



Quintique Investment Pte. Ltd.
Registration Number: 199908242H

Annual Report
Year ended 31 December 2020

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS29 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Ng Hsueh Ling

Gan Chong Min

(Appointed on 1 June 2020)

Lim Kok Eng

(Appointed on 28 August 2020)

(Alternate to Gan Chong Min)

Joey Ong

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), no director who held office at the end of the financial year (including those held by their spouses and children) had interest in shares, debentures, warrants and share options in the Company and in its related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company;
and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

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

On behalf of the Board of Directors



Gan Chong Min
Director



Joey Ong
Director

17 May 2021



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Independent auditors' report

Member of the Company
Quintique Investment Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Quintique Investment Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS29.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company 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.

Other information

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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.

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
17 May 2021

**Statement of financial position
As at 31 December 2020**

	Note	2020 \$	2019 \$
Non-current assets			
Investment property	4	46,400,000	57,600,000
Leasing incentive	5	34,464	79,187
		<u>46,434,464</u>	<u>57,679,187</u>
Current assets			
Leasing incentive	5	68,923	86,134
Trade and other receivables	6	151,830	3,458
Prepayment		74	—
Cash and cash equivalents	7	1,874,855	3,121,684
		<u>2,095,682</u>	<u>3,211,276</u>
Total assets		<u><u>48,530,146</u></u>	<u><u>60,890,463</u></u>
Equity			
Share capital	8	100	100
Retained earnings		22,450,916	35,150,632
Total equity		<u>22,451,016</u>	<u>35,150,732</u>
Non-current liability			
Trade and other payables	9	431,954	785,787
Current liabilities			
Loan from immediate holding company	10	23,851,003	23,851,003
Trade and other payables	9	1,689,697	996,044
Current tax liabilities		106,476	106,897
		<u>25,647,176</u>	<u>24,953,944</u>
Total liabilities		<u>26,079,130</u>	<u>25,739,731</u>
Total equity and liabilities		<u><u>48,530,146</u></u>	<u><u>60,890,463</u></u>

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

Statement of comprehensive income
Year ended 31 December 2020

	Note	2020 \$	2019 \$
Revenue	11	3,119,117	3,414,320
Direct operating expenses	12(a)	(954,244)	(982,333)
Net operating income		<u>2,164,873</u>	<u>2,431,987</u>
Change in fair value of investment property		(11,200,000)	400,000
Other income	12(b)	7,165	—
General and administrative expenses	12(c)	(186,275)	(288,718)
Results from operating activities		<u>(9,214,237)</u>	<u>2,543,269</u>
Net finance costs	12(d)	(1,423,525)	(1,395,169)
(Loss)/Profit before tax		<u>(10,637,762)</u>	<u>1,148,100</u>
Tax expense	13	(61,954)	(106,798)
(Loss)/Profit for the year and total comprehensive income for the year		<u><u>(10,699,716)</u></u>	<u><u>1,041,302</u></u>

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

Statement of changes in equity
Year ended 31 December 2020

	Note	Share capital \$	Retained earnings \$	Total equity \$
At 1 January 2019		100	34,109,330	34,109,430
Total comprehensive income for the year				
Profit for the year		—	1,041,302	1,041,302
Total comprehensive income for the year		—	1,041,302	1,041,302
At 31 December 2019		100	35,150,632	35,150,732
At 1 January 2020		100	35,150,632	35,150,732
Total comprehensive income for the year				
Loss for the year		—	(10,699,716)	(10,699,716)
Total comprehensive income for the year		—	(10,699,716)	(10,699,716)
Transaction with owner, recognised directly in equity				
Distributions to owner				
Dividends declared	8	—	(2,000,000)	(2,000,000)
At 31 December 2020		100	22,450,916	22,451,016

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

Statement of cash flows
Year ended 31 December 2020

	Note	2020	2019
		\$	\$
Cash flows from operating activities			
(Loss)/Profit for the year		(10,699,716)	1,041,302
Adjustments for:			
Change in fair value of investment property	4	11,200,000	(400,000)
Net finance costs		1,423,525	1,395,169
Tax expense		61,954	106,798
		<u>1,985,763</u>	<u>2,143,269</u>
Changes in:			
- Trade and other receivables		(148,372)	89,081
- Leasing incentive		61,934	3,815
- Prepayment		(74)	—
- Trade and other payables		<u>(105,563)</u>	<u>(261,570)</u>
Cash generated from operations		<u>1,793,688</u>	<u>1,974,595</u>
Tax paid		<u>(62,375)</u>	<u>(94,602)</u>
Net cash generated from operating activities		<u>1,731,313</u>	<u>1,879,993</u>
Cash flows from investing activity			
Interest received		<u>7,535</u>	<u>35,892</u>
Net cash generated from investing activity		<u>7,535</u>	<u>35,892</u>
Cash flows from financing activities			
Dividends paid	8	(2,000,000)	—
Interest paid		<u>(985,677)</u>	<u>(1,400,000)</u>
Net cash used in financing activities		<u>(2,985,677)</u>	<u>(1,400,000)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(1,246,829)</u>	<u>515,885</u>
Cash and cash equivalents at 1 January		<u>3,121,684</u>	<u>2,605,799</u>
Cash and cash equivalents at 31 December	7	<u>1,874,855</u>	<u>3,121,684</u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 17 May 2021.

1 Domicile and activities

Quintique Investment Pte. Ltd. (the “Company”) is incorporated in Singapore and has its principal place of business at 80 Marine Parade Road, Parkway Parade #08-01/02, Singapore 449269.

The principal activities of the Company are those relating to investment holding and to undertake the management of properties.

Pursuant to a group restructuring exercise on 9 April 2020, the immediate and ultimate parent companies are Lendlease PP Office Pte. Ltd. (a company incorporated in Singapore) and Parkway Parade Partnership Pte. Ltd. (a company incorporated in Singapore) respectively.

2 Basis of preparation

2.1 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the net current liabilities position of \$23,551,494 (2019: \$21,742,668) as at 31 December 2020. The Board of Directors considers that it is appropriate for the Company to prepare its financial statements on a going concern basis as the immediate holding company has agreed to not recall the loan of \$23,851,003 (2019: \$23,851,003) within the next twelve months.

2.2 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”).

2.3 Basis of measurement

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

2.4 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company’s functional currency.

2.5 Use of estimates and judgements

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

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

Management is of the opinion that there are no critical judgements in applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

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 note 4 – investment property.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors.

The management team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as property valuation, broker quotes or pricing services, is used to measure fair values, then the management team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in following notes:

- Note 4 – investment property; and
- Note 14 – financial risk management.

2.6 Changes in accounting policies

The Company has applied the following amendments to FRS for the first time for the annual period beginning on 1 January 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)
- *Interest Rate Benchmark Reform* (Amendments to FRS 109, FRS 39 and FRS 107)

The application of these amendments to standards does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate of the date of transaction. Foreign currency differences arising from the translation are recognised in profit or loss.

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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 Company 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 operation of those policies in practice. These include whether management’s strategy focuses on 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;
- how the performance of the portfolio is evaluated and reported to the Company’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 Company’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 Company 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 Company 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 Company’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.

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 profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

Financial liabilities are classified as measured at amortised cost. These 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 profit or loss.

(iii) Derecognition

Financial assets

The Company 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 Company 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 Company 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 Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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 profit or loss.

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(vi) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with FRS 12.

3.3 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recorded in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3.4 Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for estimated credit loss (“ECLs”) on financial assets measured at amortised cost.

Loss allowances of the Company 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 Company 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 Company 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 Company 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 Company 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 Company’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 Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

Measurement of ECLs

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

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost is 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 debtor;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets 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 Company 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 Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

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

3.5 Leasing incentive

Leasing incentive expenses, being initial direct costs incurred by the Company in negotiating and arranging operating leases are initially capitalised and subsequently recognised as an expense in profit or loss over the lease term on the same basis as rental income.

3.6 Revenue

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals, which include gross turnover rental, are recognised as income in the period in which they are earned.

Revenue from rendering of services in the ordinary course of business is recognised when the Company satisfies a performance obligation ("PO") by transferring control of a service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO. Services are billed on a monthly basis.

Revenue from service charges, marketing and operating levy, and other charges in relation to investment property is recognised over time following the timing of satisfaction of PO, based on invoiced amounts. Invoices issued are due immediately.

3.7 Finance income and finance costs

The Company's finance income and finance costs include:

- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

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

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

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

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

3.8 Leases

At inception of a contract, the Company 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.

As a lessor

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

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Company applies FRS 15 to allocate the consideration in the contract.

The Company 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’.

3.9 Government grants

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

3.10 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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

Current tax assets and liabilities are offset if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

3.11 Key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors of the Company are considered as key management personnel of the Company.

3.12 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 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following FRS and amendments to FRS are not expected to have a significant impact on the Company's financial statements.

- *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)
- *Reference to the Conceptual Framework* (Amendments to FRS 103)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Annual Improvements to FRS(I)s 2018 – 2020*

4 Investment property

	2020 \$	2019 \$
At 1 January	57,600,000	57,200,000
Changes in fair value of investment property	(11,200,000)	400,000
At 31 December	<u>46,400,000</u>	<u>57,600,000</u>

Investment property comprises of retail and office premises located in retail mall cum office building known as “Parkway Parade”.

Investment property is held mainly for use by external customers under operating leases. Generally the leases contain an initial non-cancellable period of between 1 to 5 (2019: 1 to 5) years. Subsequent renewals are negotiated with the lessees. Contingent rents, representing income based on certain sales achieved by tenants, recognised in profit or loss amounted to \$11,764 (2019: \$18,901).

Changes in fair values are recognised in profit or loss.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

Security

At 31 December 2020, investment property of the Company with a carrying amount of \$46,400,000 (2019: \$57,600,000) is pledged as security to secure bank loans by a related corporation.

Measurement of fair value

(i) Fair value hierarchy

The fair value of investment property as at 31 December 2020 was assessed by an external professional valuer who holds recognised and relevant professional qualifications and has recent experience in the location and category of the property being valued. The independent valuer provides the fair value of the Company's investment property portfolio every six months. As at 31 December 2020, the fair value of the property has been provided by Cushman & Wakefield VHS Pte Ltd (2019: Cushman & Wakefield VHS Pte Ltd). In determining the fair value, the valuer used valuation techniques which involve certain estimates. The valuation report is prepared in accordance with recognised appraisal and valuation standards. The estimates underlying the valuation techniques in the next financial year may differ from the current estimates, which may result in valuation that may be materially different from the valuation at the reporting date.

The valuer has considered the capitalisation approach, discounted cash flows and sales comparison approach in arriving at the open market value as at the reporting date. The valuation report highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuation than would normally be the case. Due to the unknown future impact that COVID-19 pandemic might have on the real estate market, the valuer has also recommended to keep the valuation of this property under frequent review.

The capitalisation approach capitalises an income stream using a present value single-year capitalisation rate; and the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow approach involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The valuation methods require the valuer to assume a rental growth rate indicative of market and the selection of a capitalisation rate or a target internal rate of return consistent with current market requirement. The sales comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment property.

In relying on the valuation report, the Company has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The Company has a management team that reviews the valuations performed by the independent valuer for financial reporting purposes.

(i) Fair value hierarchy

The fair value measurement for investment property of \$46,400,000 as at 31 December 2020 (2019: \$57,600,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2.5).

(ii) Valuation techniques and significant unobservable inputs

The following table shows the Company's valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable input and fair value measurement
Discounted cash flow approach	Discount rate: Office – 6.75% (2019: 6.75%) Retail – 7.00% (2019: 7.00%) Terminal yield: Office – 4.00% (2019: 4.00%) Retail – 5.25% (2019: 5.25%) Rental growth rate: Office – 3.65% (2019: 4.07%) Retail – 3.32% (2019: 3.49%)	The estimated fair value increases with: • decreases in the discount rate; or • decreases in the terminal yield rate; or • increases in rental growth rate.
Capitalisation approach	Capitalisation rate: Office – 3.75 % (2019: 3.75%) Retail – 5% (2019: 5.00%)	The estimated fair value increases with decreases in the capitalisation rate.
Sales comparison approach	Adjusted price per square foot: Office – \$1,193 psf (2019: \$1,199 psf) Retail – \$2,488 psf (2019: \$2,533 psf)	The estimated fair value increases with higher price per square foot.

The significant unobservable inputs used by the Company are derived and evaluated as follows:

Discount rate	Reflects market return expectations, factoring in risk premium over Singapore Government Securities 10 year bond rate associated with direct property compared to other forms of investment.
Terminal yield	This assumes a spread over the initial yield, reflecting the additional uncertainty associated with future cash flows.
Rental growth rate	Based on asset's location, type, quality, competition in the area, supported by current contracted rents and market comparables.
Capitalisation rate	Based on market demand, asset's location, type, quality, years remaining on lease supported by market transactions and market comparables.
Price per square foot	Based on comparable transaction evidence of similar properties with similar attributes to the property.

These were estimated by the external valuer based on market conditions as at 31 December 2020. The estimates are largely consistent with the budgets developed internally by the Company based on management's experience and knowledge of market conditions.

5 Leasing incentive

	2020 \$	2019 \$
Current	68,923	86,134
Non-current	34,464	79,187
	<u>103,387</u>	<u>165,321</u>

Non-current leasing incentive represents deferred leasing incentive which will be amortised between 13 and 43 months (2019: 13 and 55 months).

6 Trade and other receivables

	2020 \$	2019 \$
Trade receivables	19,769	49
Accrued trade receivables	2,119	3,175
Amount due from related corporations (non-trade)	129,942	234
	<u>151,830</u>	<u>3,458</u>

The non-trade amount due from related corporations are unsecured, interest-free and repayable on demand.

The Company's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in note 14.

7 Cash and cash equivalents

	2020 \$	2019 \$
Cash at banks	<u>1,874,855</u>	<u>3,121,684</u>

8 Share capital

	2020 Number of shares	2019 Number of shares
Fully paid ordinary shares of \$1 each, with no par value:		
At 1 January and 31 December	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Dividends

The following exempted (one-tier) dividends were declared and paid by the Company:

	2020	2019
	\$	\$
Ordinary dividends paid		
\$20,000 (2019: Nil) per share	2,000,000	—

9 Trade and other payables

	2020	2019
	\$	\$
Non-current liability		
Tenancy deposits	431,954	785,787
Current liabilities		
Trade payables	11,837	—
Other payables	1,116	504
Grant payables	33,194	—
Property tax rebate payable	6,105	—
Accrued operating expenses	58,756	41,462
Provision of landlord rental rebates	41,641	—
Interest payable to immediate holding company	933,970	488,587
Amount due to related corporation (trade)	65,832	105,911
Amount due to related corporation (non-trade)	—	74,232
Amount due to immediate holding company (non-trade)	—	67,169
Tenancy deposits	460,435	150,282
	1,612,886	928,147
Deferred rental income	42,418	29,425
GST payables	34,393	38,472
	1,689,697	996,044

Non-current tenancy deposits are due more than one year but less than five years from the reporting date.

The non-trade amounts due to related corporations and immediate holding company are unsecured, interest-free and repayable on demand.

Grant payables relate to job support scheme announced in the Unity Budget as wage support to the employer to retain their employees and Singapore government cash grant announced in the Fortitude Budget to be transferred to tenants as related rental rebates. Property tax rebate payable relates to property tax rebate announced in the Resilience Budget to be transferred to tenants as related rental rebates.

The Company's exposure to liquidity risk related to trade and other payables is disclosed in note 14.

10 Loan from immediate holding company

The loan from immediate holding company is unsecured, bears interest at 6% (2019: 6%) per annum and repayable on demand.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		
	Interest-bearing borrowings \$	Interest payable \$	Total \$
Balance at 1 January 2019	23,851,003	457,526	24,308,529
Changes from financing cash flows			
Interest paid	—	(1,400,000)	(1,400,000)
Total changes from financing cash flows	—	(1,400,000)	(1,400,000)
Other changes			
Liability-related			
Interest expense	—	1,431,061	1,431,061
Total liability-related other changes	—	1,431,061	1,431,061
Balance at 31 December 2019	23,851,003	488,587	24,339,590
Balance at 1 January 2020	23,851,003	488,587	24,339,590
Changes from financing cash flows			
Interest paid	—	(985,677)	(985,677)
Total changes from financing cash flows	—	(985,677)	(985,677)
Other changes			
Liability-related			
Interest expense on loan from immediate holding company	—	1,431,060	1,431,060
Total liability-related other changes	—	1,431,060	1,431,060
Balance at 31 December 2020	23,851,003	933,970	24,784,973

11 Revenue

	2020 \$	2019 \$
Rental income	2,736,427	2,787,756
Service charges	594,304	583,467
Marketing, operating levy and other charges	24,413	24,196
Turnover rentals	11,764	18,901
	3,366,908	3,414,320
Less: Rental rebates	(247,791)	—
	3,119,117	3,414,320

Rental rebates relate to waivers granted by the Company to tenants affected by COVID-19 pandemic.

12 Expenses by nature

	2020 \$	2019 \$
(a) Direct operating expenses		
Property tax expense	316,426	316,787
Licenses - By Laws	8,428	8,428
MCST service charge expenses	342,576	342,576
Property management fees	98,774	109,002
Leasing fees	94,053	115,362
Operating labour costs	57,867	61,286
Insurance expense	17,009	5,466
Other direct operating expenses	19,111	23,426
	<u>954,244</u>	<u>982,333</u>
(b) Other income		
Grant income	247,753	—
Grant expense	(247,753)	—
Other income	7,165	—
	<u>7,165</u>	<u>—</u>
(c) General and administrative expenses		
Investment advisory fees	106,088	254,300
Professional fee and others	80,187	34,418
	<u>186,275</u>	<u>288,718</u>
(d) Net finance costs		
Interest income on bank deposits	<u>(7,813)</u>	<u>(36,338)</u>
Interest expense on loan from immediate holding company	1,431,060	1,431,061
Bank charges	278	446
	<u>1,431,338</u>	<u>1,431,507</u>
Net finance costs	<u>1,423,525</u>	<u>1,395,169</u>

13 Tax expense

	2020 \$	2019 \$
Current tax expense		
Current year	59,473	106,500
Under provision in prior years	2,481	298
Total tax expense	<u>61,954</u>	<u>106,798</u>

	2020	2019
	\$	\$
<i>Reconciliation of effective tax rate</i>		
(Loss)/Profit before tax	(10,637,762)	1,148,100
Tax using the Singapore tax rate of 17% (2019: 17%)	(1,808,419)	195,177
Non-deductible expenses	1,887,001	—
Tax exempt income	(1,218)	(68,000)
Utilisation of unclaimed capital allowances	(466)	(3,252)
Singapore statutory stepped income exemption	(17,425)	(17,425)
Under provision in prior years	2,481	298
	<u>61,954</u>	<u>106,798</u>

14 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, and arises principally from the Company's receivables from tenants.

The carrying amounts of financial assets represent the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Company holds security deposits from the tenants as collaterals to manage its credit risk.

Trade receivables

Credit evaluations of tenants are performed before the lease agreements are signed with tenants. Outstanding balances by the tenants are monitored closely on an ongoing basis.

Concentration of credit risk rating relating to trade receivables is limited due to the Company's many varied tenants. These tenants comprise office and retail tenants engaged in a wide variety of consumer trades.

There is no impairment loss on trade receivables.

The Company believes that the unimpaired amounts that are past due by more than 90 days are still collective in full, based on historical payment behaviour and extensive analyses of tenant credit risk. As at reporting date, no impairment allowance is necessary in respect of trade receivables.

Expected credit loss assessment

Trade receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2020:

	Gross carrying amount \$	Credit impaired
31 December 2020		
Not past due	2,119	No
Past due 0 – 30 days	8,944	No
Past due 31 – 60 days	–	No
Past due 61 – 90 days	–	No
Past due more than 90 days	10,825	Yes
	<u>21,888</u>	
31 December 2019		
Not past due	3,175	No
Past due 0 – 30 days	–	No
Past due 31 – 60 days	–	No
Past due 61 – 90 days	–	No
Past due more than 90 days	49	Yes
	<u>3,224</u>	

The Company uses an allowance matrix to measure the ECLs of trade receivables.

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 five years. The historical loss rates are nil as security deposits received from each tenant exceeds the trade receivables at each reporting date.

Amount due from related corporations (non-trade)

The Company assesses on a forward-looking basis the expected credit losses associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company considers that the credit risk of these counterparties have not increased.

Cash and cash equivalents

Cash are placed with financial institutions which are reputable and regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company 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 was negligible.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents and credit facilities deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements:

	Carrying amount \$	Contractual cash flows \$	Less than 1 year \$	Between 1 to 5 years \$
31 December 2020				
Loan from immediate holding company	23,851,003	(25,282,063)	(25,282,063)	—
Trade and other payables*	1,152,451	(1,152,451)	(1,152,451)	—
Tenancy deposits	892,389	(892,389)	(460,435)	(431,954)
	<u>25,895,843</u>	<u>(27,326,903)</u>	<u>(26,894,949)</u>	<u>(431,954)</u>
31 December 2019				
Loan from immediate holding company	23,851,003	(25,282,063)	(25,282,063)	—
Trade and other payables*	777,865	(777,865)	(777,865)	—
Tenancy deposits	936,069	(936,069)	(150,282)	(785,787)
	<u>25,564,937</u>	<u>(26,995,997)</u>	<u>(26,210,210)</u>	<u>(785,787)</u>

* Excluding deferred rental income, tenancy deposits and GST payables

The maturity analyses show the contractual undiscounted cash flows of the Company's financial liabilities on the basis of their earliest possible contractual maturity.

Market risk

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

Interest rate risk

The Company adopts a policy of ensuring 100% of its borrowings are at fixed rates. The interest rate risks mainly arose from a loan from the immediate holding company.

As at the reporting date, the interest rate profile of the Company's interest-bearing financial instruments as reported to the management, was as follows:

	Nominal amount	
	2020	2019
	\$	\$
Fixed rate instruments		
Loan from immediate holding company	23,851,003	23,851,003

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings.

Total capital is calculated as equity plus net debt. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The Company is not subject to externally imposed capital requirements.

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

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their level in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount		Fair value			
	Amortised cost \$	Other financial liabilities \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$
31 December 2020						
Financial assets not measured at fair value						
Trade and other receivables	151,830	–	151,830			
Cash and cash equivalents	1,874,855	–	1,874,855			
	<u>2,026,685</u>	<u>–</u>	<u>2,026,685</u>			
Financial liabilities not measured at fair value						
Loan from immediate holding company	–	(23,851,003)	(23,851,003)			
Trade and other payables*	–	(1,152,451)	(1,152,451)			
Tenancy deposits	–	(892,389)	(892,389)	–	–	(882,508)
	<u>–</u>	<u>(25,895,843)</u>	<u>(25,895,843)</u>			
31 December 2019						
Financial assets not measured at fair value						
Trade and other receivables	3,458	–	3,458			
Cash and cash equivalents	3,121,684	–	3,121,684			
	<u>3,125,142</u>	<u>–</u>	<u>3,125,142</u>			
Financial liabilities not measured at fair value						
Loan from immediate holding company	–	(23,851,003)	(23,851,003)			
Trade and other payables*	–	(777,865)	(777,865)			
Tenancy deposits	–	(936,069)	(936,069)	–	–	(893,640)
	<u>–</u>	<u>(25,564,937)</u>	<u>(25,564,937)</u>			

* Excluding deferred rental income, tenancy deposits and GST payables

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Tenancy deposits	<i>Discounted cash flows:</i> The valuation model considers the present value of the future principal and interest cash flows, discounted using a risk-adjusted discount rate.	Discount rate: 1.05% (2019: 2.30%)

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period of maturity.

15 Leases

Leases as lessor

Operating lease

The Company leases out its investment property consisting of its owned commercial properties. The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 4 sets out information about the operating leases of investment property.

Rental income from investment property recognised by the Company during 2020 was \$2,500,400 (2019: \$2,806,657).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2020	2019
	\$	\$
2020 – Operating leases		
Less than one year	1,602,588	3,062,247
One to two years	233,151	2,052,104
Two to three years	74,483	827,830
Three to four years	28,000	41,942
Four to five years	–	28,000
Total	1,938,222	6,012,123

16 Related parties

Key management personnel compensation

None of the directors earned any directors' fees or other remuneration in respect of their appointment as directors of the Company during the current year and prior year. The directors are not paid directly by the Company but receive remuneration from its related parties, in respect of their services to the larger group which includes the Company. No apportionment has been made as the services provided by these directors to the Company are incidental to their responsibilities to the larger group

Other related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and its related corporations at terms agreed between the parties during the financial year:

	2020	2019
	\$	\$
Interest expense charged by immediate holding company	1,431,060	1,431,061
Investment advisory fees charged by Lendlease Investment Management Pte Ltd	106,088	254,300
Leasing fees charged by Lendlease Retail Pte Ltd	94,053	126,483
Property management fees charged by Lendlease Retail Pte Ltd	98,774	109,002
Operating labour costs recharged by Prime Asset Holdings Limited	57,867	61,286
Others	22,849	18,258

Balances with related corporations at reporting date are set out in notes 6, 9 and 10.