarket
- Fashion, Handbags, Shoes, Accessories & Optical
- Lifestyle / General Retail
- Jewellery
- Food & Beverage
- Non-Retail Services

1 FY2021
2 Represents 100% stake; SPH REIT's ownership stake is 85%



PORTFOLIO REVIEW

Figtree Grove Shopping Centre is an established freehold sub-regional shopping centre in Wollongong, New South Wales, Australia.

Located approximately 3 km south-west of Wollongong and approximately 85 km south-west of Sydney CBD, the property is situated at the north-eastern corner of the Princes Highway and The Avenue - major thoroughfares which carry traffic between Wollongong Central Business District and the wider Wollongong area.

The mall is anchored by two supermarkets, namely Coles and Woolworths; and Kmart, a discount department store. The specialty tenants offer mainly essential retail services, such as medical, banking, pharmacy as well as a curated range of F&B outlets.





MARKET OVERVIEW

1. SINGAPORE MACROECONOMIC OVERVIEW

1.1. Economic Performance and Outlook

Economic downturn caused by the COVID-19 pandemic, on the road to recovery

As a result of the COVID-19 pandemic and the ensuing global economic slowdown, Singapore's export-dependent economy has been adversely impacted. In 2020, GDP contracted by 5.4% year-on-year. MTI's 2021 GDP growth forecast (Aug 2021) is projected to be between 6.0% to 7.0%.

In 2020, the total overall unemployment rate increased to 3.0%. Since the start of 2021, the labour market has been in recovery mode, with the unemployment decreasing to 2.7% in 2Q 2021.

The average household income (including CPF) stood at S\$110,268 in 2020, down 2.5% year-on-year from 2019.

1.2. Retail Sales Index

Signs of optimism and recovery with rebounding retail sales

The Retail Sales Index fell 5.68% in 2020 with most retail categories recording a decline in sales. Supermarkets, furniture and household, and computer and telecommunications have recorded stronger sales in 1H 2021, showing signs of recovery.

1.3. Tourism and International Visitor Arrivals

Upcoming Vaccinated Travel Lane ("VTL") and measures to boost domestic tourism

According to Singapore Tourism Board ("STB"), international visitor arrivals declined 85.7% year-on-year in 2020 to 2.7 million visitors and tourism receipts similarly dropped 82.6% year-on-year to S\$4.8 billion in 2020 amid COVID-19 related

border closures and strict quarantine requirements for incoming visitors.

The Singapore Government has announced intentions to gradually reopen borders from certain countries. As a first step, quarantine-free travel from Germany and Brunei for fully vaccinated travellers will be possible from 8 September 2021 under the newly created VTL scheme.

In the absence of international tourism, STB launched the SingapoRediscoverers initiative aimed at boosting domestic tourism and retail spending, providing a S\$100 tourism voucher to adult Singapore citizens.

2. SINGAPORE RETAIL MARKET OVERVIEW

2.1. Overview of Singapore Retail Sector

Lower supply per capita as compared to other developed countries

Singapore has a much lower shopping mall stock per capita than other developed countries at 5.80 square feet ("sf") per capita. Given the city's high population density and limited land base, this translates to a higher retail productivity rate per sf of leasable space.

Singapore vs Other Developed Countries	Shopping Mall Floor Space per capita (sf NLA)
USA	23.10
Canada	16.80
Australia	11.40
Singapore	5.80
Japan	4.40

Source: REALIS/Colliers International Singapore Research

2.2. Future Retail Supply

Limited upcoming supply in Orchard

Singapore's total existing island-wide retail stock stood at 61.7 million sf as of 2Q 2021, with most located in suburban areas.

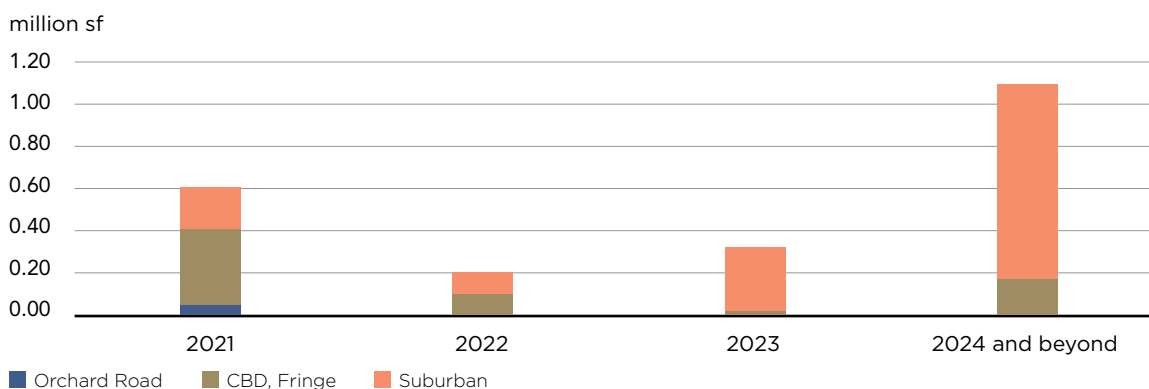
The average net retail supply over the past five years (2016 to 2020) stood at about 400,000 sf per year in the suburban submarket¹ and 52,000 sf per year in the Orchard submarket².

¹ The suburban submarket refers to the retail space in the suburban areas outside the Central Region as defined by the URA.

² The Orchard submarket refers to retail space in the Orchard Planning Area as defined by the URA.

FUTURE SUPPLY OF RETAIL SPACE (2.2 MILLION sf)

By Area (2021 – 2024)



Source: URA, Colliers International

A total of 2.2 million sf of retail space is anticipated to be delivered island-wide from 2021 to 2025 with most located in the suburban areas.

2.3. Retail Demand and Occupancy

Occupancy shrunk marginally but remain above 90%

The island-wide net absorption for island-wide private retail stock stood at 130,000 sf while the island-wide retail occupancy stood at 90.5% in 2Q 2021, declining by 1.6% year-on-year.

Lack of new supply in Orchard

In the Orchard retail submarket where Paragon is located, the occupancy rate declined by 2.5 % year-on-year to 88.3% in 2Q 2021. With a total private retail stock of 7.3 million sf across 44 retail developments as of 2Q 2021, the Orchard submarket's retail stock has increased marginally by 0.3% year-on-year.

Occupancy and demand remain resilient in suburban retail market

The Clementi Planning Area is The Clementi Mall's primary catchment, while the neighbouring Bukit Timah and Queenstown Planning Areas serve as the secondary catchment. In total, there are approximately 264,000 residents from the three planning areas and approximately 91,630 residents from the primary catchment.

According to data from URA as of 2Q 2021, there are approximately 14,000 new residential units in the pipeline. Colliers expects the residential population to

increase by approximately 28,000 over the next three years.

The student population is estimated at 84,000 which also adds to The Clementi Mall's total catchment.

In the suburban retail submarket, occupancy rate remains resilient at 94.8% in 2Q 2021, improving by 5.5% year-on-year.

Newly completed rail corridor development & MRT accessibility boost mall attractiveness

The Rail Mall currently serves approximately 278,000 residents in the Bukit Batok and Bukit Panjang Planning Areas. In the vicinity of the mall, majority of the residents (80.1%) live in condominium/apartments and 18.4% in landed properties.

The 24-km Rail Corridor stretching across the island from the Woodlands Checkpoint to the Tanjong Pagar Railway station passes through the Central Rail Corridor section at the Bukit Timah Railway Station. The Rail Mall is favourably situated along this highly accessible stretch, anchored by the Downtown Line MRT stations.

With travel restrictions in place, Singapore has experienced a hiking boom. The 4-km stretch of the Rail Corridor between Hillview and King Albert Park has experienced peak visitation levels since its reopening in March 2021, as visitors thronged there on the weekends and public holidays. New features such as the restored bridges are a key draw, and the parking lots at The Rail Mall were noted to be often at maximum capacity.

MARKET OVERVIEW

2.4. Prime Retail Rents

Retail rents declined but are expected to be on the road to recovery

Based on Colliers' research, the ground-floor gross monthly rent in the Orchard submarket declined by 8.4% year-on-year to S\$37.24 psf per month in 2020, while that of the Suburban submarket (Regional Centres)³ declined by 5.7% year-on-year to S\$31.68 psf per month in 2020.

In 2Q 2021, the ground-floor gross monthly rent fell in the Orchard submarket to S\$36.24 psf per month and declined to S\$31.05 psf per month in the Suburban submarket (Regional Centres).

2.5. Capital Values and Net Yield

Yields to remain flat with sustained interest in retail assets

Despite the COVID-19 pandemic, retail capital values have stayed flat at an average of about S\$3,434 psf of NLA in the Orchard submarket and S\$2,753 psf of NLA in the Suburban submarket as of 2Q 2021.

Average island-wide retail cap rates remained unchanged in 1H 2021, ranging from 4.25% to 4.75%, but could compress by 25 b.p.s by the end of 2021 to reflect rental declines, while capital values hold up.

In the long run, investors should continue to favour retail assets due to their relative scarcity and increasing capital allocation to quality assets in Asian gateway cities.

2.6. Retail Industry Trends

Experiential retail and omni-channel marketing to be the future of retail

Singapore retail malls are attracting activity-based tenants and activities to

entice repeat visitation and extend dwell time among patrons. Diverse lifestyle and experience-based operators are growing in popularity across Singapore. Post-COVID-19, experiential retail will likely continue.

Shopping malls are now leveraging on integrated "Click-and-Collect" options, omni-channel marketing strategies and digital marketplaces to complement in-store offerings to drive sales. As the retail sector transitions toward a 'phygital' model, retail malls will play a greater role in bridging the gap between the physical and digital realms.

2.7. Singapore Retail Market Outlook

Economic recovery on the back of strong fundamentals

Colliers expects overall retail demand in Singapore to prevail in the long term, given Singapore's high household disposable income, consumer expenditure levels and strong economic fundamentals.

In the short term, retail sales growth is expected to turn positive in 2021 as the economy gradually reopens.

Due to limited new retail supply in 2021-2024, representing just 0.8% of total stock per annum compared to the 10-year historical average of 1.1%, vacancy rates should improve gradually as the economy recovers and retailer demand for new space returns.

In addition, the new supply is mostly concentrated in suburban and fringe areas, where there are well-defined population catchments which will help in improving vacancy rates.

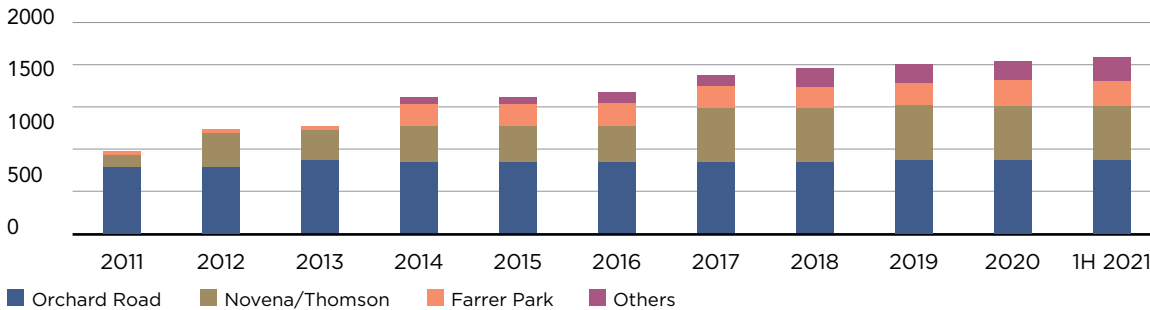
Rental rates are expected to edge up in tandem with a decrease in vacancy.

Capital values will continue to appreciate, amid strong investors' appetite for quality retail assets, that rarely come up for sale.

³ Regional centres refer to suburban malls in key regional centres such as the North (Woodlands), East (Tampines) and West (Jurong East).

EXISTING MEDICAL SUITE STOCK IN SINGAPORE (2,096 UNITS)

Number of Medical Suites



Source: Colliers International Singapore

3. SINGAPORE MEDICAL SUITE MARKET

3.1. Medical Industry Trends

Singapore's favourable environment boosts its attractiveness to adopt digital health solutions

Singapore's three-pronged strategy aims to use technology in healthcare to digitise, connect and analyse through the use of telehealth, remote monitoring and tele-consultations.

Singapore remains an attractive place for the adoption of digital health solutions due to low barriers to adoption, high receptivity, trust in government solutions, inclination to share data and ease of access to insurance.

COVID-19 impacted medical tourism in Singapore

With border restrictions in place, the Singapore medical tourism market has been affected as medical clinics have to apply for a restriction waiver with Ministry of Health for their patients to seek medical treatment in Singapore. Foreign patients are only allowed into Singapore for medical treatment if they are existing patients or the medical treatment is unavailable in their home countries.

3.2. Medical Suite Stock

Demand for medical suites continues to remain competitive with limited new supply

As of 1H 2021, the total island-wide medical suite stock stands at approximately 2,096 units. The bulk of the medical suite supply comes from the Orchard precinct at 41.6% followed by 30.7% from Novena/Thomson.

SBF centre will add another 48 units to the total supply in 2021. There is no new supply of medical suites in the pipeline over the next few years.

3.3. Medical Suite Rents

Orchard, as prime location, continues to enjoy highest rental rate

As at 1H 2021, the asking monthly gross rents for medical suites in all precincts has declined due to the drop in international medical tourism visitors and poor business sentiments. The Orchard precinct has the highest asking monthly gross rents at approximately S\$12.8 psf pm, followed by Novena/Thomson precinct at S\$9.2 psf pm and Farrer Park at S\$4.9 psf pm. The Orchard precinct enjoys the highest rental rates because of its prime location with a wide range of hospitality, retail and F&B offerings, an established medical cluster and a top private hospital with a steady network of medical specialists.



MARKET OVERVIEW

3.4. Impact of COVID-19 and Implications on Paragon Medical

Favourable outlook in the long term due to prime location

In the midst of the ongoing COVID-19 pandemic, uncertainty prevails in the medical tourism sector as a result of border restrictions around the world. However, the efficient progress in vaccination rates in Singapore has been a source of optimism, with 80% of the population fully vaccinated as of 29 August 2021, meeting the ambitious national vaccination target.

In the short term, border closures will provide a substitution effect in Singapore's domestic medical demand providing some relief to the local medical market, including Paragon Medical. The return of established travel corridors could gradually bring about the return of medical tourism to the APAC region.

In the long term, Singapore's prime medical cluster, which includes Paragon Medical, will remain a top destination for high-end medical tourism visitors in the context of rapidly increasing demand and spending on top quality medical services globally.

4. AUSTRALIA

4.1. Australia Macro-economic and Retail Market Overview

Post-COVID-19 economic recovery well underway despite lockdowns

Australia was less impacted than other developed economies by the COVID-19 pandemic as its GDP contracted by only 1.47% in nominal terms in 2020 (relative to 2019). The Reserve Bank of Australia announced in August 2021 that it expects the Australian economy to grow by 4.8% in 2021.

As of June 2021, the unemployment rate stood at just 4.9% and population growth is

expected to return to its pre-COVID-19 level once international borders reopen.

Recent outbreaks of the Delta variant across Australia, and the resulting lockdowns, have resulted in uncertain outlook in 2nd half of 2021. Towards the end of this year, the economy is forecast to rebound from this setback as restrictions ease, as it has from previous lockdowns.

COVID-19 Impact on Australian retail better than expected with increased sales

Over the last year, the Australian retail sector has been buoyed by the effective management of the pandemic and a beneficiary of the largest government stimulus package in Australian history.

Most shopping centres are reporting higher foot traffic than pre-COVID-19 levels and rent collections are almost on par to levels recorded prior to the pandemic. This is mainly due to proximity of these shopping centres to residential areas and work from home arrangements. Preliminary monthly retail trade data shows retail sales year-on-year growth of 25.1% in April, 7.7% in May, 2.9% in June, and -3.1 in July 2021. The decline in July 2021 was due to the Delta variant outbreak, and the resultant lockdowns.

Lockdown in New South Wales to last till October, while South Australia's borders remain closed

To manage the Delta variant outbreak, New South Wales has been under lockdown since late June 2021, and expected to last until October 2021 where 70% double-vaccination target is reached.

Despite South Australia's state borders remain closed, it has limited local cases and slowly eased its restriction since the 1-week lockdown in July 2021.

National Leasing Code for SMEs

The Australia government introduced the National Leasing Codes for SMEs (the "Code") in April 2020 to mandate rent relief for eligible tenants impacted by COVID-19. It requires landlords to renegotiate rent adhering to the Code and provide rent

relief in proportion to the tenant's decline in turnover. This Code ended in January 2021 for South Australia and was extended to January 2022 for New South Wales in view of the latest lockdown; providing some relief for tenants as it will likely extend a lifeline, preventing business closures otherwise.

Adelaide's 2021 GDP growth expected to exceed 2019

Greater Adelaide has a population of 1.4 million. There are approximately 700,000 people employed in the city, generating a GDP of A\$86.8 billion, equivalent to 5.2% of the Australian total respectively. According to Oxford Economics estimates, Adelaide's economy contracted by just 1.5% in 2020 - better than the national economy - and the city's GDP is expected to grow by 3.9% in 2021, leading to output recovering beyond 2019 levels.

Over the period 2020-25, Oxford Economics forecasts that GDP growth will average 1.7% per year. Adelaide has fared relatively well through the pandemic. Nevertheless, the short-term outlook remains linked to containment of the coronavirus and vaccine rollout.

Wollongong experienced growth in 2020 despite COVID-19

Wollongong is located in the Illawarra Region of New South Wales, about 80 kilometres south of the Sydney CBD. Wollongong has a population of approximately 220,000 residents and generates a gross regional product of about A\$13 billion. The city has become a popular residential community and a popular week-end tourism destination at the doorstep of the Greater Sydney Metro Region. According to the National Institute of Economic and Industry Research (NIEIR), the Wollongong economy is one of the few urban areas in Australia that experienced growth in 2020, with an increase of 0.69% year-on-year in its gross regional product.



MARKET OVERVIEW



“Dark stores” are retail outlets catering exclusively to online shopping, and deal with shipping ordered products to customers and offering a click-and-collect service. With the rapid rise in online retail demand for food retailers, there is an increasing demand for dark stores, especially among the supermarket and specialty food category.

Landlords providing increased incentives to maintain occupancy

To incentivise existing tenants to renew their leases and new tenants amidst COVID-19, retail landlords are providing rent-free periods (which were uncommon before COVID-19) and increased incentives to maintain occupancy and cashflow. The rent-free period range is between 6-months to 1-year for a 5-year lease term. Incentives have increased to be in the range of 15% to 25% of total gross rent for the lease term. This is in addition to government subsidies provided to weather the retail sector from the crisis. It is expected that landlords will continue to do so as priority is to maintain a healthy level of occupancy to be well positioned for recovery.

4.3. Australia Asset Market Environment

Figtree Grove catchment has growth upside

Figtree Grove: Figtree Grove’s total trade population stands at approximately 221,000 as of 2021, with an estimated annual population growth rate of 1.3% to reach an estimated population of 278,744 in 2041.

4.2. Emerging Retail Trends in Australia

Online retail, dark stores fast tracked by the COVID-19 pandemic

The impacts of COVID-19 last year fast-tracked online spending in Australia. According to Australia Post’s eCommerce Industry report, 82% of all households in Australia made at least one online purchase in 2020, which was 1.3 million households more than the year prior. Changes in consumer behaviour driven by the effects of COVID-19 stimulated online sales to 16.3% of total retail sales, from about 12% in 2019.

While online sales will undoubtedly continue to trend higher than pre-pandemic levels, consumers remain eager to return in-store to make purchases.

The median weekly household income is estimated at A\$1,340 in 2020, which is higher than the New South Wales state average by 2.4%.

High Household income provide favourable retail landscape

Westfield Marion: The total trade area population of Westfield Marion is estimated at 650,000 in 2021 and 164,800 in the immediate 10-minute drive radius.

The City of Marion's population growth rate is 1.2% in 2020, which is higher than the 1.0% growth in the Greater Adelaide region.

Within a 10-minute drive radius, expenditure per capita on household goods is 2.1% higher than the rest of Adelaide in 2020.

The City of Marion also has a median household income which is 1.0% higher than the rest of Adelaide at A\$1,278 per week in 2020.

4.4. Retail Supply and Rents

New supply mainly in large format retail, which doesn't directly compete with Westfield Marion

The Greater Adelaide region will see some 600,000 sf and 780,000 sf of new retail supply in 2021 and 2022 respectively. The bulk of this supply will come from new large format retail developments, which will not materially impact Westfield Marion due to its unique positioning as the leading shopping destination in the Adelaide retail market.

No major new retail supply in Wollongong

There is currently no major new retail development in the pipeline in Wollongong other than a small podium and street-level ancillary retail spaces located in downtown mixed-use buildings. New supply in Wollongong is expected to remain limited in years to come, which will ensure the dominance of the Figtree Grove Shopping Centre.

Rents are declining with higher incentives

As of 2H 2020, the gross face rent for regional shopping centre in Adelaide declined by 3.5% year-on-year from 2019 to 2020. Rental incentives have risen to 22% in 2020, up from 20% in 2019.

Similarly, the gross face rent for sub-regional shopping centres in New South Wales declined by 11.8% year-on-year from 2019 to 2020. Rental incentives have risen to 20% in 2020, up from 17.5% in 2019.

4.5. Australia Retail Market Outlook

Recovery expected for malls anchored by supermarkets located in residential areas

Malls anchored by supermarkets and located close to residential areas are expected to continue to outperform CBD retail centres till majority of the population is vaccinated and international borders reopen.

Shopping mall operators embracing digital marketplaces and phygital strategies are also expected to benefit from the transition as they grow their share of the e-commerce market.

Place-making and unique experiential retail offering will continue to be a key success factor for shopping centres and precincts, particularly once the pandemic is over, as customers will want to maximise face to face interaction and live entertainment after nearly two years of pandemic life.

Colliers
AUGUST 2021



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 delivering clear, consistent and timely updates and to developing long-term relationships with Unitholders. The Manager carefully plans various activities and communication channels every year to engage with all segments of the investment community. The valuable feedback and insights from these engagements are highlighted to the Board of Directors, alongside regular updates on Unitholders' statistics and the views of investors and analysts.

PROACTIVE ENGAGEMENT WITH THE INVESTMENT COMMUNITY

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, half-yearly post-results briefing, real estate-related events. Analyst briefings are conducted quarterly to provide updates on SPH REIT's half-year and full-year financial results, operational performance and market outlook. The Manager holds an annual media briefing for the full-year results.

Due to the COVID-19 situation, SPH REIT held its seventh Annual General Meeting ("AGM") via electronic means on 26 November 2020, 13 weeks after the financial year end to ensure timely engagement with Unitholders. SPH REIT Chairman and CEO had conducted the proceedings of the virtual AGM with Unitholders observing and/or listening to the AGM proceedings via the live audio-visual website or live audio-only stream. In addition, all Unitholders had to appoint the Chairman to act as proxy to attend, speak and vote, if they wish to exercise their voting rights at the AGM.

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 half-yearly financial performance and announcements on SPH REIT's developments. SPH REIT's half-year, full-year results and quarterly key business and operational updates 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 submitted via the investor relations email address, ir@sphreit.com.sg.

INVESTOR RELATIONS CALENDAR

1st Quarter 2021 (September – November 20)

- Announcement of FY2020 results and media conference and analyst briefing
- Post-results investor conference calls
- Payment of 4Q FY2020 distribution
- Release of Annual Report 2020
- Annual General Meeting

2nd Quarter 2021 (December 20 – February 21)

- Announcement of 1Q FY2021 key business and operational updates and analyst briefing
- Post-updates investor conference calls
- Payment of 1Q FY2021 distribution

3rd Quarter 2021 (March – May 21)

- Announcement of 1H FY2021 results and media conference and analyst briefing
- Post-results investor conference calls
- Payment of 2Q FY2021 distribution

4th Quarter 2021 (June – August 21)

- Announcement of 3Q FY2021 key business and operational updates and analyst briefing
- Post-updates investor conference calls
- Payment of 3Q FY2021 distribution

FINANCIAL CALENDAR

2021

4 October	Announcement of FY2021 Results
13 October	Books Closure
19 November	Proposed Payment of 4Q FY2021 Distribution
24 November	Annual General Meeting

2022*

12 January	Announcement of 1Q FY2022 Key Business and Operational Updates
12 April	Announcement of 1H FY2022 Results
12 July	Announcement of 3Q FY2022 Key Business and Operational Updates
12 October	Announcement of FY2022 Results

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

SUSTAINABILITY REPORT

1. SUSTAINABILITY AT SPH REIT

At SPH REIT, we recognise that sustainability goes beyond meeting the minimum requirements imposed on us by the countries or markets in which we operate. We take a proactive and conscientious approach to embed sustainability within our practices and business operations. We do so in order to minimise environmental impact, ensure a high standard of corporate governance and create positive value for the communities.


To build and sustain long-term relationships with our key stakeholders, SPH REIT regularly engages with them to better understand their evolving needs. Such engagements allow us to fine-tune our sustainability approach and provide a tailored response to their needs. Through collaboration with our partners, we aim to promote sustainability initiatives and raise awareness of salient sustainability issues in the communities.

This Sustainability report is prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core option, which is widely recognised as one of the most widely used reporting standards due to its robust guidance and universal application. Furthermore, this framework allows for a more holistic disclosure of our sustainability performance and better comparability with industry peers. SPH REIT has not sought third-party external assurance for information disclosed in this report but will seek to do so as our reporting matures over time. We will continue to align our sustainability approach with the United Nations Sustainable Development Goals (“SDGs”) – a global blueprint for sustainability. Targets for each material ESG factor of importance to SPH REIT have also been set to guide our continuous performance improvement.

SPH REIT’s Sustainability Targets, Performance and Contribution to UN SDGs

The table below summarises our material ESG factors, performance, targets for FY2022 and our contribution to the SDGs. The targets are applicable for our businesses in both Singapore (Paragon, The Clementi Mall and The Rail Mall) and Australia (Figtree Grove Shopping Centre and Westfield Marion), except for the environmental targets which apply only for Paragon and The Clementi Mall in Singapore.

TABLE 1: SPH REIT’S MATERIAL ESG FACTORS, TARGETS, PERFORMANCE AND CONTRIBUTION TO THE SDGS

BUILD ETHICAL AND TRANSPARENT BUSINESSES We uphold high standards of corporate governance throughout the organisation.		
		
Material ESG Factors	FY2021 Performance Highlights	FY2022 Targets ¹
Corporate Governance	<ul style="list-style-type: none"> No known incidents of corruption No significant fines and non-monetary sanctions for non-compliance with laws and regulations 	To aim for zero cases of non-compliance with laws and regulations, which includes those relating to anti-corruption
Data Privacy	<ul style="list-style-type: none"> No known cases of theft, leak or loss of all stakeholders data 	To comply with Singapore Personal Data Protection Act 2012 (PDPA) and the Privacy Act 1998 of Australia

¹ Targets remain relevant as at 31 August 2021 and may be revised depending on the progression of the COVID-19 situation.

PROMOTE WORKPLACE WELLNESS AND ENSURE SAFETY OF OUR STAFF AND CUSTOMERS

We ensure safe and secure environments for our employees, tenants and shoppers.



Material ESG Factors	FY2021 Performance Highlights	FY2022 Targets
Health and Safety of Stakeholders²	<ul style="list-style-type: none"> Zero incidents resulting in stakeholders' permanent disability or fatality 	To maintain zero incidents resulting in stakeholders' permanent disability or fatality

ADOPT ENVIRONMENT-FRIENDLY PRACTICES

We are committed to the efficient management and use of our natural resources.



Material ESG Factors	FY2021 Performance Highlights	FY2022 Targets ¹
Energy Usage³	<ul style="list-style-type: none"> 48,736 megawatt hours ("MWh") of electricity consumed Electricity Intensity at 0.40 MWh/m² <p>Both electricity consumption and intensity were a 23% decrease from FY2015</p> <ul style="list-style-type: none"> 19,759 tonnes of carbon dioxide equivalent ("tCO₂e") of Greenhouse Gas ("GHG") emissions GHG emissions intensity at 0.16 tCO₂e/m² <p>Both GHG emissions and intensity were a 32% decrease from FY2015</p>	<ul style="list-style-type: none"> To maintain at least 18% reduction in like-for-like⁴ electricity intensity by FY2025, using FY2015 performance as the baseline⁵ To maintain at least 30% reduction in like-for-like⁴ GHG emissions intensity by FY2025, using FY2015 performance as the baseline⁵
Water Usage⁴	<ul style="list-style-type: none"> 258,004 m³ of water consumed Water intensity at 2.13 m³/m² <p>Both water consumption and intensity were a 40% decrease from FY2015</p>	<ul style="list-style-type: none"> To maintain at least 18% reduction in like-for-like⁴ water intensity by FY2025, using FY2015 performance as the baseline⁵

Note: The percentage differences stated above were based on like-for-like⁴ comparison and not of overall consumption of SPH REIT's properties.

CARE FOR OUR COMMUNITY

We collaborate with stakeholders to support philanthropic causes and strengthen community ties.



Material ESG Factors	FY2021 Performance Highlights	FY2022 Targets ¹
Local Communities	<ul style="list-style-type: none"> Various Corporate Social Responsibility ("CSR") initiatives across our malls held strictly in line with COVID-19 regulations 	<ul style="list-style-type: none"> To integrate CSR activities into at least two events held at the malls

² Stakeholders include shoppers, tenants, employees, contractors and suppliers.

³ As the COVID-19 situation continued through FY2021, consumption of energy and water was similar to that of FY2020 with the low footfall across Paragon and The Clementi Mall.

⁴ Like-for-like comparison refers to the comparison for a consistent portfolio of assets between two reporting years. In FY2021, the assets that remained consistent from the FY2015 baseline are Paragon and The Clementi Mall.

⁵ While we have met these targets in FY2021, part of the reduction can be attributed to the impacts of COVID-19 which continued to affect the operations across both malls. We will continue to monitor our performance and review our targets when the situation has stabilised.

SUSTAINABILITY REPORT

2. SPH REIT'S RESPONSE TO COVID-19

As at time of publication, COVID-19 remains an uncertainty globally. In Singapore, a rise in community cases in May 2021 led to the move from Phase 3 to Phase 2 (Heightened alert) to contain the spread of the virus. Across the two geographic regions we operate in, our businesses adhere closely to the government's directives, adopting the latest COVID-19 precautionary measures across the five properties.

SPH REIT continues with a similar approach in response to the COVID-19 pandemic. Respective safety protocols and measures are in place to safeguard health and safety for all stakeholders. The Board continues to support appropriate measures that enhance economic viability of all stakeholders amid the challenging times. High-risk areas impacted by COVID-19 are assessed and action plans are put forth to address future challenges. The Management works closely with the Board in ensuring that all operations remain in full compliance with the prevailing regulations.

We also work closely with tenants through the provision of various assistance and relief measures which complement those that are provided under the Government's directive. Rental relief has been granted by us to impacted tenants in Singapore and in Australia. During the Phase 2 Heightened Alert, SPH REIT also supported tenants by helping shoppers and delivery services with the extension of parking grace period to 30 minutes with the cessation of dining-in at all F&B establishments in Singapore. Further, the management participated in the industry development for better long-term landlord and tenant relationship which led to the conclusion of the Fair Tenancy Framework. The Framework is expected to assist tenants particularly in times of uncertainties. SPH REIT will continue to engage with our tenants, understand the impact of COVID-19

on their businesses, and render targeted assistance where appropriate.

As we move ahead, we aim to position our malls ready for normalisation, to welcome shoppers back through safe reopening in line with the Government's gradual and continuing relaxation of various restrictions. For more information, please refer to pages 81 and 89.

3. BUILD ETHICAL AND TRANSPARENT BUSINESSES

SPH REIT recognises that effective corporate governance lays the foundation for stakeholders' trust, as well as the sustainability and viability of all business operations. The Board and Management firmly believe that success and prosperity depend upon our adherence to ethical business conduct. SPH REIT strives to achieve the highest standards of corporate governance through our rigorous internal controls and processes. More information regarding our governance practices can be found in our Corporate Governance report on pages 102 to 124.

Corporate Governance Anti-Corruption [GRI 103-1, 103-2, 103-3, 205-3]

Corrupt practices can have significant repercussions for both the organisation and society. The resultant financial and reputational damages can affect the trust stakeholders place in an organisation. SPH REIT upholds its commitment towards conducting businesses with high integrity and will ensure corrupt-free operations across Singapore and Australia.

All employees are expected to be fully compliant with the Code of Business Ethics and Employee Conduct ("Code of Conduct") put in place by the Manager. The Code of Conduct addresses matters

relating to fraud, business and workplace behaviour, safeguarding of assets, proprietary rights and intellectual property. It provides a structured framework to ensure that employees will conduct themselves professionally and ethically. The Code communicates and emphasises the Company's zero-tolerance stance towards any malpractice, impropriety, regulatory non-compliance or wrongdoing of any employee in the course of their employment. Any breach of principles set out in the Code of Conduct will result in disciplinary action against the offender.

A Whistleblowing Policy & Procedure is in place for employees and external parties to raise potential concerns or report observations of any suspected improper conduct in confidence to a designated person in the Manager. Such concerns may include dishonesty, fraudulent acts, corruption, regulatory breaches, unsafe work practices and any other improper conduct that may cause significant financial or non-financial loss, or damage to the Manager's reputation. The Manager may conduct independent investigations based on the report, where appropriate, and take further follow-up actions accordingly.

In Australia, external property managers have been engaged to manage the operations of Figtree Grove Shopping Centre ("Figtree Grove") and Westfield Marion Shopping Centre ("Westfield Marion"). In accordance with the local laws and regulations in Australia, relevant policies have been established by the appointed property managers to govern anti-corruption and compliance-related matters. These policies are applicable to employees working for the appointed property managers. In particular, the property manager of Westfield Marion has in place a Corporate Governance Statement which is in line with the Australian Securities Exchange ("ASX") Corporate Governance

Council's Corporate Governance Principles and Recommendations which are meant to ensure a high standard of governance, ethical business practices and personal conduct.

There were no known incidents of corruption reported in FY2021 and we aim to maintain this track record in future reporting periods.

Regulatory Compliance [GRI 103-1, 103-2, 103-3, 419-3]

Compliance with laws and regulations is fundamental in upholding high standards of corporate governance within the organisation. Any lapse in compliance may expose the organisation to reputational risks and liabilities such as fines and penalties.

SPH REIT strives to be fully compliant with all relevant statutory and regulatory requirements such as the Monetary Authority of Singapore regulations (Property Funds Appendix and Provisions in the Trust Deed), Singapore Exchange Listing Manual requirements, Personal Data Protection Act 2012, Privacy Act 1988, Building Control Act and Fire Safety Act and Technology Risk Management guidelines in Singapore and/or Australia. Regulatory developments are closely monitored throughout the year and changes to our policies and operating procedures are made where necessary. Any changes to policies and operating procedures are promptly communicated to all employees. In FY2021, there were no significant fines and non-monetary sanctions for non-compliance with laws and regulations. Moving forward, we aim for zero cases of non-compliance with laws and regulations.

Across all five properties, preventive measures have been introduced in compliance with new regulatory requirements to contain the spread of COVID-19. SPH REIT continues to



SUSTAINABILITY REPORT

work closely with the local government and agencies to comply with all new developments in relevant statutory and regulatory requirements.

Data Privacy [GRI 103-1, 103-2, 103-3, 418-1]

The disruptions brought about by the pandemic have led to an increased usage or reliance on technology. With a rise in the number of cybersecurity attacks in recent years, coupled with the public's growing awareness on data privacy, it is imperative for every organisation to have a robust data security framework and internal controls in place. Any data breach incident can significantly affect SPH REIT's businesses as well as undermine stakeholders' trust and confidence.

In Singapore, appropriate steps are taken to ensure strict compliance with the Cybersecurity Act and the Personal Data Protection Act 2012 ("PDPA"). In light of the new changes to the Data Privacy Act made effective from February 2021, we have since revised our internal policies to align with the latest regulations. In Australia, both our property managers have contractual obligations to ensure compliance with the Privacy Act 1988.

The technology risk management framework includes various IT policies and procedures which guide us in managing key technology risks and safeguarding information system assets. All employees have also been informed of the IT User Acceptance Policy Manual which includes guidelines pertaining to the access and

usage and deployment of IT resources. Firewall protection has been set up at all workstations, systems and servers, reducing risks of cyber-attack or data breach. It is updated regularly to the latest version available to maintain robustness. Vulnerability assessments and network penetration tests are also conducted for new servers and applications as well as when major enhancements to existing systems and applications are made. They help to detect threats and enhance the security of the systems.

In FY2021, in addition to the regular meetings organised by SPH Group's PDPA Committee on matters relating to PDPA compliance and the new amendments to the Personal Data Protection Act, representatives from both SPH REIT and SPH Retail Property Management Services Pte Ltd ("RPMS") also attended a training session conducted by an external legal party. Subsequently, training materials were also shared with all employees who handle personal data.

SPH REIT has a dedicated Personal Data Protection Officer to whom any feedback or enquiry relating to personal data can be directed via a hotline or email available on SPH Group's website.

No known cases of theft, leak, or loss of customer data were reported in FY2021. Moving forward, SPH REIT aims to continue to uphold this performance, ensuring practices and processes remain compliant with the relevant data privacy legislations across our businesses.



COVID-19 HIGHLIGHT: BOARD OVERSIGHT THROUGH TIMES OF UNCERTAINTY

As at time of publication, the world is still grappling with the effects of the COVID-19 pandemic. However, we remain hopeful with the accelerated pace of COVID-19 vaccination globally, and the increasing acceptance of a gradual transition towards endemic living, the markets in which we operate will see economic recovery.

As the nations continue to recover, we are starting to see an upward trend in the retail industry as well. The pandemic highlighted the importance of effective governance and oversight to tackle uncertainties and their impact. At SPH REIT, oversight was effective owing to the proactiveness of the Board, which provided strategic inputs to address both short- and long-term impacts which may arise from the pandemic.

Since the start of the pandemic, meetings with the board were held regularly or as needed to assess the potential impacts of COVID-19 and to review situation and action plans in order to safeguard the overall interests of our stakeholders.

To ensure a thorough assessment of the impact brought about by the pandemic while the outlook was highly uncertain, different scenarios were assumed and evaluated, including financial impact to stakeholders (people, customers, and suppliers), legal and contractual liabilities, changing customers' demands and preferences, and short and long-

term cash flows. Scenario planning allowed SPH REIT to respond faster to changing situations for the benefit of all stakeholders.

SPH REIT has also worked closely with the respective agencies in support of the government's efforts to contain the spread of new COVID-19 variants in the community. We continue to uphold our social responsibility by implementing preventive measures such as the communication of safe distancing messages and up-to-date information on COVID-19 across our malls and through the various social media platforms. We also engage with tenants regularly to have a clearer understanding of their needs and concerns and to provide targeted support as we navigate these challenging and uncertain times.

For more information regarding SPH REIT's response to COVID-19, please refer to Chapter 2 above and the relevant sections below.



SUSTAINABILITY REPORT

4. PROMOTE WORKPLACE WELLNESS AND ENSURE SAFETY OF OUR STAFF AND CUSTOMERS

Profile of our Workforce [GRI 102-7, 102-8, 102-41]

Human capital is the key to long-term business growth and value creation. As at 31 August 2021, The Manager's workforce comprised 12 full-time employees⁶ (six females and six males) based in Singapore.

Through our parent company, SPH REIT is a signatory to the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP"). All SPH REIT's employees are executives that form part of management, they are not represented by the unions to avoid any conflict of interest. That notwithstanding, employees are able to raise any concerns regarding their working environment via human resource department.

SPH Retail Property Management Services Pte Ltd ("RPMS"), a wholly-owned subsidiary of SPH Group, manages the Singapore assets of Paragon, The Clementi Mall and The Rail Mall. For our two operations in Australia, each has a dedicated Australian property manager overseeing management of the malls respectively. Each of the property managers has established a Centre Management Team which comprises various functions including retail, property and administration, to manage the mall operations. As at end FY2021, there was a total of 243 property management staff across the five properties. Local third-party vendors are also engaged for other activities such as security and cleaning services.

Notwithstanding these challenging times, there has not been any retrenchment exercise at our malls due to COVID-19. RPMS

maintained employment of all employees, and received some payouts from the Jobs Support Scheme to support employees' wages partially.

Health and Safety of Stakeholders [GRI 103-1, 103-2, 103-3, 403-1 to 403-7, 403-9, 416-2]

SPH REIT is committed to providing our shoppers, tenants, employees, contractors and suppliers with a healthy and hazard-free environment through various policies, action plans and initiatives in place.

Managing risks and hazards in public spaces

Prior to COVID-19, our shopping malls received thousands of shoppers per day. Fire hazards can pose a major risk to the health and safety of all workers in and visitors to the malls. As Singapore begins to reopen its economy, level of activity within our malls remains relatively low when compared to that of a normal operating year. Notwithstanding the lower traffic, regular fire risk assessments are performed at our malls to identify and manage potential risks and hazards. Fire, lift and escalator safety certifications are checked to ensure its validity and renewed prior to its expiry. We comply with safe operating standards, performing necessary maintenance and repairs on a timely basis.

To ensure quick response and evacuation in the event of a fire outbreak, we are guided by an Emergency Response Plan which lists out required actions, duties and responsibilities of all parties involved during the emergency. This Plan has been communicated to all employees and tenants within our Singapore malls. To comply with local fire safety requirements, a tabletop fire drill was conducted for RPMS employees in place of a physical one during the year.

⁶ There are 11 permanent employees and one contract employee.

As for our operations in Australia, Figtree Grove has introduced a Pandemic Management Policy which outlines issues related to pandemic awareness, response plans, safety measures requirements and training. Figtree Grove conducts fire evacuation drills and a Fire Safety Equipment Compliance test at least once a year. The test ensures that fire safety equipment is operational and ready to be deployed when required. All other relevant equipment used in the mall undergoes regular maintenance servicing and are periodically tested to ensure safety compliance. In addition to fire and pandemic risks, the Emergency Management Manual addresses a wide range of emergency situations and scenarios such as acts of terrorism, building damages and natural disasters. Monthly desktop exercises continue to be conducted to review these emergency situations and scenarios.

Guidelines on incident reporting are in place for all relevant stakeholders to ensure timely and efficient reporting of hazards and incidents within the premises. Any significant incident will trigger a series of investigations and follow-up actions to minimise future incidents. A post incident review will be prepared and kept within the system. These guidelines are reviewed annually to ensure their continued relevance.

At Westfield Marion, safety manuals, emergency evacuation plans and pandemic responses have also been drawn up and communicated to all relevant stakeholders. A range of procedures has also been established to manage risks and hazards in public spaces. This year, an updated retailer fit-out guide was released which restricts the use of flammable aluminium composite panels within retail premises and this helps

mitigate risks of fire incidents. Additionally, the Tenancy Safety Certification process was also reintroduced, requiring all tenants to ensure timely renewal and validity of relevant fire, gas and electrical safety certificates. The on-site teams also undertake daily checks to ensure there is no build-up of fuel or rubbish and that systems are operational. A register of flammable goods is properly maintained and updated as well.

Safety Training

In Singapore, regular safety trainings such as Company Emergency Response Team (“CERT”) and first aid are conducted for employees at all centre management offices (“CMOs”). During the year, appointed safe management officers (“SMOs”) from HQ and CMOs attended a new course on ‘Safe Management Measures - Preparing Workplace for COVID-19’. The course equipped the SMOs with the knowledge and skills to identify risks, recommend, implement and monitor control measures by coordinating and managing Safe Management Measures (“SMM”) at the workplace. These measures provide employees with a safe working environment, minimising the risks of further outbreaks.

In Australia, an annual workplace health and safety training is conducted for all Centre Management personnel at Figtree Grove and monthly safety trainings are organised for all employees at Westfield Marion. Monthly safety forums are also conducted with tenants and the annual safety induction is also extended to all third-party workers prior to their commencing fit-out works at Westfield Marion. Additionally, regular training covering emergency management, safe working procedures on handling hazardous materials or chemicals as well as working at height or within confined spaces were also organised for employees.

SUSTAINABILITY REPORT

Creating a Safe and Healthy Work Environment for All Employees and Workers

In Singapore, SPH REIT adopts the Group's Total Workplace Safety and Health Policy which covers employees of SPH REIT and RPMS. The policy adopts a holistic and integrated approach, laying out relevant criteria to manage interactions between work, safety and health.

A similar set of Workplace Safety and Health policies and procedures is also instituted by the respective Australian property manager across the two properties. At Figtree Grove, all newly inducted employees are required to attend a Workplace Health and Safety ("WHS") training which covers topics such as first aid, emergency preparedness as well as safe work practices. Specific trainings would also be conducted based on the requirements of their respective job roles. At Westfield Marion, the safety team oversees all aspects of health and safety, ensuring that safety policies are adhered to, and that risks are identified and adequately managed. The team also reviews safe working procedures to instil a safety-first working culture at Westfield Marion. The safety management system is AS4801-certified.

Even as various policies and measures have been put in place to minimise working hazards, accidents may occur during the course of work. Rehabilitation support and re-arrangement of duties will be taken to assist employees' recovery. To provide and

sustain the safe work environment for all, regular communication on necessary safety requirements and practices are conducted for all our tenants and contractors as well.

In FY2021, there were zero incidents resulting in any stakeholder's permanent disability or fatality.

There were zero recordable and high-consequence⁷ injuries from employees of SPH REIT. There were zero recordable injuries from the property manager in Singapore. However, we would like to address the incident where an outsourced lift technician sustained injuries while working in the lift shaft at Paragon Mall in July 2021. The case is currently undergoing investigation and the outsourced service provider will keep SPH REIT informed of the results which will advise both parties on the review of safety procedures where required.

There were four recordable injuries (recordable injury rate⁸ of 8.8) from the property manager in Australia. Corrective actions have been promptly taken which include safety briefings to remind employees to exercise caution while on duty.

A total of 26,520 and 452,451 working hours were recorded for SPH REIT and Property Managers respectively, and there were zero cases of non-compliance in health and safety matters during the year. Moving forward, we strive to uphold this standard and continue to review our policies and procedures to maintain this performance in the future.

7 High-consequence work-related injury is a work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.

8 A recordable injury is any injury or death resulting from a workplace accident, including work-related traffic injuries. The rate is calculated by no. of recordable injuries reported / no. of manhours worked x 1,000,000).



**COVID-19 HIGHLIGHT:
SAFEGUARDING HEALTH AND
SAFETY OF EMPLOYEES, WORKERS,
TENANTS AND SHOPPERS**

SPH REIT continues to place utmost importance on the precautionary measures taken to safeguard and ensure the health and safety of its stakeholders. During the year-end festive season, we began seeing footfall and tenant sales recovering gradually across Singapore and Australia. However, towards the end of the financial year, community cases and clusters began to emerge in Singapore and Australia. SPH REIT responded quickly to the situation and stepped up various precautionary and preventive measures at our malls and properties to reduce further spread of the new Delta variant as well as ensure that our premises are well-maintained and clean. To date, we continue to keep up-to-date, following guidance from the various government advisories issued to safeguard public health and safety in Singapore and Australia.

Across all our malls



- Intensified cleaning and disinfecting across Singapore malls following the reintroduction of Phase 2 (Heightened Alert) in May 2021
- Implemented mandatory TraceTogether check-ins across all malls from 17 May 2021, QR Check-In displayed at Figtree Grove in line with New South Wales Government requirements
- All atrium activities remain suspended to prevent crowding, ensuring safe distancing is practiced across Singapore malls
- Closure of children’s play area at Figtree Grove

- Figtree Grove maintains a direct line to the Wollongong Police, should there be any incidents experienced and they also regularly patrol throughout the Centre to enforce shopper compliance

Across Centre Management Offices and HQ



- SMO at HQ works closely with the SPH Safety Team to conduct monthly inspections of our office premises based on the Pandemic Safe Management System Checklist developed by the Group. The monthly inspection ensures compliance with the safe management measures (“SMM”) as stipulated by the government.
- Appointed SMOs continue to assist in the implementation, coordination and monitoring of SMM at the respective CMOs in Singapore
- Mandatory TraceTogether check-ins required of all employees when entering offices
- Work-from-home as a default arrangement in line with Government’s advisories
- At Westfield Marion, increased frequency of regular toolbox talks to assure cleaning team members of safe working environment within the premises
- All staff events continue to be deferred or cancelled

For more information on the responses at our Australian malls, please refer to the dedicated COVID-19 section on their respective websites.

SUSTAINABILITY REPORT

5. ADOPT ENVIRONMENT-FRIENDLY PRACTICES

We commit towards addressing the ongoing climate issue through efficient use of resources within our business operations where possible. This is reiterated through the environmental policy⁹ which is overseen by the CMOs at Paragon and The Clementi Mall.

In Singapore, we regularly monitor electricity and water consumption data and collate the data for submission to the respective statutory boards to support the green certification of our malls. As a testament to our environmental practices, both The Clementi Mall and Paragon obtained recertification for the BCA Green Mark (Gold) and Green Mark (Certified) respectively in FY2021.

In FY2021, we met our long-term targets for electricity, GHG emissions and water consumption for Paragon and The Clementi Mall of reducing our like-for-like electricity intensity by 18%, GHG emissions intensity by 30% and water intensity by 18% by FY2025, from FY2015's baseline. As the pandemic continued through FY2021, data reported this year was not representative of a normal year of operations. We will continue to reduce our consumption and track our numbers going forward.

In Australia, Figtree Grove has achieved an estimated 2.7% reduction in absolute energy consumption from FY2020's baseline, which is equivalent to a GHG emission reduction of 14 tonnes of CO₂ equivalent (tCO₂e). Currently, the mall is in the midst of obtaining a National Australian Built Environment Rating System ("NABERS")¹⁰ rating.

Westfield Marion has achieved a 4 Stars for Water and 4 Stars for Energy in the NABERS rating this year. It established an Energy Use Reduction Procedure which aims to minimise energy usage within the malls' premises. During the COVID-19 pandemic, an energy management response strategy was also drawn up to ensure a consistent approach at maximising energy efficiency across the mall. With lower footfall recorded, sections of the mall were closed under this response strategy, resulting in additional energy and water savings.

Energy and Emissions [GRI 103-1, 103-2, 103-3, 302-1, 302-3, 305-2, 305-4]

As businesses begin to adopt new measures in transition towards a low-carbon future, SPH REIT is committed to adopting energy-efficient practices to optimise its energy usage and reduce its carbon footprint over time.

Maintaining Efficient Use of Energy

Across all properties, Air Conditioning and Mechanical Ventilation ("ACMV") is the main source of electrical energy usage. The Building Management System ("BMS") conducts regular checks and monitors the operations' ACMV to ensure efficiency in the starting and shutting down of the plant at the desired times as well as in the optimisation of lighting for the ambient conditions. In Singapore, ACMV is constantly monitored across the malls to ensure that they operate at optimal settings and efficiencies.

At Figtree Grove, the Heating, Ventilation and Air Conditioning ("HVAC") checkpoint settings and BMS are monitored regularly to ensure the efficiency of the systems. On

⁹ The policy is not extended to The Rail Mall as it does not have common service areas.

¹⁰ National Australian Built Environment Rating System ("NABERS") is a national rating system that measures the environmental performance of Australian buildings, tenancies and homes via Energy, Water and Waste benchmarks.

a regular basis, the facility management team also reviews industry updates and publications to keep abreast of the latest developments in this area as well as collaborates with the operations team to share key learning and project insights.

At Westfield Marion, there is an appointed electricity committee which advises on decision-making around the procurement of electricity and investment in solar power. In-house technical teams as well as specialist contractors advise the facility management team on the implementation of short, medium and long-term upgrades to existing systems to enhance power supply reliability. In particular, the Power Demand Management System has been reprogrammed to improve energy efficiency of the mall. The facility managers also work with external HVAC and BMS contractors to ensure efficiency of these systems. During the year, conventional carpark lights have also been upgraded to energy-efficient LED lights.

Performance Data

In FY2021, the total energy consumption of all four¹¹ properties included for reporting in Singapore (Paragon, The Clementi Mall) and Australia (Figtree Grove, Westfield Marion) was 50,125 MWh, which is equivalent to 20,739¹² tCO₂e of Scope 2 GHG emissions. Comparing like-for-like⁵ to FY2020, the collective consumption and intensity for Paragon and The Clementi Mall were recorded at 48,736 MWh and 0.40 MWh/m² respectively, which saw a slight 5% increase in FY2021 from FY2020's values. Likewise, the Scope 2 GHG emissions and GHG emissions intensity for Paragon and The Clementi Mall were 19,759 tCO₂e and 0.16 tCO₂e/m² respectively, which had a

similar trend. The slight increase in FY2021 was a result of an increase in footfall in our malls compared to FY2020 when the circuit breaker and stricter restrictions were enforced. Footfall began to increase in FY2021 as government restrictions were gradually eased.

Although we have met our long-term goals that were set using FY2015 performance as a baseline, our FY2021 performance may not be a fair representation of our energy usage trend due to the disruptive impacts from COVID-19. We will re-assess our long-term targets for FY2025 based on the energy consultant's report once the COVID-19 situation has stabilised.

Water [GRI 103-1, 103-2, 103-3, 303-1, 303-2, 303-3]

In the face of climate change, increasingly erratic weather patterns have exacerbated water stress worldwide. While SPH REIT has secure access to water for our operations, we seek to play an active role in water conservation and reduce our impacts on the environment.

Optimising Water Use Across Properties

All water taps in Singapore malls have been adjusted to the recommended flow rates which ensure more efficient use of water. Tracking and close monitoring of water consumption are done regularly. Inspections are also carried out to identify anomalies which will be addressed promptly when detected to prevent further losses and leakages. Paragon and The Clementi Mall have been certified by PUB, Singapore's National Water Agency, as Water Efficient Buildings ("WEBs") through its WEB Certification Programme. All properties in Singapore adhere strictly to the legislations

¹¹ Energy and water consumption data at The Rail Mall has been excluded as it is insignificant to total consumption.

¹² Diesel is used across malls to operate the genset in times of emergency. The consumption has been assessed for FY2021 and has been excluded as it is insignificant to total GHG emissions. As such, there were no Scope 1 GHG emissions for FY2021.



SUSTAINABILITY REPORT

and requirements on sewage and drainage stipulated by PUB, Singapore's National Water Agency. Moving forward, we will continue to explore future opportunities in our water supply infrastructure and cooling systems, as well as the potential use of NEWater to meet our water demands, to optimise water consumption for our assets.

In Australia, water saving devices such as half-flush toilets and sensor taps are installed at our amenities with regular monitoring and inspections to ensure their continued efficiency. Both Figtree Grove and Westfield Marion comply with AS/NZS 3500 standards of plumbing and drainage which includes backflow prevention, cross contamination, management of trade waste and metering standards. At Figtree Grove, digital meters are installed for accurate tracking of water consumption and detection of leakages. Through real time tracking of water usage, the online water monitoring system will notify users should there be any anomalies detected. Since the water-use assessment conducted in FY2020, Figtree Grove has continued to roll out digital water meters and data loggers enabling more tenants to monitor their water consumption levels as well. Flow restrictors were installed to reduce the water flow rate of basin taps at two toilet blocks to lower water consumption.

Likewise at Westfield Marion, digital meters were installed on all water flow gates in FY2020. Through real time tracking of water usage and variances, it has also enabled quicker identification and rectification of leaks and losses, compared to conventional methods used previously. Where the water flow is detected to be higher than average, the online water monitoring system will notify the facility management team to look further into the source. Since the deployment of these meters, it has brought about significant water and cost savings.

Performance Data

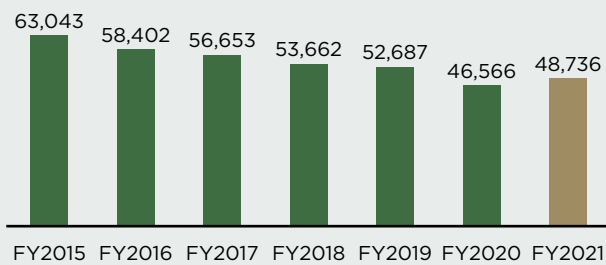
In FY2021, the total water consumption of all four¹¹ properties included reporting for Singapore (Paragon, The Clementi Mall) and Australia (Figtree Grove, Westfield Marion) was 388,826 m³. On a like-for-like⁴ basis to FY2020, the collective water consumption and intensity for Paragon and The Clementi Mall were 258,004 m³ and 2.13 m³/m² respectively, which saw a 13% reduction in FY2021 from FY2020's levels. Water consumption remained low due to reduced footfall across both malls.

The like-for-like charts below showcase electricity, GHG emissions and water performance data for Paragon and The Clementi Mall only.

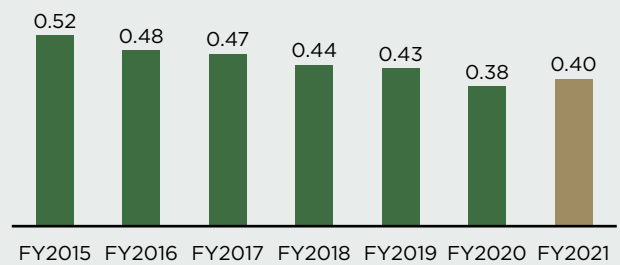
FIGURE 1: SPH REIT'S LIKE-FOR-LIKE ELECTRICITY CONSUMPTION, SCOPE 2 GHG EMISSIONS, WATER CONSUMPTION AND RESPECTIVE INTENSITIES¹³

Energy Use

Like-for-like Electricity Consumption (MWh)

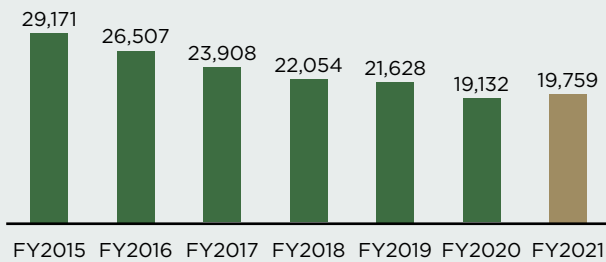


Like-for-like Electricity Intensity (MWh/m²)

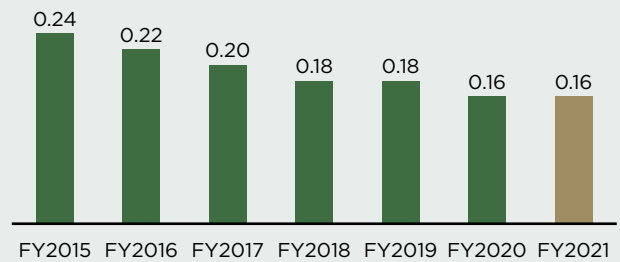


Scope 2 GHG Emissions

Like-for-like Scope 2 GHG Emissions (tCO₂e)

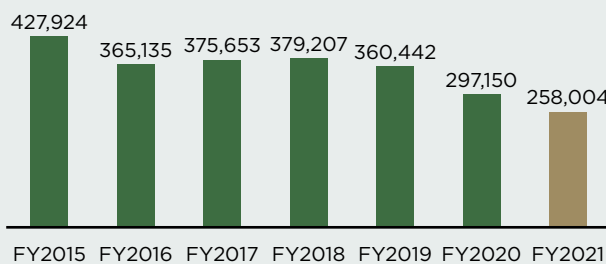


Like-for-like Scope 2 GHG Emissions Intensity (tCO₂e)

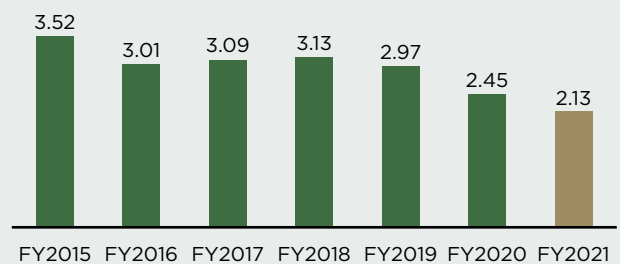


Water Use

Like-for-like Water Consumption (m³)



Like-for-like Water Intensity (m³/m²)



¹³ Scope 2 GHG emissions are provided by the appointed energy management firm servicing Paragon and The Clementi Mall. Scope 2 GHG emissions in Figtree Grove were provided by the property manager while the emissions from Westfield Marion was calculated by applying Southern Australia's emission factor obtained from the National Greenhouse Accounts Factors (October 2020) published by Australia's Department of Industry, Science, Energy and Resources.

SUSTAINABILITY REPORT

6. CARE FOR OUR COMMUNITY

Impact on Local Communities [GRI 103-1, 103-2, 103-3, 413-1]

Fostering and engaging with the local community is an integral part of SPH REIT's Corporate Social Responsibility ("CSR") programme. Leveraging our retail spaces, we collaborate with tenants to implement various campaigns that support social causes and foster a culture of giving back to the community.

At SPH REIT, our engagement programmes are tailored in response to the profile and key concerns of the respective local community in the vicinity of each property. Prior to COVID-19, we provided venue sponsorships to beneficiaries and partners to host activities ranging from fundraising, charity workshops and mass workouts. Additionally, SPH REIT also partners with external stakeholders such as selected philanthropic groups and associations to run campaigns, organise fundraisers and support social causes.

While our two Australian malls adopt a slightly different CSR approach, the principles are generally aligned with SPH REIT's value of creating positive community impact. At Figtree Grove, the marketing manager oversees and coordinates promotions, campaigns and events focused on the local community and their shopping experience at the mall. It is currently exploring a community grants programme, to be held in

conjunction with local council, where grants are given to local charity groups to further develop a programme or initiative.

At Westfield Marion, community engagement is guided by a Community Engagement Strategy which outlines the most important and relevant issues faced within the vicinity of Westfield Marion. The team then reaches out to potential community partners and sets up respective engagement plans to tackle these salient issues. All the initiatives planned for the year would be listed within the annual Community Plan which also details the types of partnerships with various stakeholders like the local police department, schools and community organisations.

Local community programmes organised at our properties across Singapore and Australia are grouped into five broad areas - Charity & Community, Nature & Conservation, Education, Arts & Culture and Sports. Due to the COVID-19 situation which resulted in preventive measures such as social distancing and limits on the number of people present at an event, the Management began exploring alternatives to conventional community engagement programmes to show that even in such unprecedented circumstances, SPH REIT remains committed to serving and touching the lives of people in the local community. The table below highlights our key community engagement programmes initiated and implemented in FY2021.

CHARITY & COMMUNITY

A Jolly Christmas (6 November to 25 December 2020)

Paragon – Members of the Paragon Club rewards programme were encouraged to pledge donations on line via accumulated reward programme points. This was implemented to drive donation proceeds for the CSR partner, Kids Horizon Appeal (KHA) in a contact-less manner. Members may donate 10 of their reward points for a \$5 donation to KHA.

Additionally, hand painted bear figurines painted by KHA beneficiaries were posted on Paragon's Facebook page where users may vote for their favourite piece from 4 – 13 December 2020. Paragon pledged a donation of \$500 for every 100 "likes", "shares" and comments. Both initiatives raised a total of \$1,095 for KHA.



Giving is The Best Therapy (25 March to 18 April 2021)

Paragon – 7 beneficiaries of Kids Horizon Appeal (KHA) attended a complimentary moss art workshop with one of Paragon's tenants, Mosscape and created one moss art piece each. These moss art pieces were posted on Paragon's Facebook page and Paragon pledged a \$500 donation for every 100 likes, shares and comments garnered from 1 to 18 April 2021 capped at \$2,500. This initiative raised a total of \$2,500 for KHA.

Created moss art pieces were also displayed at Paragon's Atrium 2, Level 1, together with an existing Mossscape setup from 1 to 18 April 2021.



Start the New Year with a Helping Hand (8 January to 11 February 2021)

The Clementi Mall – Working with the Lion Befrienders, shoppers were encouraged to make donations via the donation box placed within the mall with the mall pledging to match dollar-for-dollar.

A grand total of \$2,000 was raised to purchase 100 bags of essential items which were packed at the Lions Befrienders Senior Activity Centre @ Clementi 344 on 26 March 2021 and distributed to the needy seniors.



Charity Casual Mall Leasing Sites (ongoing in FY2021)

Figtree Grove – A dedicated Casual Mall Leasing site has been designated specifically for local not-for-profit and charity organisations. Local groups including the Cancer Council, Red Cross and Salvation Army have utilised these sites to bring the public more awareness on various social causes and hold fundraising events.

SUSTAINABILITY REPORT

CHARITY & COMMUNITY

Easter Eggshibition (March - April 2020)

Figtree Grove - Local primary schools were invited to decorate giant Eggs to be displayed in centre. Each Egg represented a story and people voted to give each school the opportunity to win A\$1,000.

Mother's Day Messages To Mum (April - May 2020)

Figtree Grove - Schools were invited to provide messages to mothers, which complemented the ongoing Mother's Day campaign. Messages were displayed in centres where families can visit. The initiative, which ran for two weeks, collated an estimated 500 messages from schoolchildren to their mothers.

Donation to Children's Ward at Wollongong Hospital (April 2021)

Figtree Grove - Over 380 individually wrapped craft kits which are valued at approximately A\$1,000 were donated to Wollongong Hospitals Children's Ward.

Wall of Gratitude (November 2020)

Westfield Marion - Customers were invited to write a message of thanks to someone who helped them through 2020 and post it on the Wall of Gratitude, to enable them to feel connected to their communities. For every message written, A\$1 was donated to Lifeline in Australia and New Zealand on customers' behalf. Westfield Marion raised a total of A\$436 from this initiative.



Foodbank Partnership (July and December 2020)

Westfield Marion - In collaboration with Foodbank, collection points are set up within the shopping centre at key seasonal times Winter/Christmas encouraging shoppers and members of the public to donate food items to those in need.

EDUCATION

Flavours of Figtree Community Recipe Book (January - December 2020)

Figtree Grove - The Flavours of Figtree Community Recipe E-Book was launched online for the first time as an E-book. It brings together much-loved recipes from across the Figtree Grove community, contributed between January to December 2020. As part of the launch, individual sampling boxes were provided to customers when they signed up to receive their free download.

Community events under the other three pillars have since been halted or postponed due to the COVID-19 situation. SPH REIT looks to reintroduce them at an appropriate time in the future.



**COVID-19 HIGHLIGHT:
SUPPORTING OUR TENANTS
AND THEIR BUSINESSES**

Tenant engagement and provision of rental assistance

With the emergence of community cases and clusters, the Singapore Government introduced Phase 2 (Heightened Alert) from 16 May to 13 June 2021. This impacted SPH REIT’s retail business due to measures such as cessation of dining-in at all F&B outlets. During this period, SPH REIT continued to support its F&B tenants with the extension of parking grace period to 30 minutes. This facilitates takeaways by shoppers as well as delivery platforms.

Throughout the year, we continued to engage with tenants to address their concerns and issues amid the trying times. Marketing communication plans and promotional campaigns were brought back from July 2021 onwards. As the situation remains uncertain, tenants are regularly updated about preventive measures to be taken in compliance with the advisories from authorities. At Figtree Grove, regular retailer, staff and contractor communication was carried out via email, phone and in-centre to show support and

ensure that all parties are kept up to date with the latest restrictions and government financial support, where applicable.

SPH REIT also provided targeted added rental relief to eligible tenants which complement the government’s grant.

Responsible reopening of our malls

In Singapore, since the introduction of Phase 2 (Heightened Alert), we have also stepped up cleaning frequency. Posters and infographics were prepared and displayed across all our malls and posted on social media platforms. SPH REIT has implemented the vaccination-differentiated safe management measures imposed by the Ministry of Health. The Property Management team continues to remain updated with the latest changes.

In Australia, Figtree Grove has also tapped on social media platforms and its website to communicate the latest safety messages to customers. At Westfield Marion, signages were displayed and regular announcements were broadcasted at the shopping mall to remind customers to practice good personal hygiene and social distancing measures.



COVID-19: IDENTIFYING THE SYMPTOMS

SYMPTOMS	COVID-19	COLD	FLU
Fever	Common	Rare	Common
Cough	Common	Common	Common
Runny Nose	Common	Common	Common
Shortness of breath	Common	No	No
Fatigue	Common	Common	Common
Headache & Pain	Common	No	Common
Stomach Issues	Common	Common	Common
Reddened or Swollen Eyes	Common	Common	Common
Sore throat	Rare	No	Common
Loss of taste or smell	Common	No	No
Diarrhoea	No	Common	No

TOGETHER WE CAN HELP STOP THE SPREAD AND STAY HEALTHY. For more information about Coronavirus (COVID-19) visit health.gov.au HELP STOP SPREAD

COVID-19 advisory posters displayed across Figtree Grove reminding shoppers of precautionary measures

SUSTAINABILITY REPORT

7. REPORTING WHAT MATTERS

About this Report [GRI 102-46, 102-48, 102-49, 102-50, 102-52, 102-54, 102-56]

This sustainability report discloses the sustainability performance of SPH REIT for 1 September 2020 to 31 August 2021 (“FY2021”), with FY2020 used for comparison where necessary. In FY2021, we have further expanded the reporting scope to include one new shopping mall in Australia – Westfield Marion. Changes to the reporting scope are detailed in the table below:

FY2018	
• Paragon	• The Clementi Mall
FY2019	
• Paragon	• The Clementi Mall
FY2020	
• Paragon	• The Rail Mall
• The Clementi Mall	• Figtree Grove Shopping Centre
FY2021	
• Paragon	• Figtree Grove Shopping Centre
• The Clementi Mall	• Westfield Marion Shopping Centre ^{NEW}
• The Rail Mall	

Energy and water consumption data at The Rail Mall are excluded as the amounts are insignificant.

This report has been prepared in accordance with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Mainboard Listing Rules 711(A) and 711(B), and aligned with the GRI Standards: Core option. The GRI Standards were chosen as it is an internationally-recognised

framework and the most adopted standard, encompassing a comprehensive range of ESG disclosures for sustainability reporting.

SPH REIT has not sought external assurance for this reporting period but will consider seeking external assurance for future sustainability reports as reporting matures over time.

The sustainability report should be read in conjunction with our Annual Report as further information such as the GRI Content Index will be available there. Please refer to the online version of our Annual Report at <http://sphreit.listedcompany.com/ar.html>

Feedback [GRI 102-53]

SPH REIT welcomes all feedback regarding our sustainability practices and performance as we seek to sustain and enhance our reporting. Please direct your enquiries and feedback to ir@sphreit.com.sg.

Sustainability Governance [GRI 102-18]

The Board has delegated the responsibility of overseeing, monitoring and reporting of SPH REIT’s material ESG Factors to the Audit & Risk Committee (“ARC”).

The Sustainability Steering Committee (“SSC”), comprising senior management, supports the ARC with the formulation of SPH REIT’s sustainability objectives and strategy, as well as manages and monitors overall sustainability performance.

Working alongside the SSC is the Sustainability Working Committee (“SWC”), which is made up of representatives from different business functions.

Collectively, they play a key role in ensuring sustainability practices are driven across SPH REIT.

FIGURE 2: SPH REIT'S SUSTAINABILITY GOVERNANCE STRUCTURE



Responsible Supply Chain [GRI 102-9]

SPH REIT recognises that our commitment to sustainability will benefit from collaborating with external partners such as suppliers who can enhance our impact on society and the environment. On the other hand, the procurement of unsustainable materials can negatively impact SPH REIT's reputation and ESG performance. As such, for all projects which we embark on, we strive to work with suppliers who are transparent, ethical, and environmentally and socially responsible.

We have implemented guidelines, which include SPH Group's Supplier Code of Conduct, to promote ethical behaviour and sustainability awareness among our suppliers. The Supplier Code of Conduct covers:

- Compliance with laws and regulations
- Ethical business dealings handled with integrity, transparency and honesty
- Confidentiality in accordance with the terms of contract
- Compliance with all applicable competition laws
- Meeting fair standards in the treatment of all employees and compliance with national laws on wages and working hours as well as international standards regarding child labour and minimum age
- Provision of a safe and healthy working environment for all its employees
- Strict compliance with local environmental laws and practices. During the COVID-19 situation, RPMS' appointed vendors have continued to provide the minimum service standards required to support the malls' operations in Singapore. There were no disruptions to the supply chain and material operations across all our properties.

In FY2021, RPMS' appointed vendors continued to be in compliance and maintained the minimum service standards required in Singapore. No disruptions to the supply chain and material operations were reported across all our properties.

SUSTAINABILITY REPORT

Stakeholder Engagement [GRI 102-13, 102-40, 102-42, 102-43, 102-44]

At SPH REIT, we believe that maintaining a strong and active stakeholder engagement is key towards achieving long-term growth, value creation and success. We build rapport and trust with our stakeholders through regular, timely engagement and communication to understand their concerns and expectations. Such engagement helps us in allocating resources appropriately in response to their needs. Table 2 highlights our key stakeholders, and the methods we adopt to engage with them and subsequently respond to their changing needs.

TABLE 2: SPH REIT'S STAKEHOLDER ENGAGEMENT

Key Stakeholders	Description	Engagement Methods	Key Issues of Interest	Corresponding Sections of the Annual Report
Customers and Tenants	To understand the needs of the tenants and customers, and work with tenants to enrich customer experience	<p>Singapore</p> <ul style="list-style-type: none"> • Management circulars and notices • Tenant bulletins • Tenant engagement activities • Informal dialogue and networking sessions <p>Australia</p> <ul style="list-style-type: none"> • Annual collaboration workshops • Visual merchandising, social media workshops and loyalty programme • Retailer Handbooks and regular notices 	<ul style="list-style-type: none"> • Shopping experience, that enhances the lifestyle • A safe and sustainable space • Contribution to local communities • Property tax rebates and rental reliefs to ease tenants' cashflow 	Sustainability Report
Unitholders and Investors	To obtain unitholders' support to our sustainability efforts, and help them understand our sustainability goals and efforts	<ul style="list-style-type: none"> • Release of financial results, operational updates, announcements, media releases, and other relevant disclosures through SGXNET, Annual Report and SPH REIT's website • Annual General Meeting • Extraordinary General Meeting, where necessary • Updates through one-on-one and group meetings and investor roadshows (held virtually where possible) • Online meetings with Unitholders and Investors 	<ul style="list-style-type: none"> • Economic performance and recovery of SPH REIT in a post-COVID-19 economy 	Financial Statements

Key Stakeholders	Description	Engagement Methods	Key Issues of Interest	Corresponding Sections of the Annual Report
Regulators	To communicate with regulators from time to time and ensure compliance with relevant laws and regulations	<ul style="list-style-type: none"> • Industry networking functions • Annual regulatory audits • Compliance with mandatory reporting requirements and newly-introduced COVID-19 requirements 	<ul style="list-style-type: none"> • Economic performance • Regulatory and Socioeconomic compliance 	Corporate Governance Report
Employees	To provide a working environment that provides fair remuneration, equal treatment, safe and healthy working conditions, and career development opportunities	<ul style="list-style-type: none"> • Human Resources Policies and Practices • Employee grievance mechanism • Daily communications done virtually, bi-weekly check-ins from supervisors 	<ul style="list-style-type: none"> • Remuneration, compensation and benefits • Fair and equal employment opportunities • Training and career development programmes • Safe and healthy working environment • Job security amidst COVID-19 crisis and economic downturn 	Sustainability Report
Contractors and Suppliers	To build mutually beneficial and long-lasting business relationships	<ul style="list-style-type: none"> • Regular communications directly with the suppliers 	<ul style="list-style-type: none"> • Collaborative partnerships with SPH REIT 	Sustainability Report
Local Community	To be a responsible corporate citizen that serves the local community	<ul style="list-style-type: none"> • Community outreach programmes and charitable events (<i>held in accordance with latest COVID-19 regulations</i>) <p>Singapore</p> <ul style="list-style-type: none"> • While all in-mall atrium events have been cancelled, messages on being socially responsible during the COVID-19 period have been displayed across malls and their respective social media platforms <p>Australia</p> <ul style="list-style-type: none"> • All in-mall events have been downsized and modified to adhere to social distancing restrictions, while messages on being socially responsible during the COVID-19 period have been displayed across malls and their respective social media platforms 	<ul style="list-style-type: none"> • Contribution to local communities 	Sustainability Report

SUSTAINABILITY REPORT

Materiality [GRI 102-47]

The principle of materiality is an essential filter which allows us to determine the ESG factors which are of significance to our stakeholders and our business.

The following summarises our approach towards materiality assessment.

FIGURE 3: MATERIALITY ASSESSMENT PROCESS

FY2018

In FY2016, SPH Group went through an extensive list of ESG factors identified based on industry, peers and sustainability megatrends.

Key executives of SPH REIT came together to prioritise and validate these material ESG factors based on their relative importance to SPH REIT's business as well as the different perspectives of a REIT, REIT Manager and Property Manager.

Three ESG material factors (Energy Usage, Water Usage and Local Communities) were identified, approved by the Board and reported in FY2018.

FY2019

A review of the material ESG factors was conducted, incorporating inputs from various business functions and internal stakeholders.

To present a more holistic view of sustainability at SPH REIT, three additional ESG factors (Corporate Governance, Health and Safety of Stakeholders, and Data Privacy) were identified as material and disclosed in FY2019.

FY2020

With the expansion of the reporting scope to include The Rail Mall in Singapore and Figtree Grove in Australia, the six existing material ESG factors were reviewed by Management on its relevance to the business.

The six material ESG factors have been subsequently approved by the Board.

FY2021

In FY2021, we expanded the reporting scope to include Westfield Marion in Australia. The six existing material ESG factors were reviewed by the Management and determined to be of relevance to SPH REIT's business operations.

These six material ESG factors were presented to the Board for their approval and have been included in this Sustainability Report.

8. GRI CONTENT INDEX [GRI 102-55]

General Standard Disclosures			
GRI Standard	Disclosure	Section of Report and / or Explanation for Omission	Pg.
GRI 102: General Disclosures 2016	Organisational profile		
	102-1	Name of the organisation	Corporate Profile 2-3
	102-2	Activities, brands, products, and services	Corporate Profile 2-3
	102-3	Location of headquarters	Corporate Directory Inside back cover
	102-4	Location of operations	Corporate Profile 2-3
	102-5	Ownership and legal form	Corporate Profile 2-3
	102-6	Markets served	Corporate Profile 2-3
	102-7	Scale of the organisation	Financial Highlights Profile of our Workforce 4-5 78
	102-8	Information on employees and other workers	Profile of our Workforce 78
	102-9	Supply chain	Responsible Supply Chain 91
	102-10	Significant changes to the organisation and its supply chain	There are no significant changes to the organisation and its supply chain
	102-11	Precautionary Principle or Approach	Risk Management 99-101
	102-12	External Initiatives	Profile of our Workforce 78
	102-13	Membership of Associations	<ul style="list-style-type: none"> REIT Association of Singapore (“REITAS”) Orchard Road Business Association (“ORBA”)
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102-14	Statement from senior decision-maker	Statement by Chairman and CEO	8-11
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Vision and Mission Corporate Governance	Inside front cover 102-124
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102-18	Governance structure	Sustainability Governance	91
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement	92-93
102-41	Collective bargaining agreements	Profile of our Workforce	78
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102-44	Key topics and concerns raised	Stakeholder Engagement	92-93

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General Standard Disclosures				
GRI Standard	Disclosure		Section of Report and / or Explanation for Omission	Pg.
GRI 102: General Disclosures 2016	Reporting Practice			
	102-45	Entities included in the consolidated financial statements	Financial Statements	165
	102-46	Defining report content and topic Boundaries	About this Report	90
	102-47	List of material topics	Materiality	94
	102-48	Restatements of information	About this Report	90
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	102-50	Reporting period	About this Report	90
	102-51	Date of most recent report	31 August 2021	
	102-52	Reporting cycle	About this Report	90
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	102-54	Claims of reporting in accordance with the GRI Standards	About this Report	90
	102-55	GRI content index	GRI Content Index	95-98
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Material Topics				
GRI Standard	Disclosure		Section of Report and / or Explanation for Omission	Pg.
Corporate Governance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability at SPH REIT Corporate Governance	72 74-76
	103-2	The management approach and its components	Sustainability at SPH REIT Corporate Governance	72 74-76
	103-3	Evaluation of the management approach	Corporate Governance	74-76
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Anti-corruption	75
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Regulatory Compliance	75

Material Topics				
GRI Standard	Disclosure		Section of Report and / or Explanation for Omission	Pg.
Data Privacy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability at SPH REIT Data Privacy	72 76
	103-2	The management approach and its components	Sustainability at SPH REIT Data Privacy	72 76
	103-3	Evaluation of the management approach	Data Privacy	76
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy	76
Health and Safety of Stakeholders				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability at SPH REIT Health and Safety of Stakeholders	73 78-81
	103-2	The management approach and its components	Sustainability at SPH REIT Health and Safety of Stakeholders	73 78-81
	103-3	Evaluation of the management approach	Health and Safety of Stakeholders	78-81
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Health and Safety of Stakeholders	78-81
	403-2	Hazard identification, risk assessment and incident investigation	Health and Safety of Stakeholders	78-81
	403-3	Occupational Health Services	Health and Safety of Stakeholders	78-81
	403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety of Stakeholders	78-81
	403-5	Worker training on Occupational Health and Safety	Health and Safety of Stakeholders	78-81
	403-6	Promotion of worker health	Health and Safety of Stakeholders	78-81
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety of Stakeholders	78-81
	403-9	Work-related injuries	Health and Safety of Stakeholders	80
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health and Safety of Stakeholders	80

SUSTAINABILITY REPORT

Material Topics				
GRI Standard	Disclosure		Section of Report and / or Explanation for Omission	Pg.
Energy Usage				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability at SPH REIT Energy and Emissions	73 82-83
	103-2	The management approach and its components	Sustainability at SPH REIT Energy and Emissions	73 82-83, 85
	103-3	Evaluation of the management approach	Energy and Emissions	82-83, 85
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Energy and Emissions	83, 85
	302-3	Energy Intensity	Energy and Emissions	83, 85
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG Emissions	Energy and Emissions	83, 85
	305-4	GHG emissions intensity	Energy and Emissions	83, 85
Water Usage				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability at SPH REIT Water	73 83-85
	103-2	The management approach and its components	Sustainability at SPH REIT Water	73 83-85
	103-3	Evaluation of the management approach	Water	83-85
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Water	83-84
	303-2	Management of water discharge-related impacts	Water	83-84
	303-3	Water withdrawal	Water	83-85
Local Communities				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability at SPH REIT Impact on Local Communities	73 86-89
	103-2	The management approach and its components	Sustainability at SPH REIT Impact on Local Communities	73 86-89
	103-3	Evaluation of the management approach	Impact on Local Communities	86-89
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Impact on Local Communities	86-89



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.

The current risk management framework follows a general principle of identification, measurement, monitoring and mitigation where possible on different types of risks. This framework assists the Board and the Manager to assess, mitigate and monitor risks with the objective of capital preservation and ensures 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 overseeing the proper implementation and maintenance of the risk management programme, and 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.

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

- Risks can be managed but cannot be totally eliminated.
- 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.

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 risk management 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.

COVID-19 Risks

In the light of COVID-19 which has commenced since early last year and spread worldwide, the Manager has since identified the emerging new risks, assessed the potential impact on the businesses and undertook initiatives to address these risks.

The Manager has implemented telecommuting and split team operations for the employees. Measures were also taken to intensify the cleaning and disinfecting of the assets as well as instituting safe distancing to limit crowding. Besides compliance with the various government regulations and relief schemes, the Manager has also introduced various initiatives for tenants to help mitigate the effects of declining footfall and sales. These include tailored relief assistances depending on

RISK MANAGEMENT

individual tenant's circumstances, as tenants with different trade types have different operating metrics. For financial flexibility, additional credit facilities have also been secured to be utilised when the need arises. The Manager has held regular meetings on crisis management to address the above and other business risks to maintain the long-term sustainability of the assets.

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 minimise adverse financial impact on 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

Apart from the added COVID-19 measures mentioned above, all other day-to-day operations are governed by relevant policies and Standard Operating Procedures ("SOPs") and benchmarked against industry best practices which include structured reporting and monitoring processes to mitigate operational risks and safeguard 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 practices risk transfer by procuring relevant insurance policies to mitigate certain financial losses.

Outsourcing Risks

In Australia, the Manager relies on the appointed investment and property

managers for the day-to-day running of Westfield Marion Shopping Centre and Figtree Grove Shopping Centre. Operational risks associated with offshore investments are reduced through the engagement of reputable outsourced operators with strong localised experience in Australia.

Regular reports are received from, and meetings are scheduled with, the appointed managers for purposes of reviewing performance and agreeing on actions for further improvement. The fees payable to these outsourced parties are structured to include variable component that is linked to performance to ensure greater alignment of interests.

Credit Risks

All leases are subject to prior assessment of business proposition and credit risk involved. To further mitigate risks, security deposits in the form of cash or banker's guarantees are obtained where appropriate with due consideration of the tenant's financial strength and market practices. Debtor balances and collection trends are closely monitored for necessary follow up actions.

Financing, Interest Rate and Foreign Exchange Risks

The Manager proactively manages the financing risk of SPH REIT by ensuring that 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 borrowings.

The Manager monitors the portfolio exposure to interest rate fluctuations arising from floating rate borrowings and hedges its exposure by way of interest rate swaps and fixed rate loans.

In addition, the gearing limit and interest coverage ratio are monitored to ensure compliance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS"). Foreign exchange exposure arising from overseas investments has also been largely hedged by matching funding in either same currency financing or cross currency swap arrangements.

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 facilities with more than one reputable bank of good 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 approval. 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 the implementation of operational and business processes to minimise inadvertent contravention of applicable legislations and regulations, 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, and offices, including any business and public services.

In Singapore, appropriate steps are taken to ensure compliance with the Cybersecurity Act and the Personal Data Protection Act 2012 ("PDPA"). In light of the new changes to the Data Privacy Act made effective from February

2021, we have since revised our internal policies to align with the latest regulations. In Australia, the investment and property managers also have contractual obligations to ensure compliance with the Privacy Act 1988.

The Monetary Authority of Singapore ("MAS") issued the Guidelines on Environment Risk Management on 20 December 2020 and have provided an 18 months transition period for the implementation. The Manager will incorporate the requirements and necessary disclosures into the FY2022 annual report.

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 behavior, and the 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 whistleblowing 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 IT systems to address such threats. In this respect, IT policies are in place 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.

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 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.

SPH REIT’s corporate governance policies and practices are in accordance with the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the “MAS”) on 6 August 2018 (the “2018 Code”). The Manager has adhered to the principles and provisions of the 2018 Code in all material aspects. In so far as any provision has not been complied with, the reason has been provided. 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 Markets 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, the Code on Collective Investment Schemes (including Appendix 6) issued by the MAS (the “CIS Code”), 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.

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: The Manager is headed by an effective Board which is collectively responsible and works with Management for the long-term success of SPH REIT.

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 and holds Management accountable for performance. The Board also sets the values and ethical standards of SPH REIT as well as considers sustainability issues relevant to its business, its stakeholders, and its impact on the environment.

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 Unitholders and SPH REIT's assets.

A letter explaining a director's duties and obligations is issued to every new Director upon appointment. The letter sets out the Director's roles and responsibilities, including disclosure requirements and best practices relating to dealings in securities under applicable laws and regulations.

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 half-yearly 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.

CORPORATE GOVERNANCE

Board and Board Committee Attendance

The Board meets on a quarterly basis and as warranted by particular circumstances. Six Board meetings were held in the financial year ended 31 August 2021 ("FY2021") 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 half and full-year results. For the quarter where no financial report was issued, the Board reviewed and approved the operational and performance update for that quarter. 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 below. 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.

Apart from the Board meetings, the Management had also organised five regular management update meetings to brief the Directors on the impact of COVID-19 on its operations and financial performance, and the relevant legislation and regulations imposed on the malls in Singapore and Australia.

The Directors recognize that they are fiduciaries and are expected to exercise independent judgment in the best interests of SPH REIT and have consistently discharged this duty in all relevant matters.

DIRECTORS' ATTENDANCE AT BOARD, AUDIT AND RISK COMMITTEE AND NOMINATING AND REMUNERATION COMMITTEE (FOR FY2021)

Directors' attendance at the Board, ARC and NRC meetings for the period from 1 September 2020 to 31 August 2021.

Name of Director	Board	Audit & Risk Committee	Nominating & Remuneration Committee
Leong Horn Kee Board Chairman (Appointed on 10 June 2013)	6 out of 6	4 out of 4	4 out of 4
Soon Tit Koon Audit & Risk Committee Chairman (Appointed on 10 June 2013)	6 out of 6	4 out of 4	4 out of 4
David Chia Chay Poh* Nominating & Remuneration Committee Chairman (Appointed from 10 June 2013 to 1 December 2020)	1 out of 1	1 out of 1	1 out of 1
Trina Loh Soh Yong^ Nominating & Remuneration Committee Chairman (Appointed on 1 December 2020)	5 out of 5	3 out of 3	3 out of 3
Hoo Sheau Farn (Appointed on 26 September 2018)	6 out of 6	4 out of 4	4 out of 4
Ng Yat Chung (Appointed on 1 August 2017)	6 out of 6	4 out of 4	4 out of 4
Ginney Lim May Ling (Appointed on 10 June 2013)	6 out of 6	4 out of 4	4 out of 4
Chua Hwee Song (Appointed on 30 November 2018)	6 out of 6	4 out of 4	4 out of 4

* Mr David Chia Chay Poh stepped down as a Non-Executive and Independent Director with effect from 1 December 2020. He served as member of the ARC and Chairman of the NRC until 1 December 2020.

^ Mrs Trina Loh Soh Yong was appointed as a Non-Executive and Independent Director, a member of the ARC and Chairman of the NRC with effect from 1 December 2020.

Access to Information

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

The Board is provided with monthly and quarterly reports (where applicable) and half-yearly reports encompassing management reports, financial statements, progress reports of SPH REIT's business operations, as well as analysts' reports. The full-year and half-year results announcements and annual budget are presented to the Board for approval. Financial results are compared against the immediate preceding 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. Because of the COVID-19 situation, Directors received more regular updates through management update meetings. 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 and the property management team, when appropriate, attend 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 be 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 and attends all Board meetings and prepares minutes of the Board proceedings. The Company Secretary 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.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of SPH REIT.

Currently, the Board comprises seven Directors, of whom four are independent Directors and three are non-independent non-executive Directors. Each Director has been appointed on the strength of his/her calibre, expertise 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 the Board to better identify possible risks, raise challenging questions, and contribute to strategic direction and 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.

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The current composition of the Board and the Board Committees is set out below:

Name of Director	Board	Audit & Risk Committee	Nominating & Remuneration Committee
Leong Horn Kee Board Chairman (Appointed on 10 June 2013)	Chairman and Non-Executive Independent Director	–	Member
Soon Tit Koon (Appointed on 10 June 2013)	Non-Executive Independent Director	Chairman	Member
Trina Loh Soh Yong (Appointed on 1 December 2020)	Non-Executive Independent Director	Member	Chairman
Hoo Sheau Farn (Appointed on 26 September 2018)	Non-Executive Independent Director	Member	Member
Ng Yat Chung (Appointed on 1 August 2017)	Non-Independent, Non-Executive Director	–	Member
Ginney Lim May Ling (Appointed on 10 June 2013)	Non-Independent, Non-Executive Director	–	Member
Chua Hwee Song (Appointed on 30 November 2018)	Non-Independent, Non-Executive Director	–	Member

The Board Diversity Policy sets out the Manager's approach to diversity on its Board. In identifying qualified and suitable candidates for appointment to the Board, the NRC will consider candidates on merit against the objective criteria set and with due regard for the benefits of diversity on the Board. Under this policy, NRC will review the relevant objectives for promoting and achieving diversity on the Board and make recommendations for approval by the Board. NRC will review this policy from time to time as appropriate.

The Board considers that its present size is appropriate, facilitating effective decision making and allowing for a balanced exchange of views, robust deliberations and debates among members, and effective oversight over Management. The Board also includes three female Directors in recognition of the importance of gender diversity. The current Board composition reflects a diversity of gender, age, skills and knowledge.

The independence of each Director is assessed by the Board in accordance with Provision 2.1 of the 2018 Code and the Securities and Futures (Licensing and Conduct of Business) Regulations.

Key information regarding the Directors, including directorship and chairmanship (both present and those held over the preceding five years) in other listed companies, and other principal commitments, are set out in the Board of Directors' section and on pages 16 to 20.

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.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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 exchanges and sharing 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 part of the management team and is an independent Director.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

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 finance 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.

Provision 4.5 of the 2018 Code recommends that the NRC and the Board assess the ability of each Director to diligently discharge his or her duties if he or she holds a significant number of listed company directorships and principal commitments and disclose the assessment 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 fulltime employment and their other responsibilities.

CORPORATE GOVERNANCE

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.

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.

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

Training for Directors

Upon the appointment of a Director, he is provided with a 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 update them on matters that affect or may enhance their performance as Board or Board Committee members. The NRC also reviews and recommends to the Board training and professional development programmes for the Directors.

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 FY2021, Directors were provided with or underwent training in various areas including regulatory updates such as risk management, impact of COVID-19 and business sustainability and data-driven digital commerce. Directors also attended Directors conferences and seminars on audit committees that were organised by the Singapore Institute of Directors.

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.

Review of Directors' Independence

The NRC will review annually and as and when circumstances require, whether a Director is considered an independent director based on the 2018 Code, the SGX-ST Listing Manual, the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB) Regulations") and the MAS Guidelines No. SFA04-G07 "Guidelines to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" dated 1 January 2016 (collectively, the "Relevant Requirements").

Under the 2018 Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholders or the substantial unitholders of SPH REIT or the Manager's officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Unitholders. Under the SGX-ST Listing Manual, a director is deemed not to be independent if (i) he or she is employed by the Manager, its related corporations or the Trustee for the current or any of the past three financial years; or (ii) he or she has an immediate family member who is, or has been in any of the past three financial years, employed by the Manager, any of its related corporations or the Trustee and whose remuneration is determined by the NRC.

The NRC and the Board have established a process for assessing the independence of Directors. As part of the process, each of the relevant non-executive Directors is required to confirm, upon appointment, as well as on an annual basis, that there are no material relationships which would render him or her non-independent. The confirmations are reviewed by the Board during which the Board also considers the Directors' respective contributions at Board meetings.

CORPORATE GOVERNANCE

The Board has also carefully considered the disclosures required under the SF(LCB) Regulations in relation to the Directors' independence, and its views are as follows:

Name of Director	Had been independent from the management of the Manager and SPH REIT during FY2021	Had been independent from any business relationship with the Manager and SPH REIT during FY2021	Had been independent from every substantial shareholder of the Manager and every substantial unitholder of SPH REIT during FY2021	Had not been a substantial shareholder of the Manager or a substantial unitholder of SPH REIT during FY2021	Had not served as a director of the Manager for a continuous period of 9 years or longer as at the last day of FY2021
Leong Horn Kee	✓	✓	✓	✓	✓
Soon Tit Koon	✓	✓	✓	✓	✓
Trina Loh Soh Yong	✓	✓	✓	✓	✓
Hoo Sheau Farn ¹	✓		✓	✓	✓
Ng Yat Chung ²				✓	✓
Ginney Lim May Ling ³				✓	✓
Chua Hwee Song ⁴				✓	✓

- Ms Hoo Sheau Farn is a partner of Allen & Gledhill LLP ("A&G"). A&G received payments from the SPH Group in FY2021. Hence, pursuant to the SF(LCB) Regulations, Ms Hoo is deemed not to be independent from any business relationship with the Manager and SPH REIT. Notwithstanding the foregoing, the Board, in consultation with the NRC, is of the view that Ms Hoo should nevertheless be regarded as an independent director of the Manager as Ms Hoo has less than 5% share in A&G and was not involved in any of the matters handled by A&G for the SPH Group and the legal fees received by A&G was not substantive in relation to its total earnings. Further, the Board is satisfied that as at 31 August 2021, Ms Hoo was able to act in the best interests of all the unitholders of SPH REIT as a whole.
- Mr Ng Yat Chung is an executive director and the CEO of SPH (the Sponsor) as well as a director of various subsidiaries of SPH. SPH wholly-owns the Manager and is a substantial unitholder of SPH REIT. Hence, pursuant to the SF(LCB) Regulations, during FY2021, Mr Ng is deemed (i) not to be independent from the management of the Manager and SPH REIT by reason of his employment at SPH; (ii) not to be independent from any business relationship with the Manager and SPH REIT by reason of the payments which the Trustee or the Manager or the Manager's related corporations made to and/or received from SPH; and (iii) not to be independent from every substantial shareholder of the Manager and every substantial unitholder of SPH REIT by reason of his employment at SPH and his directorships in SPH and its subsidiaries. Notwithstanding the foregoing, the Board is satisfied that, as at 31 August 2021, Mr Ng was able to act in the best interests of all the unitholders of SPH REIT as a whole.
- Ms Ginney Lim May Ling is the General Counsel of SPH (the Sponsor) as well as a director of various subsidiaries of SPH. SPH wholly-owns the Manager and is a substantial unitholder of SPH REIT. Hence, pursuant to the SF(LCB) Regulations, during FY2021, Ms Lim is deemed (i) not to be independent from the management of the Manager and SPH REIT by reason of her employment at SPH; (ii) not to be independent from any business relationship with the Manager and SPH REIT by reason of the payments which the Trustee or the Manager or the Manager's related corporations made to and/or received from SPH; and (iii) not to be independent from every substantial shareholder of the Manager and every substantial unitholder of SPH REIT by reason of her employment at SPH and her directorships in SPH's subsidiaries. Notwithstanding the foregoing, the Board is satisfied that, as at 31 August 2021, Ms Lim was able to act in the best interests of all the unitholders of SPH REIT as a whole.
- Mr Chua Hwee Song is the CFO of SPH (the Sponsor) as well as a director of various subsidiaries of SPH. SPH wholly-owns the Manager and is a substantial unitholder of SPH REIT. Hence, pursuant to the SF(LCB) Regulations, during FY2021, Mr Chua is deemed (i) not to be independent from the management of the Manager and SPH REIT by reason of his employment at SPH; (ii) not to be independent from any business relationship with the Manager and SPH REIT by reason of the payments which the Trustee or the Manager or the Manager's related corporations made to and/or received from SPH; and (iii) not to be independent from every substantial shareholder of the Manager and every substantial unitholder of SPH REIT by reason of his employment at SPH and his directorships in SPH's subsidiaries. Notwithstanding the foregoing, the Board is satisfied that, as at 31 August 2021, Mr Chua was able to act in the best interests of all the unitholders of SPH REIT as a whole.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

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

The NRC reviews the performance of the Board, Board Committees and individual Director on an annual basis, based on the objective performance criteria and evaluation process recommended by the NRC and approved by the Board from time to time.

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 FY2021, 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.

Individual Director Evaluation

For FY2021, the NRC also conducted a peer evaluation to assess the performance of individual Directors. The Board Chairman 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 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 FY2021 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. The NRC reviews and recommends to the Board the succession plans for the Directors as well as the CEO. Board succession planning is carried out through the annual review of the Board's composition as well as when a Director gives notice of his or her intention to retire or resign.

CORPORATE GOVERNANCE

REMUNERATION MATTERS

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of SPH REIT, taking into account the strategic objectives of SPH REIT.

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

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 Mrs Trina Loh 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 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.

The NRC is responsible for the annual review of the Manager's remuneration policy, its implementation and ensuring compliance with relevant legislation and regulation. In particular, the remuneration policy should reflect these key objectives:

1. Unitholder alignment: to ensure that performance measures are aligned to Unitholders' interest;
2. Alignment with performance: variable compensation takes into account financial performance and achievement of non-financial goals; and
3. Competitiveness: Employees receive compensation and benefits packages, which are reviewed annually and benchmarked to the external market.

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. Following the 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.

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[^]	10,108	3,285	3,032 Chairman	16,425
Trina Loh Soh Yong^{^^}	30,000	9,750	9,000 Chairman	48,750
Hoo Sheau Farn	40,000	13,000	7,000	60,000
Ng Yat Chung[*]	40,000		7,000	47,000
Chua Hwee Song[*]	40,000		7,000	47,000
Ginney Lim May Ling[*]	40,000		7,000	47,000
Total Fees	310,108	46,035	54,032	410,175

[^] Mr David Chia Chay Poh stepped down as a Non-Executive and Independent Director with effect on 1 December 2020. He served as member of the ARC and Chairman of the NRC until 1 December 2020.

^{^^} Mrs Trina Loh Soh Yong was appointed as a Non-Executive and Independent Director, a member of the ARC and Chairwoman of the NRC with effect from 1 December 2020.

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

Directors' fees comprise a basic retainer fee and fees in respect of service on Board Committees. The Directors' fees are appropriate for 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. Whilst there are no unit-based compensation schemes in place for non-executive Directors, the NRC may 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 FY2021.

No employee of the Manager whose remuneration exceeded \$100,000 in FY2021 was a substantial shareholder of the Manager, substantial unitholder of SPH REIT or immediate family member of a Director, the CEO or a substantial shareholder of the Manager or substantial unitholder of SPH REIT. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

CORPORATE GOVERNANCE

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 key management personnel comprising a fixed component, a variable component, benefits-in-kind and unit-based components. 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.

For the Manager, long term incentive-based compensation in the form of Unit awards 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. Unit awards were granted in FY2020 pursuant to the Manager's Performance Unit Plan approved by the Board.

The NRC may seek expert advice inside and/or outside of the Manager on remuneration of Directors and staff. It will ensure 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.

In FY2021, an independent remuneration consultant, Willis Towers Watson, provided professional advice on Board and executive remuneration. Willis Towers Watson is a leading global advisory, broking and solutions company with over 45,000 employees serving more than 140 countries and markets. The consultant is not related to the Manager, its controlling shareholder, its related corporations or any of its Directors.

KEY MANAGEMENT PERSONNEL'S REMUNERATION

The 2018 Code and the Notice to All Holders of a Capital Markets Services 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 considered this matter carefully and decided against the disclosure of the CEO and key executive officers in dollar terms due to the confidential and commercial sensitivities associated with remuneration matters. Such a disclosure would also not be in the interest of the Manager due to the intense competition for talents in the industry. The Manager is making available, remuneration of the CEO and Key Management Personnel in bands of S\$250,000, as indicated in the tables on the next page. The "Key Management Personnel" includes the Chief Financial Officer, Senior Investment Manager and Senior Asset Manager and any other persons deemed a "Key Management Personnel" by the NRC.

The Board is of the view that the disclosure of the aforescribed information as set out below and the other disclosures in this Report is consistent with the intent of Principle 8 of the 2018 Code and provides sufficient information and transparency to Unitholders on the Manager's remuneration policies, the level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Table 1 – Chief Executive Officer's Remuneration Table for FY2021

Remuneration Band of CEO (Ms Susan Leng Mee Yin) (S\$)	Based/Fixed Salary (%)	Variable or Bonuses (%)	Benefits in Kind (%)	Units* (%)	Total (%)
Between 500,001 to 750,000	62.90	24.26	0.07	12.77	100

Table 2 – Key Management Personnel's Remuneration Table for FY2021

Remuneration Band of Key Management Personnel (excluding CEO) (S\$)	No. of Executives	Based/Fixed Salary (%)	Variable or Bonuses (%)	Benefits in Kind (%)	Units* (%)	Total (%)
Between 1 to 250,000	3	86.33	12.28	0.13	1.26	100

Notes:

- 1 The Manager has less than five key management personnel other than the CEO.
- 2 The remuneration of CEO and key management personnel was borne by the Manager.
- * Based on the market price of the SPH REIT units when the SPH REIT units were credited into the employees' CDP accounts in FY2021.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management and Internal controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of SPH REIT and its Unitholders.

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 99 to 101 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 for SPH REIT, 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 adequacy and effectiveness of SPH REIT's risk management and internal control systems.

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;
- Manager's risk management and internal controls were effective as at the end of the financial year; and
- financial records have been properly maintained and the financial statements give a true and fair view of SPH REIT's operations and finances.

The Board has received the CEO and CFO's letter of assurance that:

- (a) SPH REIT's financial records have been properly maintained and the financial statements for the period under review give a true and fair view of SPH REIT's operations and finances;
- (b) the system of risk management and internal controls within the Manager is adequate and effective in addressing the risks which the Manager considers relevant and material to its business operations.

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, CEO, CFO, 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 2021 to address financial, operational, compliance and information technology risks, which the Manager considers relevant and material to SPH REIT's operations.

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

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 trading "black-out" periods. The "black-out" periods are the one-month periods prior to the announcement of the half year and the full year financial statements of SPH REIT. 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. The Manager would issue reminders to its Directors, relevant officers and employees on the restrictions in dealing in SPH REIT units as set out above.

CORPORATE GOVERNANCE

Audit and Risk Committee

Principle 10: The Board has an audit committee which discharges its duties objectively.

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 Mrs Trina Loh and Ms Hoo Sheau Farn.

The Board is of the view that the members of the ARC have sufficient 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 2018 Code including the following:

- (a) reviewing the annual audit plans and audit reports of external and internal auditors;
- (b) reviewing the financial statements of SPH REIT before they are submitted to the Board for approval;
- (c) reviewing the assurance from the CEO and CFO on the financial records and financial statements;
- (d) 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;
- (e) reviewing the auditors' evaluation of the system of internal accounting controls;
- (f) reviewing at least annually and reporting to the Board the adequacy and effectiveness of the Manager's internal controls, including financial, operational, compliance and information technology controls;
- (g) reviewing the adequacy, scope, results and effectiveness of the internal audit function;
- (h) reviewing the adequacy, 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;
- (i) 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;
- (j) reviewing the Manager's whistleblowing policy, and ensuring that channels are open for possible improprieties to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (k) overseeing any internal investigation into cases of fraud and irregularities;
- (l) reviewing interested person transactions;
- (m) approving (or participating in) the hiring, removal, evaluation and compensation of the head of the internal audit function;
- (n) ensuring that the internal audit function is adequately resourced and has adequate support within the Manager; and
- (o) overseeing the risk management function of the Manager to ensure the adequacy and effectiveness of risk management processes in safeguarding the interest of SPH REIT.

The ARC has the authority to investigate any matter within its terms of reference and has full access to 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-appointment. The aggregate amount of fees paid to the external auditors for FY2021 was S\$460,000, comprising fees paid for audit and non-audit services of S\$388,000 and S\$72,000 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.

The half-year and full-year 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 financial statements prior to endorsing and recommending their release to the Board. Management's assessment of fraud risks, adequacy of the whistle-blower arrangements and whistle-blower complaints are reviewed by the ARC.

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 affected 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 2021.

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. The committee 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 FY2021, and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found above.

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 guide the ethical conduct of its employees.

Whistleblowing Policy

The Manager has a Whistleblowing Policy & Procedure in place to allow staff and external parties such as suppliers, tenants, customers, contractors and other stakeholders, to raise concerns or observations about possible irregularities in confidence to the Manager, 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 sets out the reporting mechanisms and include the contact details of the Receiving Officer, to whom staff and external parties may raise their concerns. Complaints raised to the other parties within the Manager will be directed to the Receiving Officer, who is responsible for maintaining a centralized repository of all reported cases and ensuring that issues raised are properly resolved.

CORPORATE GOVERNANCE

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. The Manager is committed to ensuring protection of whistleblowers against detrimental or unfair treatment, and the policy requires every effort to be made to ensure that confidentiality is maintained throughout the process (including in respect of the whistleblower's identity).

Whilst the Receiving Officer is tasked with investigating whistleblowing reports, the ARC is responsible for the oversight and monitoring of Manager's compliance with the Whistleblowing Policy.

Internal Audit

The internal audit of the Manager is a function outsourced to 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.

The IAD is staffed with five audit managers, including the Head of Internal Audit. All IAD staff have professional qualifications and are members of the Institute of Singapore Chartered Accountants ("ISCA") and/or Institute of Internal Auditors ("IIA"). Some IAD staff are also Certified Information Systems Auditors ("CISA"). All IAD staff have to adhere to a set of code of ethics adopted from the IIA. IAD is guided by the International Standards for the Professional Practice of Internal Auditing 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 in relation to the Manager's and SPH REIT's audit matters. IAD has unrestricted direct access to all the Manager's and SPH REIT's documents, records, properties and personnel. IAD's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel and the external auditor. The ARC reviews and approves the annual internal audit plans and resources to ensure that IAD has the necessary resources to adequately perform its functions. The ARC is satisfied that IAD is adequately resourced, effective and independent of the activities it audits.

UNITHOLDER RIGHTS & ENGAGEMENT

UNITHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

Principle 11: The Manager treats all Unitholders fairly and equitably in order to enable them to exercise Unitholder's rights and have the opportunity to communicate their views on matters affecting SPH REIT. The Manager gives Unitholders a balanced and understandable assessment of its performance, position and prospects.

Engagement with Unitholders

Principle 12: The Manager communicates regularly with its Unitholders and facilitates the participation of Unitholders during general meetings and other dialogues to allow Unitholders to communicate their views on various matters affecting SPH REIT.

Managing Stakeholders Relationships

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of SPH REIT are served.

The Manager is committed to treating all Unitholders fairly and equitably and keeping all Unitholders and other stakeholders and analysts informed of the performance of 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. SPH REIT aims to provide sustainable and progressive dividend payouts.

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 key business and operational updates (where applicable) and half-year and full year results. During these briefings, Management will review SPH REIT's most recent developments and performance as well as discuss the business outlook for SPH REIT. In line with the Manager's objective of equal dissemination and transparent communication, briefing materials are simultaneously released on SGXNET and also made available at SPH REIT's website.

In view of the COVID-19 pandemic, SPH REIT's 7th AGM held in FY2020 was, and the forthcoming 8th AGM scheduled for 24 November 2021 ("AGM 2021") will be, held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (COVID-19 Temporary Measures Order). Alternative arrangements relating to attendance at the AGM 2021 including arrangements by which AGM 2021 can be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of AGM 2021, addressing of substantial and relevant questions prior to or at AGM 2021 and voting by appointing the chairman of the meeting as proxy at the AGM 2021) are set out in the Manager's notice of AGM 2021 dated 27 October 2021.

The description below sets out SPH REIT's usual practice for general meetings when there are no pandemic risks and the COVID-19 Temporary Measures Order is not in operation.

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 on SPH REIT's website through which the Manager communicates and engages with Unitholders.

The Manager has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communications with Unitholders. The investor relations policy sets out the mechanism through which Unitholders may contact the Manager with questions and through which the Manager may respond to such questions.

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 assist the voting process and verify and tabulate votes after each resolution. The results of the electronic poll voting are 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 general meetings to allow Unitholders the opportunity to air their views and ask Directors or Management questions regarding SPH REIT. The external auditors also attend the general meetings to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditors' report.

CORPORATE GOVERNANCE

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.

Additional Information

Sustainability Reporting

The Board has delegated to the ARC the task of overseeing and monitoring the management and reporting of SPH REIT's material environmental, social and governance (ESG) factors. Please refer to the Sustainability Report on pages 72 to 98 of this Annual Report, which sets out information on the Manager's approach in identifying, engaging and managing its relationships with its material stakeholder groups, and the Manager's strategy and key areas of focus in sustainability in its management of stakeholder relationships during FY2021.

Interested Person Transactions

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

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 CIS Code;
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 CIS Code 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 terms of 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 FY2021 which are subject to disclosure requirements under the SGX-ST Listing Manual can be found on page 206 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 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.
- (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 must 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.

CORPORATE GOVERNANCE

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 net property income (“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 that the Manager takes 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.

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 activities involve rigorous and disciplined assessment taking into consideration the valuation, yields, value enhancement potential, and continuing performance of each available 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 for a non-Related Party acquisition.

As required by the CIS Code, 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 facilitating due diligence exercises 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 CIS Code, 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.



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REPORT OF THE TRUSTEE

For the financial year ended 31 August 2021

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of SPH REIT (the "Trust") and its subsidiaries (the "Group") 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 132 to 203 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

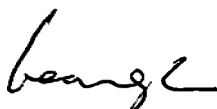
Singapore
4 October 2021

STATEMENT BY THE MANAGER

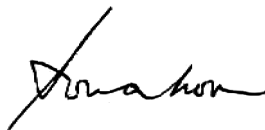
For the financial year ended 31 August 2021

In the opinion of the directors of SPH REIT Management Pte. Ltd., the accompanying financial statements set out on pages 132 to 203, comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Changes in Unitholders' Funds, Consolidated Statement of Cash Flows, Portfolio Statements and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of SPH REIT (the "Trust") and its subsidiaries (the "Group") as at 31 August 2021, the total return, distributable income, changes in Unitholders' funds and cash flows of the Group and the total return, distributable income and changes in Unitholders' funds of the Trust for the financial year then ended 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 its financial obligations as and when they materialise.

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



Leong Horn Kee
Chairman



Soon Tit Koon
Director

Singapore
4 October 2021

INDEPENDENT AUDITORS' REPORT

To the Unitholders of SPH REIT
(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 9 July 2013)

Opinion

We have audited the financial statements of SPH REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 August 2021, and the Statements of Total Return, Distribution Statements, Statements of Changes in Unitholders' Funds of the Group and the Trust and the Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 132 to 203.

In our opinion, the accompanying consolidated financial statements of the Group and the Statements of Financial Position, Portfolio Statements, Statements of Total Return, Distribution Statement and Statements of Changes in Unitholders' Funds of the Trust present fairly, in all material respects, the consolidated financial position and the consolidated portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 August 2021 and the consolidated total return, consolidated distributable income, consolidated changes in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and changes in Unitholders' funds of the Trust for the year then ended on that date 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.

Valuation of investment properties

(Refer to Note 5 and 25(h) to the financial statements)

Risk:

Investment properties represent the single largest category of assets on the Statements of Financial Position, at S\$4.1 billion as at 31 August 2021 (2020: S\$4.1 billion).

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

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

Certain valuation reports obtained from the external valuers also highlighted that real estate sectors in certain jurisdictions are experiencing significantly lower levels of transaction activity and liquidity due to Coronavirus Disease 2019 ("COVID-19") pandemic. Consequently, less certainty and a higher degree of caution should be attached to these valuations than would normally be the case. Values may change more rapidly and significantly than during standard market conditions and the external valuers have also recommended to keep the valuation of these properties under frequent review.

Our response:

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

We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents. We held discussions with the external valuers and challenged the key assumptions used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors, as well as understand how the implications of the COVID-19 pandemic were considered in the valuations.

We also assessed whether the disclosures in the financial statements appropriately described the inherent degree of subjectivity and key assumptions in the valuations. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Our findings:

The valuers are members of recognised professional bodies for valuers and have confirmed their own independence in carrying out their work.

The valuation methodologies adopted by the valuers are in line with generally accepted market practices and the key assumptions used are within range of available market data as at the date of valuation. The disclosures in the financial statements are appropriate in their description of the inherent subjectivity and estimation involved.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' 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 controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the 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 Lim Jek.



KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

4 October 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 August 2021

	Note	Group		Trust	
		2021	2020	2021	2020
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Plant and equipment	4	568	589	568	589
Investment properties	5	4,123,000	4,125,447	3,296,200	3,286,200
Subsidiaries	6	–	–	180,882	184,410
Trade and other receivables	7	–	–	375,673	377,876
		4,123,568	4,126,036	3,853,323	3,849,075
Current assets					
Trade and other receivables	7	11,316	32,653	8,335	26,612
Cash and cash equivalents	8	111,681	81,974	80,379	52,770
		122,997	114,627	88,714	79,382
Total assets		4,246,565	4,240,663	3,942,037	3,928,457
Non-current liabilities					
Borrowings	9	1,138,111	1,083,708	838,751	778,759
Derivative financial instruments	10	3,292	9,398	1,546	6,607
Trade and other payables	11	38,135	34,217	38,135	34,217
Deferred tax liabilities	12	2,206	3,119	2,206	3,119
		1,181,744	1,130,442	880,638	822,702
Current liabilities					
Borrowings	9	154,943	214,877	154,943	214,877
Derivative financial instruments	10	1,051	680	1,051	680
Trade and other payables	11	60,959	79,955	46,258	65,817
		216,953	295,512	202,252	281,374
Total liabilities		1,398,697	1,425,954	1,082,890	1,104,076
Net assets		2,847,868	2,814,709	2,859,147	2,824,381
Represented by:					
Unitholders' funds		2,535,243	2,503,324	2,561,223	2,526,457
Perpetual securities holders' fund	13	297,924	297,924	297,924	297,924
Non-controlling interests	14	14,701	13,461	–	–
		2,847,868	2,814,709	2,859,147	2,824,381
Units in issue ('000)	15	2,785,164	2,763,122	2,785,164	2,763,122
Net asset value per unit (S\$)		0.91	0.91	0.92	0.91

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

STATEMENTS OF TOTAL RETURN

For the financial year ended 31 August 2021

	Note	Group		Trust	
		2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Gross revenue	17	277,179	241,463	206,894	188,080
Property operating expenses	18	(74,552)	(59,520)	(53,181)	(44,875)
Net property income		202,627	181,943	153,713	143,205
Manager's management fees	19	(20,434)	(19,245)	(20,434)	(19,245)
Investment management fees		(2,950)	(2,143)	–	–
Trustee's fees		(600)	(585)	(574)	(562)
Trust expenses	20	(1,395)	(1,697)	(1,027)	(6,966)
Impairment loss on trade receivables		(2,823)	(8,100)	(916)	–
Dividend income from subsidiaries		–	–	22,877	6,958
Finance income		200	1,775	5,133	5,034
Finance costs	21	(23,994)	(32,905)	(16,015)	(26,155)
Grant income		2,903	24,774	2,903	24,774
Grant expense		(2,903)	(24,774)	(2,903)	(24,774)
Net income		150,631	119,043	142,757	102,269
Fair value change on investment properties	5	3,421	(179,939)	4,160	(126,041)
Net foreign currency exchange differences		(567)	917	(2,525)	8,808
Total return/(loss) for the year before taxes and distribution		153,485	(59,979)	144,392	(14,964)
Less: income tax	22	(1,397)	(4,045)	446	(3,425)
Total return/(loss) for the year after taxes and before distribution		152,088	(64,024)	144,838	(18,389)
Attributable to:					
Unitholders of the Trust		137,348	(74,907)	132,538	(30,722)
Perpetual securities holders	13	12,300	12,333	12,300	12,333
Non-controlling interests	14	2,440	(1,450)	–	–
		152,088	(64,024)	144,838	(18,389)
Earnings per unit (cents)					
Basic and diluted	23	4.93	(2.75)	4.76	(1.13)

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

DISTRIBUTION STATEMENTS

For the financial year ended 31 August 2021

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Income available for distribution to Unitholders at beginning of the year	36,547¹	40,046	36,547¹	40,046
Total return/(loss) attributable to Unitholders	137,348	(74,907)	132,538	(30,722)
Add: Net tax adjustments (Note A)	14,306	167,133	19,116	122,948
Total income available for distribution to Unitholders for the year	188,201	132,272	188,201	132,272
Distribution to Unitholders				
- Distribution of 1.46 cents per unit for the period from 1 June 2019 to 31 August 2019	-	(37,795)	-	(37,795)
- Distribution of 1.38 cents per unit for the period from 1 September 2019 to 30 November 2019	-	(35,859)	-	(35,859)
- Distribution of 0.30 cents per unit for the period from 1 December 2019 to 28 February 2020	-	(8,272)	-	(8,272)
- Distribution of 0.50 cents per unit for the period from 1 March 2020 to 31 May 2020	-	(13,799)	-	(13,799)
- Distribution of 0.54 cents per unit for the period from 1 June 2020 to 31 August 2020	(14,921)	-	(14,921)	-
- Distribution of 1.20 cents per unit for the period from 1 September 2020 to 30 November 2020	(33,307)	-	(33,307)	-
- Distribution of 1.24 cents per unit for the period from 1 December 2020 to 28 February 2021	(34,457)	-	(34,457)	-
- Distribution of 1.38 cents per unit for the period from 1 March 2021 to 31 May 2021	(38,390)	-	(38,390)	-
	(121,075)	(95,725)	(121,075)	(95,725)
Income available for distribution to Unitholders at end of the year	67,126	36,547 ¹	67,126	36,547 ¹

1 Approximately \$14.5 million of the income available for distribution for the year ended 31 August 2020 has been deferred, as allowed under the COVID-19 relief measures announced by IRAS.

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

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Note A – Net tax adjustments				
Non-tax deductible items:				
Manager's management fees	20,434	19,245	20,434	19,245
Trustee's fees	600	585	574	562
Amortisation of upfront fee for loan facility	1,020	1,125	637	832
Fair value change on investment properties	(3,421)	179,939	(4,160)	126,041
Net foreign currency exchange differences	567	(642)	2,525	(8,716)
Net income from subsidiaries	(1,245)	(14,529)	2,369	(2,521)
Cost incurred to acquire subsidiaries	-	-	-	5,681
Net adjustment on property tax rebates passed on to tenants	-	(4,971)	-	(4,971)
Straight-line rental adjustments	(4,106)	(1,135)	(3,720)	(619)
Deferred tax expense	(913)	3,119	(913)	3,119
Capital allowances	-	(15,000)	-	(15,000)
Other items	1,370	(603)	1,370	(705)
Net tax adjustments	14,306	167,133	19,116	122,948

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

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 August 2021

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Balance as at beginning of year	2,503,324	2,458,864	2,526,457	2,471,777
Operations				
Total return/(loss) for the year after tax attributable to Unitholders of the Trust	137,348	(74,907)	132,538	(30,722)
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(889)	(6,939)	(979)	(4,024)
Net change in fair value of cash flow hedge reclassified to Statements of Total Return	4,796	3,405	3,848	3,083
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(5,167)	23,178	-	-
Exchange differences on monetary item forming part of net investments in foreign operations	(3,528)	13,380	-	-
Net (loss)/gain recognised directly in Unitholders' funds	(4,788)	33,024	2,869	(941)
Unitholders' transactions				
Distribution to unitholders	(121,075)	(95,725)	(121,075)	(95,725)
Issuance of new units	-	164,477	-	164,477
Issuance costs for the new units	-	(1,654)	-	(1,654)
Manager's fee paid/payable in units	20,434	19,245	20,434	19,245
	(100,641)	86,343	(100,641)	86,343
Balance as at end of year	2,535,243	2,503,324	2,561,223	2,526,457
Perpetual securities holders' funds				
Balance as at beginning of year	297,924	297,924	297,924	297,924
Amount reserved for distribution to perpetual securities holders	12,300	12,333	12,300	12,333
Distribution to perpetual securities holders	(12,300)	(12,333)	(12,300)	(12,333)
Balance as at end of year	297,924	297,924	297,924	297,924

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 August 2021

	Group	
	2021	2020
	S\$'000	S\$'000
Cash flows from operating activities		
Total return/(loss) for the year	152,088	(64,024)
Adjustments for:		
Fair value change on investment properties	(3,421)	179,939
Manager's fee paid/payable in units	20,434	19,245
Depreciation of plant and equipment	255	224
Finance income	(200)	(1,775)
Finance costs	23,994	32,905
Impairment loss on trade receivables	2,823	8,100
Income tax	(913)	3,119
Straight-line rental adjustments	(4,106)	(1,135)
Operating cash flow before working capital changes	190,954	176,598
Changes in operating assets and liabilities		
Trade and other receivables	18,589	(35,880)
Trade and other payables	(6,998)	25,591
Net cash from operating activities	202,545	166,309
Cash flows from investing activities		
Acquisition of investment property	-	(627,594)
Additions to investment properties	(13,044)	(9,047)
Purchase of plant and equipment	(234)	(183)
Interest received	200	1,792
Net cash used in investing activities	(13,078)	(635,032)
Cash flows from financing activities		
Payment of transaction costs related to borrowing	(580)	(560)
Proceeds from the issuance of new units	-	164,477
Payment of issuance costs for the new units	-	(1,654)
Proceeds from bank loan (net of transaction costs)	-	184,469
Distribution to unitholders	(121,075)	(95,725)
Distributions to non-controlling interests of a subsidiary	(924)	(810)
Distribution to perpetual securities holders	(12,300)	(12,333)
Interest paid	(23,385)	(31,872)
Net cash (used in)/from financing activities	(158,264)	205,992
Net increase/(decrease) in cash and cash equivalents	31,203	(262,731)
Effect of exchange rate fluctuations on cash and cash equivalents held	(1,496)	2,048
Cash and cash equivalents at beginning of the year	81,974	342,657
Cash and cash equivalents at end of the year	111,681	81,974

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

■ PORTFOLIO STATEMENT OF THE GROUP

For the financial year ended 31 August 2021

Description of Property	Location	Tenure of Land	Term of Lease
<u>Investment properties in Singapore</u>			
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
The Rail Mall	380 to 400 & 422 to 484 (Even Nos) Upper Bukit Timah Road, Singapore 678040 to 678050 & 678051 to 678087	Leasehold	99 years, commencing on 18 March 1947
<u>Investment properties in Australia</u>			
Figtree Grove Shopping Centre	19 & 23 Princes Highway, Figtree, Wollongong, NSW 2525	Freehold	–
Westfield Marion Shopping Centre	293-297 Diagonal Road, Oaklands Park, Adelaide, South Australia, 5046	Freehold	–
Portfolio of investment properties			
Other assets and liabilities (net)			
Net assets of the Group			
Perpetual securities holders' funds			
Non-controlling interests			
Unitholders' funds			

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

Remaining Term of Lease 31 August 2021	Occupancy Rate as at 31 August		At Valuation 31 August		Percentage of Unitholders' funds 31 August	
	2021	2020	2021	2020	2021	2020
	(%)	(%)	S\$'000	S\$'000	(%)	(%)
91 years	99.1	97.8	2,640,000	2,640,000	104	106
88 years	99.9	99.6	594,000	584,000	23	23
25 years	92.2	92.2	62,200	62,200	2	2
–	99.1	99.2	196,740	190,627	8	8
–	98.8	97.4	630,060	648,620	25	26
			4,123,000	4,125,447	162	165
			(1,275,132)	(1,310,738)	(49)	(52)
			2,847,868	2,814,709	113	113
			(297,924)	(297,924)	(12)	(12)
			(14,701)	(13,461)	(1)	(1)
			2,535,243	2,503,324	100	100

■ PORTFOLIO STATEMENT OF THE TRUST

For the financial year ended 31 August 2021

Description of Property	Location	Tenure of Land	Term of Lease
<u>Investment properties in Singapore</u>			
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
The Rail Mall	380 to 400 & 422 to 484 (Even Nos) Upper Bukit Timah Road, Singapore 678040 to 678050 & 678051 to 678087	Leasehold	99 years, commencing on 18 March 1947
Portfolio of investment properties			
Other assets and liabilities (net)			
Net assets of the Trust			
Perpetual securities holders' funds			
Unitholders' funds			

PORTFOLIO DETAILS

Investment properties in Singapore

The carrying amount of the investment properties were based on independent valuations as at 31 August 2021 conducted by Savills Valuation and Professional Services (S) Pte Ltd ("Savills") (2020: Edmund Tie & Company (SEA) Pte Ltd ("ETC")) (the "Independent Valuers"). The Independent Valuers have 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 Statements of Total Return.

Investment properties in Australia

The carrying amount of the investment properties were based on independent valuations as at 31 August 2021 conducted by Jones Lang LaSalle Advisory Services Pty Ltd ("JLL") and CBRE Valuation Pty Ltd ("CBRE") (2020: JLL and Urbis Valuations Pty Ltd ("Urbis")) (the "Independent Valuers"). The Independent Valuers have 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 Statements of Total Return.

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

Remaining Term of Lease 31 August 2021	Occupancy Rate as at 31 August		At Valuation 31 August		Percentage of Unitholders' funds 31 August	
	2021	2020	2021	2020	2021	2020
	(%)	(%)	S\$'000	S\$'000	(%)	(%)
91 years	99.1	97.8	2,640,000	2,640,000	103	105
88 years	99.9	99.6	594,000	584,000	23	23
25 years	92.2	92.2	62,200	62,200	2	2
			3,296,200	3,286,200	128	130
			(437,053)	(461,819)	(16)	(18)
			2,859,147	2,824,381	112	112
			(297,924)	(297,924)	(12)	(12)
			2,561,223	2,526,457	100	100

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

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 and its subsidiaries 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 financial statements of the Trust as at and for the year ended 31 August 2021 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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.

1. GENERAL INFORMATION (CONT'D)

(b) Manager's management fees (cont'd)

- (ii) an annual performance fee of 5.0% per annum of the Net Property Income (as defined in the Trust Deed) (cont'd)

For the period from 24 July 2013 (listing date) to 28 February 2017, from 1 September 2017 to 31 May 2019 and from 1 September 2019 to 31 August 2021, 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 and for the period from 1 June 2019 to 31 August 2019.

For all acquisitions or disposals of properties or investments, the Manager is entitled to receive acquisition fee at 0.75% of the purchase price for acquisition from related parties and 1.0% for all other cases and a divestment fee of 0.5% of the sale price.

(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 2021, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

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 ("FRS").

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

The preparation of financial statements in conformity with RAP 7 requires the Manager to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policies

New standards and amendments and revised recommended accounting practice

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 September 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business (Amendments to FRS 103)*
- *Definition of Material (Amendments to FRS 1 and FRS 8)*

In addition to the above, the Group had early adopted the following amendments to standards which are effective for annual periods beginning on 1 September 2020 with earlier application permitted:

- *Interest Rate Benchmark Reform (Amendments to FRS 109 and FRS 107)*

The application of the amendments to standards and interpretations do not have a material effect on the Group's financial statements.

Revised recommended accounting practice

In July 2020, ISCA issued a revised version of RAP 7 which is effective for the Group's financial statements for the year ended 31 August 2021, and has been applied in preparing these financial statements. The application of the revised RAP 7 does not have a significant impact on the financial statements of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Group Accounting

(i) Subsidiaries

- Consolidation

The consolidated financial statements include the financial statements of the Trust and its subsidiaries made up to the end of the financial year.

Subsidiaries are entities controlled by the Group, generally accompanied by a shareholding of more than one half of the voting rights. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Trust. They are shown separately in the Statements of Total Return and Statements of Financial Position. Total return is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

- Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Group Accounting (cont'd)

(i) Subsidiaries (cont'd)

- Acquisitions (cont'd)

Goodwill arising from business combination is the excess of the fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets and contingent liabilities acquired. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Statements of Total Return.

Goodwill arising from business combination is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

The gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

- Disposal

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any amounts previously recognised in other comprehensive income (OCI) in respect of that entity are transferred to the Statements of Total Return or transferred directly to unitholders' funds if required by a specific standard.

Any retained interest in the entity is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in the Statements of Total Return.

- Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with unitholders of the Group. Any difference between the change in the carrying amount of the non-controlling interest and the fair value of the consideration paid or received is recognised in unitholders' fund.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Group Accounting (cont'd)

(ii) Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group does not recognise its share of the gains and losses until it resells those assets to a third party.

(c) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars ("presentation currency"), which is also the Trust's functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Currency translation (cont'd)

(ii) Transactions and balances

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 the 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 Statements 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.

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the reporting date;
- Income and expenses are translated at average exchange rates; and
- All resulting exchange differences are taken to unitholders' funds and transferred to the Statements of Total Return upon the disposal of the foreign operation as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates at the reporting date.

Foreign currency differences are recognised in unitholders' funds. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the Statements of Total Return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the Statements of Total Return.

(iv) Net investment in a foreign operation

When a derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of foreign exchange gains and losses is recognised in unitholders' funds and presented in the foreign currency translation reserve. Any ineffective portion of the changes in the foreign exchange gains and losses is recognised in the Statements of Total Return. The amount recognised in unitholders' funds is reclassified to Statements of Total Return as a reclassification adjustment on disposal of the foreign operation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 Statements 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 Statements of Total Return. The cost of maintenance, repairs and minor improvements is charged to the Statements 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 Statements 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.

(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

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 Statements 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 Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the Statements 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 Statements of Total Return.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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.

(g) Financial instruments

(i) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

- Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment (cont'd)

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Statements of Total Return. Any gain or loss on derecognition is recognised in the Statements of Total Return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statements of Total Return.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statements of Total Return.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(iv) Impairment

Financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

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

Simplified approach

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

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(iv) Impairment (cont'd)

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the Statements of Financial Position

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

Write-off

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

(v) Offsetting

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Derivative financial instruments and hedging activities

Derivatives are used to manage exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities.

A derivative 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 Group 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 Group 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 Group 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. The fair value of a trading derivative is presented as a current asset or liability.

Hedges directly affected by interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The Group has exposure to IBORs on its financial instruments that will be replaced or reformed as part of this market-wide initiative. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark IBORs with alternative rates.

On initial designation of the hedging relationship, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Derivative financial instruments and hedging activities (cont'd)

Hedges directly affected by interest rate benchmark reform (cont'd)

(i) Cash flow hedge

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings 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 OCI and accumulated in the hedging reserve, and transferred to the Statements of Total Return in the periods when the interest expense on the borrowings is recognised in the Statements of Total Return. The gain or loss relating to the ineffective portion is recognised immediately in the Statements of Total Return.

(ii) Net investment hedges

The Group designates certain derivatives as hedges of foreign exchange risk on its net investment in foreign operations.

When a derivative instrument is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of the change in fair value is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the change in the fair value is recognised immediately in Statements of Total Return. The amount recognised in OCI is reclassified to the Statements of Total Return as a reclassification adjustment on disposal of the foreign operation.

(iii) Derivatives that do not qualify for hedge accounting

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the Statements of Total Return.

(i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Leases

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

(i) As a lessee

Short-term leases and leases of low-value assets

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

(ii) As a lessor

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

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

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

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

If an arrangement contains lease and non-lease components, then the Group applies FRS 115 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in FRS 109 to the net investment in the lease (see Note 2(g)(iv)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of non-financial assets

- Plant and equipment

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

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 Statements 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) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and the Group comply with the conditions associated with the grants.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised as 'revenue' on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period in which they are earned. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Dividend income

Dividend income is recognised in the Statements of Total Return on the date that the right to receive payment is established.

Interest income

Interest income is recognised using the effective interest method.

(o) 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 Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax liabilities are recognised on temporary differences arising on investments in subsidiaries except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 Statements of Total Return, except to the extent that the tax arises from a transaction which is recognised directly in unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income taxes (cont'd)

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. Under the COVID-19 relief measures announced by IRAS, the Trust will have until 31 December 2021 (or any extension allowed) to distribute at least 90% of the annual taxable income derived in the financial year ended 31 August 2020. As at 31 August 2021, the Trust has distributed more than 90% of its deferred taxable income derived from the year ended 31 August 2020.

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 Qualifying foreign non-individual Unitholders, the Trust will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless concession is extended; or
- where the beneficial owners are Qualifying foreign funds, the Trust will deduct Singapore income tax at the reduced rate of 10% for distributions made during the period from 1 July 2019 to 31 December 2025.

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);
- a Singapore branch of a foreign company;
- an international organisation that is exempt from tax under the International Organisations (Immunities and Privileges) Act; or
- a real estate investment trust exchange-traded fund ("REIT ETFs") which have been accorded tax transparency treatment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income taxes (cont'd)

A "Qualifying foreign non-individual Unitholder" is a person who is not 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 in Singapore.

A "Qualifying foreign fund" is one who is a non-resident fund that qualifies for tax exemption under Section 13CA, 13X or 13Y of the Singapore Income Tax Act for income tax purposes and:

- who does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- who carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from sale of real estate 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.

Apart from the above, the Trust receives foreign-sourced income that is tax exempt under Section 13(12) of the Singapore Income Tax Act. Distributions made by the Trust out of such tax exempt income are also exempt from Singapore income tax for all Unitholders.

(p) Distribution policy

The Trust 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 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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) Finance costs

Finance costs are recognised in the Statements of Total Return using the effective interest method.

(r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Executive Officer of the Manager, who is the Group's chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Chief Executive Officer of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(s) Earnings per unit

Basic earnings per unit is calculated by dividing the total return for the year after tax attributable to unitholders of the Trust by the weighted average number of units outstanding during the year. Diluted earnings per unit is determined by adjusting the total return for the year after tax attributable to unitholders of the Trust and the weighted average number of units outstanding, adjusted for the effects of all dilutive potential units.

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. Actual results may differ from these estimates.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following note:

- Note 5 – determination of fair values of investment properties on the basis of significant unobservable inputs

4. PLANT AND EQUIPMENT

	Group and Trust Furniture fittings and equipment	
	2021	2020
	S\$'000	S\$'000
Cost		
Beginning of financial year	1,891	1,708
Additions	234	183
Disposals	(8)	–
End of financial year	2,117	1,891
Accumulated depreciation		
Beginning of financial year	1,302	1,078
Depreciation charge	255	224
Disposals	(8)	–
End of financial year	1,549	1,302
Net book value		
Beginning of financial year	589	630
End of financial year	568	589

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

5. INVESTMENT PROPERTIES

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Beginning of financial year	4,125,447	3,597,756	3,286,200	3,405,800
Acquisition of investment property ^{1, 2}	–	633,923	–	–
Additions	6,194	9,143	2,120	5,635
Fair value change	3,421	(179,939)	4,160	(126,041)
Straight-line rental adjustments	4,106	1,135	3,720	806
Translation differences	(16,168)	63,429	–	–
End of financial year	4,123,000	4,125,447	3,296,200	3,286,200

1 Includes acquisition fees and acquisition related expenses of S\$11.091 million in 2020.

2 On 6 December 2019, SPH REIT, through its indirect wholly-owned subsidiary, Marion Sub Trust, acquired a 50% interest in Westfield Marion Shopping Centre for a total consideration of approximately S\$633.9 million. Westfield Marion Shopping Centre's principal place of business is in Australia. The Group has classified its 50% interest in Westfield Marion Shopping Centre as a joint operation as the shopping centre is held directly and jointly as tenants in common. The shopping centre is proportionately consolidated and included as part of the Group's investment properties as at the reporting date.

In determining the fair value, the independent external valuers have used valuation techniques that involve estimates or inputs. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The valuation reports are prepared in accordance with recognised appraisal and valuation standards, and have included a material valuation uncertainty clause due to the disruption to the market at that date caused by the COVID-19 outbreak. The inclusion of this clause indicates that there is substantially more uncertainty than normal and therefore a higher likelihood that the assumptions upon which the external valuers have based their valuations prove to be inaccurate. The carrying amounts of the Group's investment properties were current as at 31 August 2021 only and may change significantly after the balance sheet date as the impact of the COVID-19 outbreak worsens.

The independent external 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 25(h).

The net change in fair value of the investment properties has been recognised in the Statements of Total Return in accordance with the Group's accounting policies.

At 31 August 2021, investment properties with a carrying amount of approximately S\$3,467 million (2020: S\$3,479 million) are mortgaged to banks as security for the term loans (Note 9).

6. SUBSIDIARIES

	Trust	
	2021	2020
	S\$'000	S\$'000
Equity investments, at cost	3,816	3,816
Loan to a subsidiary – interest bearing	177,066	180,594
	180,882	184,410

The loan to a subsidiary is unsecured and the settlement is neither planned nor likely to occur in the foreseeable future.

The effective interest rate for the loan to a subsidiary is 2.71% per annum (2020: 2.71%).

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Effective Interests held by the Group	
		2021	2020
		%	%
<u>Held by the Trust</u>			
SPH REIT (Investments) Pte. Ltd. ¹	Singapore	100	100
<u>Held through subsidiaries</u>			
<i>Held by SPH REIT (Investments) Pte. Ltd.</i>			
SPH REIT Australia Trust ²	Australia	100	100
SPH REIT Marion Trust ⁴	Australia	100	100
Marion Advertising Trust ⁴	Australia	100	100
<i>Held by SPH REIT Australia Trust</i>			
SPH REIT Moelis Australia Trust ³	Australia	85	85
<i>Held by SPH REIT Moelis Australia Trust</i>			
Figtree Holding Trust ³	Australia	85	85
<i>Held by Figtree Holding Trust</i>			
Figtree Trust ³	Australia	85	85
<i>Held by SPH REIT Marion Trust</i>			
Marion Sub Trust ⁴	Australia	100	100

1 Audited by KPMG LLP Singapore

2 Exempted from statutory audit

3 Audited by KPMG LLP Australia

4 Audited by Ernst & Young LLP Australia

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

7. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Non-current				
Amount owing by subsidiaries	-	-	375,673	377,876
Current				
Trade receivables	17,574	25,927	8,304	13,509
Impairment loss on trade receivables	(8,022)	(8,517)	(544)	-
	9,552	17,410	7,760	13,509
Amount owing by ultimate holding company	6	-	6	-
Amount owing by a subsidiary	-	-	-	2,342
Amount owing by related parties	2	3	2	3
Amount owing by a third party	-	2,899	-	-
Other receivables	1,051	1,218	364	-
Grant receivable	-	10,473	-	10,473
Deposits	63	126	63	126
Prepayments	642	524	140	159
	11,316	32,653	8,335	26,612

The amounts owing by subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand. The non-current amount is not expected to be repaid in the next 12 months.

The amounts owing by ultimate holding company and related parties are non-trade in nature, unsecured, interest free and repayable on demand.

The amount owing by a third party relates to settlement adjustments due from the previous owner of the 50% interest in Westfield Marion Shopping Centre.

The grant receivable relates to property tax rebates and other cash grants as part of the COVID-19 relief measures and has been fully received during the year ended 31 August 2021.

Credit and market risks, and impairment losses

The Group's and the Trust's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 25.

8. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Cash held as fixed bank deposit	20,000	–	20,000	–
Cash and bank balances	91,681	81,974	60,379	52,770
	111,681	81,974	80,379	52,770

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0% to 1.24% (2020: 0% to 2.10%) and 0% to 1.24% (2020: 0% to 2.10%) per annum for the Group and the Trust respectively. During the financial year, the Group and the Trust's fixed bank deposit earn interest at rate of 0.48% per annum.

9. BORROWINGS

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Secured term loans	1,295,029	1,301,007	995,000	995,000
Less: Unamortised transaction costs	(1,975)	(2,422)	(1,306)	(1,364)
	1,293,054	1,298,585	993,694	993,636
Borrowings repayable:				
Within 1 year	154,943	214,877	154,943	214,877
Between 1 – 5 years	1,138,111	1,083,708	838,751	778,759
	1,293,054	1,298,585	993,694	993,636

The Group and the Trust secured term loans amounted to S\$1.3 billion (2020: S\$1.3 billion) and S\$995 million (2020: S\$995 million) respectively.

The exposure of the Group and the Trust to liquidity and interest rate risks related to interest-bearing borrowings are disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

9. BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding interest-bearing borrowings are as follows:

				2021		2020	
Currency	Weighted average nominal interest rate %	Year to maturity	Face value S\$'000	Carrying amount S\$'000	Face value S\$'000	Carrying amount S\$'000	
Group							
Fixed rate loans	SGD	2.65	2022	55,000	54,975	185,000	184,861
Fixed rate loan	AUD	3.69	2023	83,615	83,541	85,281	85,097
Floating rate loans	SGD	0.84	2022 – 2026	940,000	938,719	810,000	808,775
Floating rate loan	AUD	1.55	2023 – 2025	216,414	215,819	220,726	219,852
Trust							
Fixed rate loans	SGD	2.65	2022	55,000	54,975	185,000	184,861
Floating rate loans	SGD	0.84	2022 – 2026	940,000	938,719	810,000	808,775

The SGD term loan of S\$995 million is secured, inter alia, by way of the following:

- First legal mortgage on Paragon (Note 5)
- Fixed and floating charges by way of debenture over the existing and future assets of Paragon (other than the excluded accounts)
- First legal charge over the tenancy account and sales proceeds account for Paragon
- Assignment of certain insurances taken in relation to Paragon

The AUD term loan balance of A\$105 million and A\$200 million is secured by way of mortgage on Figtree Grove Shopping Centre and Westfield Marion Shopping Centre respectively (Note 5).

In respect of bank borrowings, where appropriate, the Group'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 Group 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 Group agreed with other parties to pay/receive 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 2021, the Group's and the Trust's fixed rate loan and loans hedged with interest rate swaps amounted to S\$986 million (2020: S\$646 million) and S\$804 million (2020: S\$460 million) respectively. The fixed interest rates of the Group and the Trust were from 0.35% to 3.69% (2020: 0.39% to 3.69%) and 0.35% to 3.28% (2020: 0.39% to 3.28%) per annum respectively. The floating rates of SGD term loans are referenced to Singapore dollar swap offer rate and repriced every three months. The floating rate of AUD term loan is referenced to Australian dollar bank bill swap rate and repriced every three months. The effective interest rates of the Group and the Trust as at the reporting date was 1.84% (2020: 2.66%) and 1.60% (2020: 2.62%) per annum respectively.

9. BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Borrowings S\$'000	Interest payable S\$'000	Total S\$'000
Group			
2021			
Beginning of financial year	1,298,585	2,996	1,301,581
Changes from financing cash flows			
Payment of transaction costs related to borrowing	(580)	–	(580)
Interest paid	–	(23,385)	(23,385)
Total changes from financing activities	(580)	(23,385)	(23,965)
Non-cash changes			
Finance costs	–	22,974	22,974
Amortisation of transaction costs	1,020	–	1,020
Translation differences	(5,971)	–	(5,971)
End of financial year	1,293,054	2,585	1,295,639
2020			
Beginning of financial year	1,091,139	3,088	1,094,227
Changes from financing cash flows			
Payment of transaction costs related to borrowing	(560)	–	(560)
Proceeds from bank loans (net of transaction costs)	184,469	–	184,469
Interest paid	–	(31,872)	(31,872)
Total changes from financing activities	183,909	(31,872)	152,037
Non-cash changes			
Finance costs	–	31,780	31,780
Amortisation of transaction costs	1,125	–	1,125
Translation differences	22,412	–	22,412
End of financial year	1,298,585	2,996	1,301,581

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

10. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	Contract notional amount S\$'000	Fair value amount* S\$'000	Contract notional amount S\$'000	Fair value amount* S\$'000
2021				
Non-current liabilities				
– Cross currency interest-rate swaps	39,452	(1,243)	39,452	(1,243)
– Cross currency swaps	9,863	(55)	9,863	(55)
	49,315	(1,298)	49,315	(1,298)
Cash flow hedge				
– Interest-rate swaps	523,370	(1,994)	425,000	(248)
Current liabilities				
– Cross currency interest-rate swaps	39,452	(247)	39,452	(247)
– Cross currency swaps	9,370	(2)	9,370	(2)
	48,822	(249)	48,822	(249)
Cash flow hedge				
– Interest-rate swaps	245,000	(802)	245,000	(802)
2020				
Non-current liabilities				
– Cross currency interest-rate swaps	78,904	(4,402)	78,904	(4,402)
– Cross currency swaps	19,233	(404)	19,233	(404)
	98,137	(4,806)	98,137	(4,806)
Cash flow hedge				
– Interest-rate swaps	250,330	(4,592)	150,000	(1,801)
Current liabilities				
Cash flow hedge				
– Interest-rate swaps	45,000	(680)	45,000	(680)

The cross currency interest-rate swaps and cross currency swaps will be collectively termed as “Cross currency swaps”.

The notional principal amounts of the outstanding cross currency interest-rate swaps, cross currency swaps and interest rate swap contracts and their corresponding fair values as at 31 August 2021 are:

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Notional due:				
Within 1 year	293,822	45,000	293,822	45,000
Between 1 – 5 years	572,685	348,467	474,315	248,137
Total	866,507	393,467	768,137	293,137

* The fair values of cross currency interest-rate swaps, cross currency swaps and interest rate swap contracts had been calculated (using rates quoted by the Group’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.

11. TRADE AND OTHER PAYABLES

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Non-current				
Deposits received	38,135	34,217	38,135	34,217
Current				
Trade payables	999	3,609	231	103
Amount owing to ultimate holding company	-	17	-	17
Amount owing to related parties	2,892	10,352	2,892	10,352
Amount owing to non-controlling interests	-	331	-	-
Other payables	5,580	2,844	3,970	3,118
Accrued expense	18,261	13,811	12,295	8,214
Interest payable	2,585	2,996	1,663	2,023
Deposits received	17,125	21,398	17,116	21,389
Collections in advance	7,782	15,218	5,892	14,784
Deferred grant liability	-	5,556	-	5,556
Goods and services tax payable	2,989	2,687	1,809	158
Withholding tax payable	2,746	1,136	390	103
	60,959	79,955	46,258	65,817

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

The amounts owing to ultimate holding company and non-controlling interests are non-trade in nature, unsecured, interest-free and repayable on demand.

The deferred grant liability relates to Singapore government's property tax rebates and other cash grants as part of the COVID-19 relief measures as at 31 August 2020, which has been passed to the eligible tenants in the form of rental rebates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

12. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group and Trust	
	2021	2020
	S\$'000	S\$'000
Investment properties	2,206	3,119

Movement in temporary differences during the year:

	Group and Trust	
	2021	2020
	S\$'000	S\$'000
Investment properties		
Beginning of financial year	3,119	–
Recognised in the Statements of Total Return	(913)	3,119
End of financial year	2,206	3,119

13. PERPETUAL SECURITIES HOLDERS' FUND

On 30 August 2019, the Trust issued S\$300.0 million of subordinated perpetual securities at a rate of 4.10% per annum, with the first distribution rate reset falling on 30 August 2024 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative. Accordingly, the perpetual securities are classified as equity. The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

The perpetual securities are classified as equity instruments and recorded within the Group's and Trust's Statements of Financial Position. As at 31 August 2021, the S\$297.9 million (2020: S\$297.9 million) presented in the Statements of Financial Position represents the carrying value of the S\$300.0 million (2020: S\$300.0 million) perpetual securities issued, net of issue costs and includes the amount reserved for distribution to the perpetual securities holders as at year-end.

14. NON-CONTROLLING INTERESTS

On 21 December 2018, the Group acquired 85% interest in Moelis Australia Trust (refer to Note 6). Accordingly, at the reporting date, the Group only had one subsidiary with non-controlling interest of 15%. The non-controlling interest is not material to the Group.

15. UNITS IN ISSUE

	Group and Trust	
	2021	2020
	Number of	Number of
	Units	Units
	'000	'000
<u>Units in issue</u>		
Beginning of financial year	2,763,122	2,588,701
– Issue of new units	–	156,645
– Manager's fee paid in units	22,042	17,776
End of financial year	2,785,164	2,763,122

On 2 December 2019, the Trust has issued 156,645,000 units at an issue price of S\$1.05 per unit.

During the financial year, the Trust issued 22,042,037 (2020: 17,775,677) new units at the issue price range of S\$0.8178 to S\$0.9314 (2020: S\$0.8119 to S\$1.08020 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 2021

16. CAPITAL AND OTHER COMMITMENTS

(a) Commitments for capital expenditure

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Authorised and contracted for – investment properties	2,783	629	571	624

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

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

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date and excluding prevailing market rent adjustments.

	Group S\$'000	Trust S\$'000
2021		
Less than one year	230,135	187,897
One to two years	165,900	133,817
Two to three years	102,119	74,475
Three to four years	42,477	21,152
Four to five years	18,201	3,815
More than five years	70,138	–
Total	628,970	421,156
2020		
Less than one year	233,408	189,086
One to two years	170,002	133,765
Two to three years	105,612	74,071
Three to four years	51,518	26,002
Four to five years	23,265	4,751
More than five years	93,536	323
Total	677,341	427,998

17. GROSS REVENUE

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Rental income ^{1,2}	263,985	223,944	198,796	180,350
Car park income	6,124	5,714	6,124	5,714
Other income	7,070	11,805	1,974	2,016
	277,179	241,463	206,894	188,080

1 Included rental assistance of approximately S\$10.0 million (2020: \$31.8 million) granted to eligible tenants to cushion the impact of the COVID-19 pandemic for the year ended 31 August 2021.

2 Included service charges and advertising and promotion fees of approximately S\$24.7 million (2020: S\$20.5 million).

18. PROPERTY OPERATING EXPENSES

	Group		Trust	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Property tax	23,152	22,578	18,832	19,264
Maintenance and utilities	24,211	20,183	11,425	10,979
Property management fees	11,839	9,324	7,956	7,484
Marketing	5,466	2,481	5,341	2,335
Reimbursements paid to the Property Manager	4,575	4,283	4,575	4,283
Others	5,309	671	5,052	530
	74,552	59,520	53,181	44,875

Reimbursements paid 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 Group's payroll as its daily operations and administrative functions are provided by the Manager and the Property Manager.

19. MANAGER'S MANAGEMENT FEES

	Group		Trust	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Base fee	10,586	10,295	10,586	10,295
Performance fee	9,848	8,950	9,848	8,950
	20,434	19,245	20,434	19,245

20. TRUST EXPENSES

	Group		Trust	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Auditor's remuneration				
– audit fees	388	360	214	248
– non-audit fees	72	73	69	73
Valuation expense	104	111	60	81
Consultancy and other professional fees	199	381	187	6,054
Other expenses	632	772	497	510
	1,395	1,697	1,027	6,966

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

21. FINANCE COSTS

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Interest on borrowing	18,126	28,337	11,478	22,202
Amortisation of upfront fee for loan facility	1,020	1,125	637	832
Other financial expenses	52	38	52	38
Cash flow hedges – reclassified from Unitholders' Funds	4,796	3,405	3,848	3,083
	23,994	32,905	16,015	26,155

22. INCOME TAX

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Deferred tax expense				
– Origination and reversal of temporary differences	(913)	3,119	(913)	3,119
Withholding tax	2,310	926	467	306
	1,397	4,045	(446)	3,425

The income tax expense on return/(loss) 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:

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Total return/(loss) for the year	153,485	(59,979)	144,392	(14,964)
Tax calculated at tax rate of 17% (2020: 17%)	26,092	(10,197)	24,547	(2,544)
Expenses not deductible for tax purposes	1,935	37,851	3,191	28,706
Income not subject to tax due to tax transparency	(20,819)	(18,392)	(20,819)	(18,392)
Other income not subject to tax	(8,121)	(6,143)	(7,832)	(4,651)
Withholding tax	2,310	926	467	306
	1,397	4,045	(446)	3,425

23. EARNINGS PER UNIT

Basic and diluted Earnings per Unit are based on:

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Total return/(loss) for the year after tax attributable to Unitholders of the Trust (S\$'000)	137,348	(74,907)	132,538	(30,772)
Weighted average number of Units ('000)	2,785,101	2,722,745	2,785,101	2,722,745
Basic and diluted Earnings per Unit (cents)	4.93	(2.75)	4.76	(1.13)

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

24. ACQUISITION

On 6 December 2019, SPH REIT, through its indirect wholly-owned subsidiary, Marion Sub Trust, acquired a 50% interest in Westfield Marion Shopping Centre for a total consideration of approximately S\$633.9 million.

The Group has classified its 50% interest in Westfield Marion Shopping Centre as a joint operation as the interest is under a tenancy in common arrangement. The acquisition was accounted for as an acquisition of assets.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Group 2020 S\$'000
Investment property (including capitalised transaction costs)	633,923
Net identifiable assets acquired	633,923
Total consideration	
Less: Consideration not yet paid	(6,329)
Total net cash outflow	627,594

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT

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

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 measures to reflect changes in market conditions and the Group's activities.

The policies for managing these risks are summarised below.

(a) Interest rate risk

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

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting.

The Manager monitors and manages the Group's transition to alternative rates. The Manager evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Interest rate risk (cont'd)

Managing interest rate benchmark reform and associated risks (cont'd)

Derivatives

The Group holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to SOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. ISDA is currently reviewing its standardised contracts in the light of IBOR reform. When ISDA has completed its review, the Group expects to negotiate the inclusion of new fall-back clauses with its derivative counterparties. No derivative instruments have been modified as at 31 August 2021.

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 August 2021. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates which are SOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual.

The Group's SOR cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. However, there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. Such uncertainty may impact the hedging relationship. The Group applies the amendments to FRS 109 issued in December 2019 to those hedging relationships directly affected by IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has measured its hedging instruments indexed to Singapore-dollar SOR using available quoted market rates for SOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in SOR on a similar basis.

The Group's exposure to Singapore-dollar SOR designated in hedging relationships is \$748,904,000 nominal amount at 31 August 2021, representing both the nominal amount of the hedging interest rate swap and the principal amount of the Group's hedged SGD-denominated secured bank loan liabilities maturing in 2022 to 2023.

The Group is actively engaging with lenders to include appropriate fall-back provisions in its floating-rate liabilities. We expect that the hedging instrument will be modified as outlined under 'Derivatives' above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Interest rate risk (cont'd)

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

The Group's debt comprises mainly bank borrowing to finance the acquisition of its investment properties. Where appropriate, the Group 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 Group's borrowings are denominated in SGD and AUD.

Movements in interest rates will therefore have an impact on the Group. If the interest rate change 0.50% (2020: 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:

	Statements of Total Return		Hedging Reserve	
	Increase S\$'000	Decrease S\$'000	Increase S\$'000	Decrease S\$'000
Group				
2021				
Borrowings	(1,547)	1,547	-	-
Interest rate swap	-	-	5,141	(5,205)
	(1,547)	1,547	5,141	(5,205)
2020				
Borrowings	(3,282)	3,282	-	-
Interest rate swap	-	-	3,859	(3,924)
	(3,282)	3,282	3,859	(3,924)
Trust				
2021				
Borrowings	(957)	957	-	-
Interest rate swap	-	-	3,938	(3,982)
	(957)	957	3,938	(3,982)
2020				
Borrowings	(2,680)	2,680	-	-
Interest rate swap	-	-	2,126	(2,156)
	(2,680)	2,680	2,126	(2,156)

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(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 Group. For trade receivables, the Group manages its credit risk through prior assessment of business proposition and credit standing of tenants, and monitoring procedures. Where appropriate, the Group obtains collateral in the form of deposits, and bankers'/insurance guarantees from its tenants. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. As such, management has determined the credit quality of the tenants 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 Statements of Financial Position which comprise mainly trade receivables, and cash balances placed with banks. As at the reporting date, the Group has no significant concentration of credit risks. As at 31 August 2021 and 31 August 2020, majority of the trade receivables were backed by bankers'/insurance guarantees and/or deposits from tenants.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Trade and other receivables, exclude prepayments and grant receivable (Note 7)	10,674	21,656	383,868	393,856
Cash and cash equivalents	111,681	81,974	80,379	52,770
	122,355	103,630	464,247	446,626

Impairment losses

Expected credit loss assessment for individual tenants as at 31 August 2020 and 31 August 2021

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprises a very large number of balances.

Loss rates are calculated using a "roll-rate" method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Impairment losses (cont'd)

The following table provides information about the exposure to credit risk for trade receivables for individual tenants at the reporting date:

	2021		2020	
	Gross carrying amount S\$'000	Impairment loss allowance S\$'000	Gross carrying amount S\$'000	Impairment loss allowance S\$'000
Group				
Current (not past due)	1,703	(203)	992	(3)
Past due 1 to 30 days	4,029	(660)	9,814	(1,610)
Past due 31 to 60 days	648	(27)	588	(261)
Past due 61 to 90 days	2,096	(32)	5,647	(1,653)
Past due over 90 days	9,098	(7,100)	8,886	(4,990)
	17,574	(8,022)	25,927	(8,517)
Trust				
Current (not past due)	1,681	(203)	986	–
Past due 1 to 30 days	2,794	(2)	7,475	–
Past due 31 to 60 days	114	–	153	–
Past due 61 to 90 days	1,569	(1)	3,568	–
Past due over 90 days	2,146	(338)	1,327	–
	8,304	(544)	13,509	–

Except for the above impairment loss, the Manager believes that no additional allowance for impairment is required in respect of trade receivables as these receivables mainly arose from tenants that have a good track record with the Group, and the Group has sufficient security deposits as collateral, and hence ECL is not material.

Movements in allowance for impairment in respect of trade receivables

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Beginning of financial year	8,517	–	–	–
Impairment loss recognised	2,823	8,100	916	–
Amount written-off	(3,240)	–	(372)	–
Translation differences	(78)	417	–	–
End of financial year	8,022	8,517	544	–

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Impairment losses (cont'd)

Non-trade amounts owing by subsidiaries

The Trust has non-trade receivables from its subsidiaries of S\$375,673,000 (2020: S\$380,218,000). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is insignificant.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated A to AA-, based on Standard & Poor's ratings.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. The Group and the Trust held cash and cash equivalents of S\$111,681,000 (2020: S\$81,974,000) and S\$80,379,000 (2020: S\$52,770,000) respectively at 31 August 2021. The cash and cash equivalents are held with bank and financial institution counterparties which are rated A to AA-, based on Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflect the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

(c) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations. As at 31 August 2021, the Group has undrawn and committed long-term revolving credit facilities of up to S\$225 million (2020: S\$225 million) to cover the net current liabilities of the Group of approximately \$94.0 million (2020: \$180.9 million), as well as cash and cash equivalents of approximately S\$111.7 million (2020: S\$82.0 million).

In addition, the Group also monitors and observes the Property Fund Appendix issued by MAS concerning limits on total borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

The table below analyses the maturity profile of the Group'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
Group				
2021				
Net-settled interest rate swap	(4,024)	(859)	(217)	–
Cross currency swaps				
– Outflow	(50,494)	(49,605)	–	–
– Inflow	49,353	49,439	–	–
Trade and other payables*	(46,556)	(14,825)	(23,061)	(249)
Borrowings	(170,075)	(336,842)	(827,532)	–
	(221,796)	(352,692)	(850,810)	(249)
2020				
Net-settled interest rate swap	(5,296)	(3,372)	(1,764)	–
Cross currency swaps				
– Outflow	(2,794)	(51,510)	(50,596)	–
– Inflow	741	49,313	49,430	–
Trade and other payables*	(55,358)	(12,178)	(21,072)	(967)
Borrowings	(232,605)	(253,249)	(861,744)	–
	(295,312)	(270,996)	(885,746)	(967)
Trust				
2021				
Net-settled interest rate swap	(3,026)	(213)	–	–
Cross currency swaps				
– Outflow	(50,494)	(49,605)	–	–
– Inflow	49,353	49,439	–	–
Trade and other payables*	(37,500)	(14,825)	(23,061)	(249)
Borrowings	(163,690)	(151,671)	(707,140)	–
	(205,357)	(166,875)	(730,201)	(249)
2020				
Net-settled interest rate swap	(4,362)	(2,497)	(558)	–
Cross currency swaps				
– Outflow	(2,794)	(51,510)	(50,596)	–
– Inflow	741	49,313	49,430	–
Trade and other payables*	(45,216)	(12,178)	(21,072)	(967)
Borrowings	(225,930)	(246,574)	(549,869)	–
	(277,561)	(263,446)	(572,665)	(967)

* Excludes collections in advance, deferred grant liability, Goods and services tax payable and withholding tax payable

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Currency risk

The Group is exposed to currency risk on distributions from its Australia operations. As at the reporting date, the Group had entered into cross currency swap contracts with a total notional amount of S\$98,137,000 (2020: S\$98,137,000) whereby the Group agreed with counterparties to repay its loan interests and principals in Australian Dollar ("AUD") in exchange of receiving Singapore Dollar in return at specified rates, on specified dates.

At the reporting date, the exposure to currency risk is as follows:

	Group		Trust	
	2021 AUD'000	2020 AUD'000	2021 AUD'000	2020 AUD'000
Loan to a subsidiary (Note 6)	–	–	177,066	180,594
Trade and other receivables	–	–	–	2,424
Cash and cash equivalents	28,130	779	28,130	779
Statements of Financial Position exposure	28,130	779	205,196	183,797
Add: Effect of cross currency swaps	98,137	98,137	98,137	98,137
Less: Cross currency swaps designated for net investment hedge	(98,137)	(98,137)	–	–
Net exposure	28,130	779	303,333	281,934

Sensitivity analysis

A 5% strengthening (weakening) of the Singapore Dollar against Australian Dollar would increase/(decrease) total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group		Trust	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Statements of Total Return				
5% strengthening	1,407	39	15,167	14,097
5% weakening	(1,407)	(39)	(15,167)	(14,097)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) 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 Statements of Financial Position S\$'000	Net amount of financial instruments presented in the Statements of Financial Position S\$'000	Related amount not offset in the Statements of Financial Position S\$'000	Net amount S\$'000
2021					
Group					
Financial Liabilities					
Cross currency					
interest-rate swaps	(1,490)	–	(1,490)	–	(1,490)
Cross currency swaps	(57)	–	(57)	–	(57)
Interest rate swaps	(2,796)	–	(2,796)	–	(2,796)
Trust					
Financial Liabilities					
Cross currency					
interest-rate swaps	(1,490)	–	(1,490)	–	(1,490)
Cross currency swaps	(57)	–	(57)	–	(57)
Interest rate swaps	(1,050)	–	(1,050)	–	(1,050)
2020					
Group					
Financial Liabilities					
Cross currency					
interest-rate swaps	(4,402)	–	(4,402)	–	(4,402)
Cross currency swaps	(404)	–	(404)	–	(404)
Interest rate swaps	(5,272)	–	(5,272)	–	(5,272)
Trust					
Financial Liabilities					
Cross currency					
interest-rate swaps	(4,402)	–	(4,402)	–	(4,402)
Cross currency swaps	(404)	–	(404)	–	(404)
Interest rate swaps	(2,481)	–	(2,481)	–	(2,481)

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting

Cash flow hedges

As at 31 August 2021, the Group and the Trust held the following instruments to hedge exposures to changes in interest rate.

	Within 1 year	Maturity Within 2 to 5 years	More than 5 years
2021			
Group			
Interest rate risk			
Interest rate swaps			
Net exposure (in S\$'000)	245,000	523,370	–
Average fixed interest rate	0.74%	0.49%	–
Cross currency interest rate swaps			
Net exposure (in S\$'000)	39,452	39,452	–
Average fixed interest rate	3.09%	3.28%	–
Trust			
Interest rate risk			
Interest rate swaps			
Net exposure (in S\$'000)	245,000	425,000	–
Average fixed interest rate	0.74%	0.36%	–
Cross currency interest rate swaps			
Net exposure (in S\$'000)	39,452	39,452	–
Average fixed interest rate	3.09%	3.28%	–
2020			
Group			
Interest rate risk			
Interest rate swaps			
Net exposure (in S\$'000)	45,000	250,330	–
Average fixed interest rate	2.04%	1.01%	–
Cross currency interest rate swaps			
Net exposure (in S\$'000)	–	78,904	–
Average fixed interest rate	–	3.18%	–
Trust			
Interest rate risk			
Interest rate swaps			
Net exposure (in S\$'000)	45,000	150,000	–
Average fixed interest rate	2.04%	0.99%	–
Cross currency interest rate swaps			
Net exposure (in S\$'000)	–	78,904	–
Average fixed interest rate	–	3.18%	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting (cont'd)

Cash flow hedges (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	2021			Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	Carrying amount (liabilities) S\$'000	
Group				
Cross currency interest rate swap	78,904	–	(1,582)	Derivative financial instruments
Interest rate swaps	768,370	–	(2,796)	Derivative financial instruments
Trust				
Cross currency interest rate swap	78,904	–	(1,582)	Derivative financial instruments
Interest rate swaps	670,000	–	(1,050)	Derivative financial instruments

	2020			Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	Carrying amount (liabilities) S\$'000	
Group				
Cross currency interest rate swap	78,904	–	(3,112)	Derivative financial instruments
Interest rate swaps	295,330	–	(5,272)	Derivative financial instruments
Trust				
Cross currency interest rate swap	78,904	–	(3,112)	Derivative financial instruments
Interest rate swaps	195,000	–	(2,481)	Derivative financial instruments

During the period – 2021						
Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2021 S\$'000	Hedging (gains) or losses recognised in Unitholder's Fund S\$'000	Hedge ineffectiveness recognised in Statements of Total Return S\$'000	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from Hedging Reserve to Statements of Total Return S\$'000	Line item in profit or loss affected by the reclassification	
482	482	–	Not applicable	(1,922)	Not applicable	
407	407	–	Not applicable	(2,874)	Finance costs	
482	482	–	Not applicable	(1,922)	Not applicable	
497	497	–	Not applicable	(1,926)	Finance costs	

During the period – 2020						
Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2020 S\$'000	Hedging (gains) or losses recognised in Unitholder's Fund S\$'000	Hedge ineffectiveness recognised in Statements of Total Return S\$'000	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from Hedging Reserve to Statements of Total Return S\$'000	Line item in profit or loss affected by the reclassification	
1,265	1,265	–	Not applicable	–	Not applicable	
5,674	5,674	–	Not applicable	(3,405)	Finance costs	
1,265	1,265	–	Not applicable	–	Not applicable	
2,759	2,759	–	Not applicable	(3,083)	Finance costs	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting (cont'd)

Net investment hedge

A foreign currency exposure arises from the Group's net investment in its subsidiary in Australia that has a AUD functional currency. The risk arises from the fluctuation in spot exchange rates between the AUD and the SGD, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedges is the risk of a weakening AUD against the SGD that will result in a reduction in the carrying amount of the Group's net investment in its subsidiary in Australia.

Part of the Group's net investment is hedged through the use of AUD denominated cross currency interest rate swaps. The Group entered into cross currency interest rate swaps to swap fixed rate SGD loans for fixed rate AUD obligations.

The amounts related to items designated as hedging instruments were as follows:

	2021			Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	Carrying amount (liabilities) S\$'000	
Group				
Cross currency swaps	98,137	–	35	Derivative financial instruments

	2020			Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	Carrying amount (liabilities) S\$'000	
Group				
Cross currency swaps	98,137	–	(1,694)	Derivative financial instruments

During the period – 2021

Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2021 S\$'000	Hedging (gains) or losses recognised in Unitholder's Fund S\$'000	Hedge ineffectiveness recognised in Statements of Total Return S\$'000	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from Hedging Reserve to Statements of Total Return S\$'000	Line item in profit or loss affected by the reclassification
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(1,729) (1,729) – Not applicable – Not applicable

During the period – 2020

Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2020 S\$'000	Hedging (gains) or losses recognised in Unitholder's Fund S\$'000	Hedge ineffectiveness recognised in Statements of Total Return \$'000	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from Hedging Reserve to Statements of Total Return S\$'000	Line item in profit or loss affected by the reclassification
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5,315 5,315 – Not applicable – Not applicable

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting (cont'd)

Net investment hedge (cont'd)

The amounts related to items designated as hedged items were as follows:

	2021 Change in value of the hedged item used for calculating hedge ineffectiveness S\$'000
AUD net investment	7,028

	2020 Change in value of the hedged item used for calculating hedge ineffectiveness S\$'000
AUD net investment	(6,732)

During the period – 2021

Foreign currency translation reserve S\$'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied S\$'000
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(1,729)

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During the period – 2020

Foreign currency translation reserve S\$'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied S\$'000
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5,315

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Capital management

The Group's objectives for managing capital are to safeguard the Group'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 Group may issue new units or obtain new borrowings.

The Group 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 50% of the fund's deposited property.

As at reporting date, the Group has a gearing of 30.3% (2020: 30.5%), and is in compliance with the Aggregate Leverage limit of 50% (2020: 50%).

(h) 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
Group				
2021				
Assets				
Investment properties	-	-	4,123,000	4,123,000
Liabilities				
Derivative financial instruments	-	(4,343)	-	(4,343)
2020				
Assets				
Investment properties	-	-	4,125,447	4,125,447
Liabilities				
Derivative financial instruments	-	(10,078)	-	(10,078)

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(h) Fair value measurements (cont'd)

Fair value hierarchy (cont'd)

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Trust				
2021				
Assets				
Investment properties	-	-	3,296,200	3,296,200
Liabilities				
Derivative financial instruments	-	(2,597)	-	(2,597)
2020				
Assets				
Investment properties	-	-	3,286,200	3,286,200
Liabilities				
Derivative financial instruments	-	(7,287)	-	(7,287)

Level 2

The fair value of interest rate swap contracts and cross currency 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(h) Fair value measurements (cont'd)

Fair value hierarchy (cont'd)

Description	Valuation technique(s)	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment properties	Discounted cash flow	Discount rate 6.50% to 8.00% (2020: 6.50% to 8.00%)	Significant reduction in the capitalisation rate, discount rate and/or terminal yield in isolation would result in a significantly higher fair value of the investment properties.
		Terminal Yield 4.00% to 6.50% (2020: 4.00% to 6.50%)	
Investment properties	Income capitalisation	Capitalisation rate 3.75% to 6.00% (2020: 3.75% to 6.25%)	Significant reduction in the market rent rates in isolation would result in a significantly lower fair value of the investment properties
		Market rent S\$63.11 psf to S\$220.77 psf (2020: S\$67.55 psf to S\$223.45 psf)	

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;
- Terminal yield reflects the uncertainty, functional/economic obsolescence and the risk associated with the investment properties;
- Capitalisation rate correspond to a rate of return on investment properties based on the expected income that the property will generate; and
- Market rent rate reflects 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.

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Financial instruments by category

	Fair value – hedging instruments S\$'000	Amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
Group				
2021				
Assets				
Trade and other receivable ¹	–	10,674	–	10,674
Cash and cash equivalents	–	111,681	–	111,681
	–	122,355	–	122,355
Liabilities				
Trade and other payables ²	–	–	(85,577)	(85,577)
Borrowings	–	–	(1,293,054)	(1,293,054)
Derivative financial instruments	(4,343)	–	–	(4,343)
	(4,343)	–	(1,378,631)	(1,382,974)
2020				
Assets				
Trade and other receivables ¹	–	21,656	–	21,656
Cash and cash equivalents	–	81,974	–	81,974
	–	103,630	–	103,630
Liabilities				
Trade and other payables ²	–	–	(89,575)	(89,575)
Borrowings	–	–	(1,298,585)	(1,298,585)
Derivative financial instruments	(10,078)	–	–	(10,078)
	(10,078)	–	(1,388,160)	(1,398,238)

1 Excludes prepayments, other asset and grant receivable

2 Excludes collections in advance, deferred grant liability, Goods and services tax payable and withholding tax payable

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Financial instruments by category (cont'd)

	Fair value – hedging instruments S\$'000	Amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
Trust				
2021				
Assets				
Trade and other receivables ¹	–	383,868	–	383,868
Cash and cash equivalents	–	80,379	–	80,379
	–	464,247	–	464,247
Liabilities				
Trade and other payables ²	–	–	(76,302)	(76,302)
Borrowings	–	–	(993,694)	(993,694)
Derivative financial instruments	(2,597)	–	–	(2,597)
	(2,597)	–	(1,069,996)	(1,072,593)
2020				
Assets				
Trade and other receivables ¹	–	393,856	–	393,856
Cash and cash equivalents	–	52,770	–	52,770
	–	446,626	–	446,626
Liabilities				
Trade and other payables ²	–	–	(79,433)	(79,433)
Borrowings	–	–	(993,636)	(993,636)
Derivative financial instruments	(7,287)	–	–	(7,287)
	(7,287)	–	(1,073,069)	(1,080,356)

1 Excludes prepayments, other asset and grant receivable

2 Excludes collections in advance, deferred grant liability, Goods and services tax payable and withholding tax payable

26. RELATED PARTIES TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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 Group 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 Group.

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:

	Group	
	2021	2020
	S\$'000	S\$'000
Manager's management fees paid to a related company	20,434	19,245
Manager's acquisition fees paid to a related company	–	6,228
Property management fees paid/payable to a related company	7,956	7,484
Investment management fees paid/payable to non-controlling interests	2,950	2,143
Trustee's fees paid/payable to the Trustee	574	585
Staff reimbursements paid/payable to a related company	4,575	4,283
Rental and other income received/receivable from related companies	287	976
Other expenses paid/payable to related companies	649	697

27. 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 Group.

Segment revenue comprises mainly of income generated from each segment's 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, Group expenses, finance income and finance expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

27. OPERATING SEGMENTS (CONT'D)

	Paragon S\$'000	The Clementi Mall S\$'000	The Rail Mall S\$'000	Figtree Grove S\$'000	Westfield Marion ¹ S\$'000	Total S\$'000
2021						
Result						
Gross revenue	159,865	41,372	5,657	17,250	53,035	277,179
Property operating expenses	(40,472)	(11,487)	(1,222)	(3,968)	(17,403)	(74,552)
Segment net property income	119,393	29,885	4,435	13,282	35,632	202,627
Unallocated amounts:						
Manager's management fees						(20,434)
Investment management fees						(2,950)
Trustee's fee						(600)
Impairment on trade receivables	(610)	(291)	(15)	(1,701)	(206)	(2,823)
Other Group expenses						(1,395)
Finance income						200
Finance costs						(23,994)
Grant income						2,903
Grant expense						(2,903)
Net income						150,631
Net foreign currency exchange differences						(567)
Fair value change on investment properties	(4,373)	8,889	(356)	9,187	(9,926)	3,421
Total return for the year before taxes and distribution						153,485
Less: income tax						(1,397)
Total return for the year after taxes and before distribution						152,088
Segment assets	2,640,463	594,098	62,207	196,740	630,060	4,123,568
Segment assets includes:						
– Plant and equipment	463	98	7	–	–	568
– Investment properties	2,640,000	594,000	62,200	196,740	630,060	4,123,000
Unallocated assets						122,997
Total assets						4,246,565
Segment liabilities	42,589	11,215	1,447	–	9	55,260
Unallocated liabilities:						
– Borrowings						1,293,054
– Others						50,383
Total liabilities						1,398,697
Other information						
Additions to:						
– Plant and equipment	180	47	7	–	–	234
– Investment properties	1,204	623	293	389	3,685	6,194
Depreciation of plant and equipment	188	67	–	–	–	255

1 Westfield Marion Shopping Centre was acquired on 6 December 2019. Total acquisition cost of S\$633.9 million included acquisition fees and acquisition related expenses (Note 5).

27. OPERATING SEGMENTS (CONT'D)

	Paragon S\$'000	The Clementi Mall S\$'000	The Rail Mall S\$'000	Figtree Grove S\$'000	Westfield Marion ¹ S\$'000	Total S\$'000
2020						
Result						
Gross revenue	146,545	36,557	4,978	15,908	37,475	241,463
Property operating expenses	(33,807)	(9,998)	(1,070)	(3,423)	(11,222)	(59,520)
Segment net property income	112,738	26,559	3,908	12,485	26,253	181,943
Unallocated amounts:						
Manager's management fees						(19,245)
Investment management fees						(2,143)
Trustee's fee						(585)
Impairment on trade receivables	–	–	–	(1,742)	(6,358)	(8,100)
Other Group expenses						(1,697)
Finance income						1,775
Finance costs						(32,905)
Grant income						24,774
Grant expense						(24,774)
Net income						119,043
Net foreign currency exchange differences						917
Fair value change on investment properties	(108,968)	(14,575)	(2,498)	(16,057)	(37,841)	(179,939)
Total loss for the year before taxes and distribution						(59,979)
Less: income tax						(4,045)
Total loss for the year after taxes and before distribution						(64,024)
Segment assets	2,640,471	584,118	62,200	190,627	648,620	4,126,036
Segment assets includes:						
– Plant and equipment	471	118	–	–	–	589
– Investment properties	2,640,000	584,000	62,200	190,627	648,620	4,125,447
Unallocated assets						114,627
Total assets						<u>4,240,663</u>
Segment liabilities	42,452	11,771	1,383	–	9	55,615
Unallocated liabilities:						
– Borrowings						1,298,585
– Others						71,754
Total liabilities						<u>1,425,954</u>
Other information						
Additions to:						
– Plant and equipment	117	66	–	–	–	183
– Investment properties	3,467	1,383	785	382	3,126	9,143
Acquisition of investment property	–	–	–	–	633,923	633,923
Depreciation of plant and equipment	172	52	–	–	–	224

1 Westfield Marion Shopping Centre was acquired on 6 December 2019. Total acquisition cost of S\$633.9 million included acquisition fees and acquisition related expenses (Note 5).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

27. OPERATING SEGMENTS (CONT'D)

Geographical information

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the corresponding investment properties.

	Group	
	2021	2020
	S\$'000	S\$'000
<u>Revenue</u>		
Singapore	206,894	188,080
Australia	70,285	53,383
	277,179	241,463
<u>Non-current assets¹</u>		
Singapore	3,296,768	3,286,789
Australia	826,800	839,247
	4,123,568	4,126,036

1 Non-current assets exclude financial instruments

28. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 September 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Trust's statement of financial position.

- FRS 117 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *COVID-19-Related Rent Concessions* (Amendment to FRS 116)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110 and FRS 28)
- *Reference to the Conceptual Framework* (Amendments to FRS 103)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Annual Improvements to FRSs 2018 – 2020*
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116)

29. FINANCIAL RATIOS

	Group	
	2021	2020
	%	%
Ratio of expenses to weighted average net assets value ¹		
– including performance component of Manager’s management fees	0.90	0.85
– excluding performance component of Manager’s management fees	0.55	0.53
Total operating expenses to net asset value ²	3.46	2.90
Portfolio turnover rate ³	–	–

- 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 Group, 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 Group expressed as a percentage of weighted average net asset value. The portfolio turnover rate was nil for the year ended 31 August 2021 and 31 August 2020, as there were no sales of investment properties.

30. SUBSEQUENT EVENT

Subsequent to the reporting date, the Manager announced a distribution of 1.58 cents per unit, for the quarter from 1 June 2021 to 31 August 2021.

The unprecedented COVID-19 pandemic created global economic uncertainty and caused severe business disruptions. Safe management measures and travel restrictions to contain the spread of the pandemic impacted the retail industry adversely, resulting in lower footfall and sales in malls. Uncertainty on its duration, scale and long term impact of the pandemic could further dampen consumer sentiment and economic growth and adversely impact demand for commercial space, relief measures for tenants and rental collections. The Manager will continue to monitor the COVID-19 outbreak in the respective countries the Group operates in, including the guidelines and/or regulations provided by the authorities. Given the fluidity of the COVID-19 pandemic, the full impact of the pandemic to the Group’s performance for the year ending 31 August 2022 cannot be ascertained as at the date of this report.

31. AUTHORISATION OF FINANCIAL STATEMENT

The financial statements were authorised for issue by the Manager and the Trustee on 4 October 2021.

■ STATISTICS OF UNITHOLDINGS

As at 1 October 2021

Issued and Fully Paid-Up Units
2,785,164,072 Units (Voting Rights: Vote Per Unit)
There is only one class of Units in SPH REIT.

DISTRIBUTION OF UNITHOLDINGS & TWENTY LARGEST UNITHOLDERS

Size of Unitholdings	Unitholders	%	No. Of Units	%
1 – 99	7	0.02	134	0.00
100 – 1,000	7,937	27.03	7,804,867	0.28
1,001 – 10,000	17,282	58.87	69,868,296	2.51
10,001 – 1,000,000	4,095	13.95	214,199,212	7.69
1,000,001 and above	38	0.13	2,493,291,563	89.52
TOTAL	29,359	100.00	2,785,164,072	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1.	TIMES PROPERTIES PRIVATE LIMITED	1,264,679,500	45.41
2.	TPR HOLDINGS PTE LTD	486,017,500	17.45
3.	DBS NOMINEES (PRIVATE) LIMITED	231,353,059	8.31
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	118,398,039	4.25
5.	HSBC (SINGAPORE) NOMINEES PTE LTD	110,217,329	3.96
6.	SPH REIT MANAGEMENT PTE LTD	95,062,891	3.41
7.	RAFFLES NOMINEES (PTE.) LIMITED	49,487,307	1.78
8.	DBSN SERVICES PTE. LTD.	32,067,371	1.15
9.	LEE FOUNDATION STATES OF MALAYA	17,500,000	0.63
10.	OCBC SECURITIES PRIVATE LIMITED	8,870,600	0.32
11.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	7,331,474	0.26
12.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,793,800	0.21
13.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,499,200	0.20
14.	MERRILL LYNCH (SINGAPORE) PTE. LTD.	5,052,276	0.18
15.	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,708,900	0.17
16.	TAN TIANG HIN JERRY	4,557,500	0.16
17.	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	4,338,700	0.16
18.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	4,276,961	0.15
19.	UOB KAY HIAN PRIVATE LIMITED	3,669,800	0.13
20.	GAN JAI CHUAN	3,279,500	0.12
	TOTAL	2,462,161,707	88.41

SUBSTANTIAL UNITHOLDERS

No.	Name of Company	Direct Interest	Deemed Interest	% of Total Issued Units
1.	Singapore Press Holdings Ltd ¹	–	1,845,759,891	66.271
2.	Times Properties Private Limited ²	1,264,679,500	581,080,391	66.271
3.	TPR Holdings Pte Ltd	486,017,500	–	17.450

- 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 95,062,891 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 95,062,891 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.

DIRECTORS’ UNITHOLDINGS IN SPH REIT

(As at 21 September 2020)

No.	Name of Director	Direct Interest	Deemed Interest
1.	SOON TIT KOON	100,000	–
2.	LIM MAY LING GINNEY	200,000	–

FREE FLOAT

Approximately 33.70% 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 2021, 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 2021	Year Ended 31 August 2020
Singapore Press Holdings Ltd and its subsidiaries or associates		
– Manager's management fees	20,434	19,245
– Manager's acquisition fees	–	6,228
– Property management/project management fees and reimbursable	13,176	11,810
– Rental income	214	218
– Other income	–	627
DBS Trustee Limited		
– Trustee's fees	574	585

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 26 in the financial statements.

SUBSCRIPTION OF SPH REIT UNITS

During the financial year ended 31 August 2021, SPH REIT issued 22,042,037 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 Eighth 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 convened and held by way of electronic means on Wednesday, 24 November 2021 at 2.30 p.m. (Singapore time) 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 31 August 2021 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 were issued and 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

Jessie Phua Swee Hoon
Company Secretary

Singapore,
27 October 2021

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. This Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to Unitholders (but will be made available on request). Instead, this Notice will be sent to Unitholders by electronic means via publication on SPH REIT's website at <https://sphreit.listedcompany.com/agm2021.html> and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>. Please refer to paragraph 10 below on how to make a request for a printed copy of this Notice.
2. **Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the AGM in person.** Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions before or at the AGM, and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying announcement of the Manager dated 27 October 2021. This announcement may be accessed at SPH REIT's website at the URL <https://sphreit.listedcompany.com/agm2021.html> and at the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Any reference to a time of day is made by reference to Singapore time.
3. Unitholders and CPF and SRS investors will be able to observe and/or listen to the AGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, Unitholders and CPF and SRS investors must pre-register at SPH REIT's website at <https://sphreit.listedcompany.com/agm2021.html> from now until 2.30 p.m. on **Sunday, 21 November 2021** to enable the Manager to verify their status as Unitholders. Please refer to the Manager's announcement dated 27 October 2021 for more details.

NOTICE OF ANNUAL GENERAL MEETING

4. Unitholders may also submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM. In order to do so, their questions must be submitted in the following manner by **2.30 p.m.** on **21 November 2021**:

(a) if submitted electronically:

(i) be submitted via email to the Manager at ir@sphreit.com.sg (with subject title "AGM Questions"); or

(ii) be submitted via the website at <https://sphreit.listedcompany.com/agm2021.html>;

(b) if submitted by post, be deposited at the office of the Manager at 1000 Toa Payoh North, News Centre, Singapore 318994. Please address and attention the letter as follows:

SPH REIT Management Pte Ltd
1000 Toa Payoh North
News Centre
Singapore 318994
Attention: Investor Relations Department (SPH REIT AGM 2021)

5. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The Proxy Form is available on SPH REIT's website at <https://sphreit.listedcompany.com/agm2021.html> and on the SGX website at <https://www.sgx.com/securities/company-announcements>. Printed copies of the Proxy Form will not be sent to Unitholders. However, printed copies of the Proxy Form are available upon request by Unitholders. Please refer to paragraph 10 below on how to make a request.

In appointing the Chairman of the AGM as proxy, a Unitholder must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The Proxy Form appointing the Chairman of the AGM as proxy must be submitted to SPH REIT in the following manner:

(a) if submitted by post, be lodged at the office of SPH REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623;

(b) if submitted electronically:

(i) be submitted via email to SPH REIT's Unit Registrar at sphreitagm2021@boardroomlimited.com; or

(ii) be uploaded onto the website at <https://sphreit.listedcompany.com/agm2021.html>,

in each case, by **2.30 p.m.** on **21 November 2021**, being 72 hours before the time fixed for the AGM.

A Unitholder who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above or uploading it onto the website at the URL provided above.

In view of the COVID-19 restriction orders in Singapore and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email or the website at the URL provided above.

7. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m.** on **15 November 2021**.
8. The Chairman of the AGM, as proxy, need not be a Unitholder.
9. The Annual Report of SPH REIT for the financial year ended 31 August 2021 may be accessed at SPH REIT's website at <https://sphreit.listedcompany.com/agm2021.html>. Printed copies of the Annual Report of SPH REIT for the financial year ended 31 August 2021 are available upon request by Unitholders. Please refer to paragraph 10 below on how to make a request.
10. Any Unitholder may request for a printed copy of this Notice, the Proxy Form and/or the Annual Report of SPH REIT for the financial year ended 31 August 2021 by sending a written request (the "**Request**") to SPH REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., via email to sphreitagm2021@boardroomlimited.com or via post to 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623. To be a valid Request, the Request must:
 - (a) be addressed to SPH REIT Management Pte Ltd c/o SPH REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd.;
 - (b) state the following:
 - (i) the document(s) requested (i.e. Notice of AGM, Proxy Form, Annual Report or any combination of the aforesaid documents);
 - (ii) full name of Unitholder (as per NRIC / Passport);
 - (iii) address; and
 - (iv) whether the Units are held through CDP Securities Account or CPFIS Account; and
 - (c) be received by SPH REIT's Unit Registrar no later than **10 November 2021**.

PERSONAL DATA PRIVACY:

"Personal data" in this notice has the same meaning as "personal data" in the Personal Data Protection Act 2012. By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents or service providers) for the purpose of the processing and administration by the Manager and the Trustee (or their agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"). Personal data of the Unitholder may be disclosed or transferred by the Manager and the Trustee, its unit registrar and/or other agents or bodies for any of the Purposes and retained for such period as may be necessary for the Manager's verification and record purposes.

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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. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Printed copies of the Notice of Annual General Meeting will not be sent to Unitholders (but will be made available on request).** Instead, the Notice of Annual General Meeting will be sent to Unitholders by electronic means via publication on SPH REIT's website at the URL <https://sphreit.listedcompany.com/agm2021.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Please refer to paragraph 10 of the Notes to the Notice of Annual General Meeting on how to make a request for a printed copy of the Notice of Annual General Meeting.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at or before the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in SPH REIT's announcement dated 27 October 2021. This announcement may be accessed at SPH REIT's website at the URL <https://sphreit.listedcompany.com/agm2021.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, a Unitholder will not be able to attend the Annual General Meeting in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such Unitholder wishes to exercise his/her/its voting rights at the Annual General Meeting.**
4. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on 15 November 2021**.
5. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a Unitholder's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.**

Personal data privacy

By submitting an instrument appointing the Chairman of the Meeting as proxy, the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 October 2021.

I/We _____ of
(Name and identification number)

(Address)

being a unitholder/unitholders of SPH REIT, hereby appoint the Chairman of the Meeting as my/our proxy/ proxies to vote for me/us on my/our behalf at the Eighth Annual General Meeting (the "**Meeting**") of Unitholders of SPH REIT to be convened and held by way of electronic means on Wednesday, 24 November 2021 at 2.30 p.m. (Singapore time) and at any adjournment thereof. I/We direct the Chairman of the Meeting as my/our proxy to vote for or against or to abstain from voting on the Resolutions proposed at the Meeting as indicated hereunder.

Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to vote all your units "For" or "Against" the relevant resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please insert the relevant number of units "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please insert the relevant number of units in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

No.	Resolutions relating to:	For	Against	Abstain
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 2021 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 _____ 2021

Total number of Units held

Signature(s) of Unitholder(s) /
Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW



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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 the Chairman of the Meeting as proxy shall be deemed to relate to all the Units held by you.
2. **Due to the current COVID-19 situation in Singapore, a Unitholder will not be able to attend the Annual General Meeting in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such Unitholder wishes to exercise his/her/its voting rights at the Meeting.** This proxy form may be downloaded from SPH REIT's website at the URL <https://sphreit.listedcompany.com/agma2021.html> and from the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of this proxy form will be made available to Unitholders upon request. Please refer to paragraph 10 of the Notes to the Notice of Annual General Meeting on how to make a request. Where a Unitholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the instrument appointing a proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. CPF and SRS investors who wish to appoint the Chairman of the Meeting as their proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on 15 November 2021**.
4. The Chairman of the Meeting, as proxy, need not be a Unitholder of SPH REIT.
5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to SPH REIT in the following manner:
 - (a) if submitted by post, be lodged at the office of SPH REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) if submitted electronically:
 - (i) be submitted via email to SPH REIT's Unit Registrar at sphreitagm2021@boardroomlimited.com; or
 - (ii) be uploaded onto the website at <https://sphreit.listedcompany.com/agma2021.html>,

in each case, by **2.30 p.m. on 21 November 2021**, being 72 hours before the time fixed for the Meeting.

A Unitholder who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above or uploading it onto the website at the URL provided above.

Due to the current COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit completed proxy forms electronically via email or the website at the URL provided above.

6. The instrument appointing the Chairman of the Meeting as proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy 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 an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with SPH REIT), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email or the website at the URL provided above, be emailed or submitted via the website at the URL provided above with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Manager shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy. In addition, in the case of Units entered in the Depository Register, the Manager may reject any instrument appointing the Chairman of the Meeting as proxy lodged or submitted 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 3380

Facsimile : +65 6319 8149

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

Mrs Trina Loh Soh Yong

- Non-Executive and Independent Director
- Chairman, Nominating & Remuneration Committee
- Member, Audit & Risk Committee

Ms Hoo Sheau Farn

- Non-Executive and Independent Director
- Member, Audit & Risk Committee
- Member, Nominating & Remuneration Committee

Mr Ng Yat Chung

- Non-Executive and Non-Independent Director
- Member, Nominating & Remuneration Committee

Mr Chua Hwee Song

- 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)

Mrs Trina Loh Soh Yong

Ms Hoo Sheau Farn

NOMINATING & REMUNERATION COMMITTEE

Mrs Trina Loh Soh Yong
(Chairman)

Dr Leong Horn Kee

Mr Soon Tit Koon

Ms Hoo Sheau Farn

Mr Ng Yat Chung

Mr Chua Hwee Song

Ms Ginney Lim May Ling

MANAGEMENT

Ms Susan Leng Mee Yin
Chief Executive Officer

Mr Benjamin Kuah Hsien Yiao
Chief Financial Officer &
Head, Investor Relations

Ms Belinda Zheng Qinyin
Investment Manager

Mr You Wenpei
Asset Manager
(Up to 12 October 2021)

COMPANY SECRETARY

Ms Jessie Phua Swee Hoon

Ms Sheryl Cher Ya Li
(Up to 22 October 2021)

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: **Mr Lim Jek**
(With effect from financial year
ended 31 August 2019)



**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

SPIN REIT RESILIENT FOR MEMBER GENERAL REPORT 2021

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