

12 May 2020

Dear Investors,

We refer to our communication of 8 May 2020 in relation to the renounceable share rights (**Shares Rights**) issue and mandatory convertible bond rights (**MCBs Rights**) issue by Singapore Airlines Limited (**SIA**) (together, the **Rights Issue**). We refer also to the adjustments made on 6 May 2020 to the daily leveraged certificates on SIA (**SIA DLCs**) of SG Issuer (**SG**) as a result of the Rights Issue.

The purpose of this notice is to announce that we will provide a single exceptional payment as a goodwill gesture to investors of the 5x Short DLC on SIA (shortname: DSLW), on the basis set out below.

We would first like to emphasize the following points:

1. A corporate action on the part of a securities issuer announcing a simultaneous share and mandatory convertible bond issue is a far from frequent event. A range of views is possible with regards to the theoretical value of the MCBs Rights on 6 May 2020 (being the date on which the shares of SIA commenced trading on an ex-Rights Issue Basis). SG believes that it is a logical and fair view that the MCBs impact the price of the SIA DLCs. Our action was also consistently and symmetrically taken with respect to the pricing of our short and long SIA DLCs.
2. Investors of the 5x Short DLC on SIA assume the risk of losses in taking a short directional position and consequential risk on SIA through investing in these structured products. This loss can in some instances be as much as, but not exceeding, the initial principal amount invested, and the effect of the airbag mechanism must also be well understood by investors.
3. The Theoretical Ex-Right Price of SIA could only be determined after market close on 5 May 2020, noting again that the airbag mechanism of the DLCs would still have been triggered and the short DLC on SIA would still have reached a zero value even if the adjustment for the SIA DLCs took into account only the Shares Rights.

SG considers that it acted appropriately and reasonably in what were and remain complex and exceptional circumstances. Nonetheless, taking into account these circumstances and the interests of our investors, we have decided to make a goodwill gesture to the registered holders of the 5x Short DLC on SIA.

SG will accordingly make a single exceptional payment in the amount of 30 Singapore cents (SGD 0.30) per 5x Short DLC on SIA. The payment will be made to registered holders of the 5x Short DLC on SIA as of 11 May 2020. Mechanics for the payment are currently being confirmed and will be notified to registered holders in due course. We emphasize that the goodwill payment amount is not intended to compensate investors for all loss given the risks investors assumed in purchasing these structured products. The goodwill payment is not linked to the pricing of the MCBs, and shows our recognition of the ongoing importance of making prompt notifications to investors of adjustments and similar important events.

Through this goodwill gesture we hope to demonstrate that SG is prepared to take action in appropriate circumstances in support of the market.

Yours faithfully

SG Issuer