

SPH AGM 2021 Frequently Asked Questions (“FAQs”)

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Financials

1. How is SPH's continuing businesses recovering from Covid-19?

Total revenue grew 2.4% to S\$475.1 million due to higher rental income from Retail & Commercial and PBSA driven by the expanded portfolios and lower tenant rental relief for retail tenants. The increase was partially offset by absence of revenue from supply of masks by Aged Care.

Operating profit was resilient, growing 69.8% year-on-year despite the ongoing pandemic. Total costs fell 21.6% mainly due to lower costs of Aged Care in line with lower revenue as well as the absence of impairment of intangible assets of S\$17.5 million from Orange Valley and PBSA in FY2020. Share of results of associates and joint ventures surged by 71.5% to S\$6.7 million mainly due to the improved performance of The Woodleigh development.

2. What is SPH's capital management strategy?

The Group adopts a prudent and disciplined cost and capital management to position SPH favourably for a post Covid-19 business recovery. This includes a constant review of its non-core businesses and investments to unlock value strategically and recycle capital into existing core businesses to enhance capital management and create shareholder value.

SPH looks to maximise economic returns and improve the return on capital of an existing asset with the opportunity to participate in a growing sector. With the Group's efficient capital allocation strategy, SPH has low gearing and a healthy balance sheet which will buffer the Group against short-term shocks arising from Covid-19 as well as long-term uncertainty.

	As at 31 Aug 2021	As at 28 Feb 2021
Net Debt to Asset Ratio	28.9%	30.9%
Weighted Average Debt to Maturity	3.6yr	3.9yr
Interest Coverage Ratio	4.9x	5.7x

3. What were the latest valuation changes on SPH's investment properties?

Overall valuation of SPH's investment properties improved. Fair value gain on investment properties was S\$66.6 million, a partial reversal of the S\$232.0 million loss in FY2020. The gains were led by the PBSA portfolio of S\$34.7 million, retail malls of S\$21.9 million and bungalows of S\$9.5 million.

4. Since the company is in the midst of a corporate action, why is there a need to renew the share buyback mandate?

The principal mission of the Directors and management is to constantly increase shareholders' value and to improve, inter alia, the return on equity ("ROE") of the Group. SPH believes that share buybacks at the appropriate price level is one of the ways through which the ROE of the Group may be enhanced. Should the proposed privatisation not come to fruition, the share buyback mandate will enable the Directors to return part of the Group's surplus funds, in excess of the financial and possible investment needs of the Group to shareholders. This is an expedient, effective and cost-effective way of returning surplus cash to shareholders. The Group also has greater flexibility to control the share capital structure and repurchased shares which are held in treasury may be transferred for the purposes of employee share schemes implemented by the Group. This also mitigates the dilution impact on existing shareholders.

The Board and management will exercise full diligence and prudence in making any decisions about share buybacks to ensure that it is the best allocation of capital to maximise shareholders' returns.

5. With 2 offers for "new SPH" (after separation from media business), SPH is seen to be viable and has valuable assets that can be better re-organised or merged with others to derive better value for stakeholders. Is there an option for the Board of Directors to consider "new SPH" to choose to remain independent, be a "re-branded & re-named" company listed on SGX or even list overseas in future?

The Company stands ready to continue growing its business should shareholders vote down Keppel's privatisation offer.

Corporate Governance

6. With all the corporate actions occurring this year, what has SPH done to increase regular shareholder engagements and obtain shareholder feedback?

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

SPH holds analysts' briefings quarterly and a media briefing for its half-year and full year results. The financial results are published through the SGXNET, via media releases and on SPH's corporate website, to ensure fair dissemination to shareholders. The date of release of the results is announced through SGXNET at least two weeks in advance.

Since the onset of the Covid-19 pandemic, SPH has been providing increased disclosure through regular voluntary updates on its business operations via SGXNET, to enable investors to make better informed decisions. SPH also participates in investor roadshows to maintain regular dialogue with shareholders as well as to solicit and understand the views of shareholders. Information disclosed is as descriptive, detailed and forthcoming as possible. In FY2021, the Group participated in 13 investor roadshows, webinars and dialogue sessions.

The Group provides on its website an investor relations email address, through which shareholders are able to ask questions and receive responses in a timely manner.

Business Segments

Retail & Commercial

7. How is SPH REIT continuing to progress?

Retail & Commercial continues to be affected by the intermittent resurgence of Covid-19 as recent as the extended measures in November 2021. While Paragon has been impacted by the border restrictions affecting tourists' footfall, other assets with their dominant catchment in the suburban locations have remained resilient, giving the portfolio the ability to cushion the impact of Covid-19.

8. Could we have an update on The Woodleigh Residences on the funding, completion and sales progress? Have we secured anchor tenants?

The Woodleigh Residences with its central location in Bidadari Estate next to the Woodleigh MRT station and Bidadari Park continued to register an uptake in sales and increase in average price per square foot ("psf").

Based on URA's record and as at 20 September 2021, 503 units or approximately 75% of total units at an average price of S\$1,970 psf have been sold. SPH and JV partner, Kajima are comfortable with funding requirements through to the completion of the project and revenue and expense recognition are in line with International Financial Reporting Standards ("IFRS").

We have secured Fairprice Finest and The Learning Lab as key tenants.

PBSA

9. How has the Covid-19 pandemic impacted the SPH PBSA investments and businesses?

With the lifting of COVID-19 restrictions in the UK from July 2021, students have returned to universities for the Academic Year 20/21. International student demand and overall occupancy at the assets strengthened compared with the previous academic year. Consequently, the portfolio performance has exceeded pre-COVID levels, achieving 97.6% of target revenue for AY21/22 as at 1 November 2021, higher than that achieved by listed competitors.

In terms of operational performance, the in-house development team successfully delivered greenfield assets, Student Castle Oxford in September 2020 and Student Castle Brighton in November 2020, in time for Academic Year 20/21.

Asset enhancement initiatives (“AEIs”) have been completed with further AEI projects planned to optimise existing room configurations to improve marketability. As of 12 October 2021, all UK assets are managed in-house, marking the completion of our full management platform capabilities. This adds value to the two distinct brands SPH has scaled up, Capitol Students and Student Castle, which targets both the domestic and international student demand. With complete control over product quality, service delivery, and marketing capabilities, SPH is able to deliver better performance, brand recognition and equity value.

The Group is also committed to growing the portfolio, acquiring two new development sites in September 2021 in Edinburgh. The assets will be held in SPH’s maiden fund – PBSA Development Opportunities Fund I and marks the launch of SPH’s fund management capabilities, complementing the main PBSA portfolio with future asset injection.

Since diversifying into the defensive cash-yielding PBSA asset class, SPH is on track to become a sizeable PBSA owner-operator with 8,366 beds across 18 cities in UK and Germany.

10. Can SPH share its plans about potentially spinning off the PBSA business for a separate REIT listing?

SPH is always exploring and evaluating opportunities to improve shareholder value, including the possibility of listing its PBSA assets, to achieve its corporate objectives. An announcement will be issued by the Group in the event that there is any material development on the matter.

Others

Aged Care

11. Given the relative underperformance of the Singapore Aged Care assets, what is the rationale of keeping them and why expand overseas?

Orange Valley is one of Singapore's largest private nursing home operators with five award winning facilities island-wide consisting of a total of over 900 beds. In line with our corporate strategy to seek new recurring income, Aged Care assets are defensive, cash-yielding backed by secular trends. With over 25 years of industry experience, it allows SPH to have a deep understanding of operational expertise for this sector.

Given that Orange Valley is already one of the largest operators in Singapore, it was important for us to identify growth opportunities within this asset class in other markets such as Japan and Canada. In Japan for instance, we operate by managing master leases with reputable and credible operators with good track record.

12. What was the impact to the Aged Care assets amidst the pandemic?

The business operations were stable for the Orange Valley assets and the Japan assets are on master leases with credible operators who continue to pay rent in full and on time. Performance in the Singapore assets have been stable with average bed occupancy ratio of 84% compared to 77% last year. The Japan assets are performing well with underlying portfolio occupancy remaining over 90%.

The Group also completed an acquisition of an aged care facility in Chikusei, Japan in October 2021. This contributes to the Group's growth strategy to build up a sizeable portfolio of overseas aged care assets, with a view to eventually list the portfolio.

Digital

13. Could SPH provide an update on the data centre and when it expects the data centre project to be completed, and at what returns?

SPH has funded S\$34.3 million to date and additional outstanding commitments will be funded by a combination of internal resources and external borrowings. The development plans are progressing according to schedule and we expect the project to be completed sometime in 2025. Interest in the upcoming data centre capacity has been robust, and we expect occupancy for the project to be filled on attractive terms.

SPH is unable to comment on economic returns as this is commercially sensitive information.

14. Will SPH consider re-assessing the value of and continued investment into its Digital investments?

As part of the Group's disciplined capital management and capital recycling strategy, SPH continues to review performances of non-core businesses and investments regularly with the objective to maximise shareholder value in the long-term.

15. What are the Group's investment funds/FVOCI invested in?

The Group's investment funds include investments in Coupang, iFast and Prime US REIT, among others.

Media

16. When does SPH expect to complete the divestment of the media business?

Transition process has commenced with the operationalisation of Media business from 1 October 2021. Transfer of Media business expected to be officially completed by early December 2021.

Strategy & Outlook

17. As at 11 November 2021, what are the next steps for SPH following the latest revised offer by Keppel?

On 9 November, SPH and Keppel announced that they had signed a supplemental letter to amend the implementation agreement ("Implementation Agreement") to privatise SPH via a scheme of arrangement ("Scheme"). This announcement comes after the Cuscaden consortium made a proposal to privatise SPH via a Scheme at S\$2.10 in cash per share on 28 October. Under the terms of the supplemental letter, SPH is permitted to enter into another implementation agreement with any other party (including Cuscaden) by 16 November 2021 ("Alternative Agreement"). In the event Cuscaden or any other unsolicited party provides a revised and superior proposal to Keppel's revised Scheme consideration pursuant to an Alternative Agreement, SPH will proceed with holding its EGM

and Scheme Meeting for the Keppel Scheme by no later than 8 December 2021¹ and will provide its recommendation to shareholders accordingly.

In the event a competing general offer is announced, SPH is entitled to hold the Scheme Meeting on, or adjourn the Scheme Meeting to, a date no later than 21 days after such offer announcement (“Specified Later Date”)². This is to allow SPH and its independent financial advisor sufficient time to consider such competing offer in its recommendation to shareholders for the Scheme Meeting.

18. Are there any changes to the proposed timelines? When will the EGM / Scheme Meeting be and will the Media Business Restructuring and lifting of NPPA restrictions be carried out on time?

The Media Business Restructuring will proceed as planned following shareholder approval received on 10 September 2021. Lifting of the Newspaper and Printing Presses Act (“NPPA”) restrictions is expected to take place in early December.

19. If the EGM / Scheme Meeting is carried out after the lifting of the NPPA, does this mean that other offers beyond the Cuscaden Proposal can potentially come in?

See Question 18.

20. Was Keppel’s revised offer due to the positive FY21 financial results? With further recovery expected in FY22, should we be expecting better competing offers to emerge?

We are unable to comment on behalf of Keppel, nor speculate on whether other unsolicited superior competing offers may emerge.

¹ The Scheme Meeting may be held at a later date if it cannot be held on 8 December 2021 as a result of a delay arising solely from (each of the following, a “Specified Event”) pending requisite approvals from regulators such as the SIC and the SGX-ST or from pending finalisation of the independent financial advisor’s opinion.

² The Scheme Meeting may be held on or adjourned to a later date if it cannot be held on the Specified Later Date as a result of a delay arising solely from a Specified Event.

With reference to the Transcript of the Q&A session published by Keppel for its media and analyst briefing on 10 November 2021, Keppel has stated that since the first offer was made in July 2021, the economic conditions have improved and they have seen an improvement in the financial performance of SPH through our results announcement. They have also cited that through the interaction with the management team at SPH over the past few months, it is also a lot clearer to Keppel on the synergies that they can hope to derive. So for these reasons, they have been able to improve the offer, to provide an offer that is attractive and compelling for SPH.

21. Is there a limit to how many times Keppel and Cuscaden can match each other's offer? Will this turn into a bidding war just like the F&N situation in 2013?

In the joint announcement by SPH and Keppel on 9 November 2021, Keppel has stated that this is their final offer. The deadline for an Alternative Agreement to be signed is 16 November 2021 and a competing general offer to be announced is 1 December 2021.

22. Is SPH liable for the break fee to Keppel should a General Offer be launched? Is SPH liable to pay the break fee if shareholders vote down Keppel's Scheme?

The break fee is only payable if a competing offer is effective or goes unconditional, i.e. if it is successful. As such, it will not be triggered by shareholders voting down Keppel's Scheme, in and of itself.

If a general offer is launched and it becomes unconditional, the break fee would be payable. A general offer must be conditional upon the offeror receiving acceptances which would result in the offeror and its concert parties holding more than 50% of the voting rights in SPH. If a general offer becomes unconditional, a majority of shareholders would have tendered their shares in acceptance of the offer.

23. Will the Cuscaden Proposal require a chain offer of SPH REIT? If so, is there an offer price for SPH REIT?

As stated in the clarification announcement by Cuscaden dated 1 November 2021, if successful, the Cuscaden Proposal will result in Cuscaden incurring an obligation to undertake a chain offer for all units of SPH REIT not owned by SPH.

In the same announcement, Cuscaden has also clarified that, based on the provisions of the Singapore Code on Take-overs and Mergers, the minimum offer price shall be S\$0.964 in cash for each SPH REIT unit.

24. How will this impact the CSE process that was launched on 26 October 2021? What and how would this impact the noteholders and perp holders?

As stated in the announcement by SPH dated 1 November 2021, the consent solicitation process (“**CSE**”) process has been suspended. The investor call which was scheduled to take place on 3 November 2021 has also been cancelled. Given the latest developments and the revised Keppel proposal, SPH is considering its options with regards to the CSE process and will announce further details at an appropriate time in due course.

25. Do shareholders have a choice between Keppel or Cuscaden, or will the best offer be determined by the Board and put forth by them for shareholders’ vote?

Under the terms of the supplemental letter entered into between SPH and Keppel on 9 November, the Scheme Meeting for Keppel’s Scheme must be held prior to any scheme meeting to be held pursuant to any competing offer to be implemented by way of a scheme of arrangement (an “Alternative Scheme Meeting”).

SPH is also required not to take any action to hold an Alternative Scheme Meeting within eight weeks from the date of the Scheme Meeting for the Keppel Scheme, unless (i) the shareholders of Keppel do not approve the acquisition of SPH at Keppel’s EGM, (ii) the shareholders of SPH do not approve the DIS at SPH’s EGM or Keppel’s Scheme at the Scheme Meeting or (iii) Keppel exercises the switch option.

As mentioned above, SPH will hold the Scheme Meeting for shareholders to decide on Keppel’s Scheme by 8 December 2021³.

26. Will the Independent Financial Advisor be providing their recommendations for both Keppel and Cuscaden’s offers?

³ The Scheme Meeting may be held at a later date if it cannot be held on 8 December 2021 as a result of a delay arising solely from a Specified Event.

In the event Cuscaden or any other unsolicited party provides a revised and superior proposal to Keppel's revised Scheme consideration pursuant to an Alternative Agreement, SPH will proceed with holding its EGM and Scheme Meeting for the Keppel Scheme by no later than 8 December 2021⁴ and will provide its recommendation to shareholders accordingly.

In the event a competing general offer is announced, SPH is entitled to hold the Scheme Meeting on, or adjourn the Scheme Meeting to the Specified Later Date⁵. SPH and its independent financial advisor will consider such competing offer in its recommendation to shareholders for the Scheme Meeting.

27. Were Hotel Properties Limited, CLA Real Estate Holdings Pte Ltd and Mapletree Investment Pte Ltd amongst the bidders in the previous round?

Due to confidentiality reasons, we are unable to comment on the identity of the bidders during the previous rounds of the process. However, please note that the Cuscaden Proposal was an unsolicited offer.

28. Is Keppel's offer final and do they intend to raise their offer? Can they, for instance, adjust the number of units of Keppel REIT and SPH REIT given the recent increase in unit prices for both?

Keppel has stated that its offer is final.

29. Temasek controls ~20% in Keppel, and controls both CLA Real Estate Holdings and Mapletree. Why is Temasek doing this? Who does Temasek support?

We are unable to comment in relation to Temasek's intentions.

⁴ The Scheme Meeting may be held at a later date if it cannot be held on 8 December 2021 as a result of a delay arising solely from a Specified Event.

⁵ The Scheme Meeting may be held on or adjourned to a later date if it cannot be held on the Specified Later Date as a result of a delay arising solely from a Specified Event.

Responsibility Statement

The directors of SPH (including any who may have delegated detailed supervision of the preparation of these FAQs) have taken all reasonable care to ensure that the facts stated and all opinions expressed in these FAQs which relate to SPH (excluding information relating to Keppel, Keppel Corporation Limited, Keppel REIT, SPH REIT, Cuscaden or any opinion expressed by Keppel, Keppel Corporation Limited or Cuscaden (save for SPH's unitholding interest in SPH REIT) are fair and accurate and that, where appropriate, no material facts which relate to SPH have been omitted from these FAQs, and the directors of SPH jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from Keppel, Keppel Corporation Limited or Cuscaden, the sole responsibility of the directors of SPH has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in these FAQs. The directors of SPH do not accept any responsibility for any information relating to Keppel, Keppel Corporation Limited, Keppel REIT, SPH REIT, Cuscaden or any opinion expressed by Keppel, Keppel Corporation Limited or Cuscaden (save for SPH's unitholding interest in SPH REIT).

Disclaimer

These responses are relevant as at the date of this release and shareholders are encouraged to refer to further SGX announcements that may be made from time to time for any further and more updated developments.