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## SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 AUGUST 2021

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*Constituted in the Republic of Singapore pursuant to a Trust Deed dated 9 July 2013.*

### **Introduction**

The investment strategy of SPH REIT is to invest, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for retail purposes in Asia Pacific, as well as real estate-related assets.

The portfolio of SPH REIT comprises the following five quality and well located commercial properties in Singapore and Australia:

- \* Paragon, a premier upscale retail mall and medical suite/office property, well known for its upscale mall housing many luxury brands, located in the heart of Orchard Road; and
- \* The Clementi Mall, a mid-market suburban mall located in the centre of Clementi town, an established residential estate in the west of Singapore.
- \* The Rail Mall, a unique cluster of shop units with established F&B offerings along Upper Bukit Timah Road, nestled in an affluent residential catchment.
- \* SPH REIT holds a 85.0% stake in Figtree Grove Shopping Centre, an established sub-regional shopping centre in Wollongong, New South Wales, Australia.
- \* SPH REIT holds a 50.0% stake in Westfield Marion Shopping Centre, the largest regional shopping centre in South Australia.

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## For The Year Ended 31 August 2021

### 1(a) An income statement together with a comparative statement for the corresponding period of the immediately preceding financial year

#### 1(a)(i) Statement of Total Return

	<u>Group</u>					
	2H 2021	2H 2020	Change	FY 2021	FY 2020	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue <sup>1</sup>	137,221	108,058	27.0	277,179	241,463	14.8
Property operating expenses	(39,448)	(29,611)	33.2	(74,552)	(59,520)	25.3
<b>Net property income</b>	<b>97,773</b>	<b>78,447</b>	<b>24.6</b>	<b>202,627</b>	<b>181,943</b>	<b>11.4</b>
Manager's management Fees	(10,001)	(9,237)	8.3	(20,434)	(19,245)	6.2
Investment management Fee	(1,497)	(1,258)	19.0	(2,950)	(2,143)	37.7
Trust expenses <sup>2</sup>	(759)	(895)	(15.2)	(1,995)	(2,282)	(12.6)
Impairment loss on trade receivables <sup>3</sup>	(931)	(8,100)	(88.5)	(2,823)	(8,100)	(65.1)
Finance income	131	90	45.6	200	1,775	(88.7)
Finance costs	(12,138)	(16,075)	(24.5)	(23,994)	(32,905)	(27.1)
Grant income <sup>4</sup>	-	24,774	(100.0)	2,903	24,774	(88.3)
Grant expense <sup>4</sup>	-	(24,774)	(100.0)	(2,903)	(24,774)	(88.3)
<b>Net income</b>	<b>72,578</b>	<b>42,972</b>	<b>68.9</b>	<b>150,631</b>	<b>119,043</b>	26.5
Fair value change on investment properties <sup>5</sup>	11,859	(177,679)	NM	3,421	(179,939)	NM
Net foreign currency exchange differences <sup>6</sup>	(901)	474	NM	(567)	917	NM
<b>Total return/(loss) before taxes and distribution</b>	<b>83,536</b>	<b>(134,233)</b>	<b>NM</b>	<b>153,485</b>	<b>(59,979)</b>	NM
Less: income tax <sup>7</sup>	(1,176)	(2,732)	(57.0)	(1,397)	(4,045)	(65.5)
<b>Total return/(loss) after taxes and before distribution</b>	<b>82,360</b>	<b>(136,965)</b>	<b>NM</b>	<b>152,088</b>	<b>(64,024)</b>	NM
<b>Attributable to:</b>						
Unitholders	74,240	(141,143)	NM	137,348	(74,907)	NM
Perpetual securities holders <sup>8</sup>	6,202	6,235	(0.5)	12,300	12,333	(0.3)
Non-controlling interests	1,918	(2,057)	NM	2,440	(1,450)	NM
<b>Total return/(loss) for the period/year</b>	<b>82,360</b>	<b>(136,965)</b>	<b>NM</b>	<b>152,088</b>	<b>(64,024)</b>	NM

NM Not Meaningful

## For The Year Ended 31 August 2021

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### 1(a) An income statement together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

#### 1(a)(i) Statement of Total Return (Cont'd)

Notes:

1. The gross revenue includes rental reliefs granted by landlord to eligible tenants in Singapore affected by COVID-19.
2. Includes recurring trust expenses such as trustee's fees, valuation fees, audit and tax adviser's fees, legal & others professional fees, cost associated with the preparation of annual reports.
3. The impairment loss on trade receivables comprises relief and rental arrear allowances for the properties in Singapore and Australia.
4. Grant income relates to property tax rebates and cash grants from Singapore government as part of the COVID-19 relief measures. Grant expense relates to the property tax rebates and cash grants being passed on to eligible tenants in the form of rental reliefs in FY2020 and FY2021.
5. This relates to the fair value change on the investment properties as at 31 August 2021, based on independent valuations conducted by Savills Valuation & Professional Services (S) Pte Ltd (2020: Edmund Tie & Company (SEA) Pte Ltd) for investment properties in Singapore, CBRE Valuation Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd (2020: Urbis Valuations Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd) for investment properties in Australia.

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

6. The net foreign currency exchange differences relate mainly to unrealised foreign exchange (loss)/gain from revaluing of the monetary assets and liabilities that were denominated in Australian dollars.
7. This relates mainly to withholding tax payable for Australia income and deferred tax.
8. On 30 August 2019, the Trust issued S\$300.0 million of subordinated perpetual securities (the "Perpetual Securities") at a rate of 4.10% per annum, with the first distribution rate reset falling on 30 August 2024 and subsequent resets occurring every five years thereafter. The Perpetual Securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative.

## For The Year Ended 31 August 2021

### 1(a)(ii) Distribution Statement

	<u>Group</u>					
	2H 2021 S\$'000	2H 2020 S\$'000	Change %	FY 2021 S\$'000	FY 2020 S\$'000	Change %
<b>Total return/(loss) for the period/year attributable to Unitholders and perpetual securities holders</b>	<b>80,442</b>	<b>(134,908)</b>	<b>NM</b>	<b>149,648</b>	<b>(62,574)</b>	<b>NM</b>
Less: Amount reserved for distribution to perpetual securities holders	(6,202)	(6,235)	(0.5)	(12,300)	(12,333)	(0.3)
Add: Non-tax deductible items <sup>1</sup>	7,382	156,021	(95.3)	14,306	167,133	(91.4)
Income available for distribution	81,622	14,878	NM	151,654	92,226	64.4
Add: Tax-exempt income <sup>2</sup>	-	-	-	6,149	-	NM
<b>Distributable income to unitholders</b>	<b>81,622</b>	<b>14,878</b>	<b>NM</b>	<b>157,803</b>	<b>92,226</b>	<b>71.1</b>
<b>Distribution to Unitholders<sup>3</sup></b>	<b>82,396</b>	<b>28,720</b>	<b>NM</b>	<b>150,160</b>	<b>72,851</b>	<b>NM</b>

*NM Not Meaningful*

#### Notes:

1. Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, straight-line rental adjustments, amortisation of debt issuance costs, fair value change on investment properties, capital allowance and net income from subsidiaries.
2. This relates to the distribution of tax-exempt income from Australia subsidiaries.
3. The distribution to unitholders for FY2021 includes S\$14.5 million of FY2020 distributable income deferred as allowed under COVID-19 relief measures.

## For The Year Ended 31 August 2021

### 1(b)(i) A statement of financial position together with a comparative statement as at the end of the immediately preceding financial year

#### Statement of Financial Position

	<u>Group</u>		<u>Trust</u>	
	<u>As at 31 Aug 21 S\$'000</u>	<u>As at 31 Aug 20 S\$'000</u>	<u>As at 31 Aug 21 S\$'000</u>	<u>As at 31 Aug 20 S\$'000</u>
<b>Non-current assets</b>				
Plant and equipment	568	589	568	589
Investment properties <sup>1</sup>	4,123,000	4,125,447	3,296,200	3,286,200
Subsidiaries	-	-	180,882	184,410
Trade and other receivables	-	-	375,673	377,876
	<u>4,123,568</u>	<u>4,126,036</u>	<u>3,853,323</u>	<u>3,849,075</u>
<b>Current assets</b>				
Trade and other receivables <sup>2</sup>	11,316	32,653	8,335	26,612
Cash and cash equivalents <sup>3</sup>	111,681	81,974	80,379	52,770
	<u>122,997</u>	<u>114,627</u>	<u>88,714</u>	<u>79,382</u>
<b>Total assets</b>	<b><u>4,246,565</u></b>	<b><u>4,240,663</u></b>	<b><u>3,942,037</u></b>	<b><u>3,928,457</u></b>
<b>Non-current liabilities</b>				
Borrowings	1,138,111	1,083,708	838,751	778,759
Derivative financial instruments <sup>4</sup>	3,292	9,398	1,546	6,607
Deferred tax liabilities <sup>5</sup>	2,206	3,119	2,206	3,119
Trade and other payables <sup>6</sup>	38,135	34,217	38,135	34,217
	<u>1,181,744</u>	<u>1,130,442</u>	<u>880,638</u>	<u>822,702</u>
<b>Current liabilities</b>				
Borrowings	154,943	214,877	154,943	214,877
Derivative financial instruments <sup>4</sup>	1,051	680	1,051	680
Trade and other payables <sup>6</sup>	60,959	79,955	46,258	65,817
	<u>216,953</u>	<u>295,512</u>	<u>202,252</u>	<u>281,374</u>
<b>Total liabilities</b>	<b><u>1,398,697</u></b>	<b><u>1,425,954</u></b>	<b><u>1,082,890</u></b>	<b><u>1,104,076</u></b>
<b>Net assets</b>	<b><u>2,847,868</u></b>	<b><u>2,814,709</u></b>	<b><u>2,859,147</u></b>	<b><u>2,824,381</u></b>
<b>Represented by:</b>				
Unitholders' funds	2,535,243	2,503,324	2,561,223	2,526,457
Perpetual securities holders' funds <sup>7</sup>	297,924	297,924	297,924	297,924
Non-controlling interests	14,701	13,461	-	-
<b>Total equity</b>	<b><u>2,847,868</u></b>	<b><u>2,814,709</u></b>	<b><u>2,859,147</u></b>	<b><u>2,824,381</u></b>

## For The Year Ended 31 August 2021

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### 1(b)(i) A statement of financial position together with a comparative statement as at the end of the immediately preceding financial year (cont'd)

#### Statement of Financial Position (cont'd)

##### Notes:

1. The fair values of Paragon, The Clementi Mall, The Rail Mall, Westfield Marion and Figtree Grove as at 31 August 2021 were S\$2,640.0 million, S\$594.0 million, S\$62.2 million, S\$630.1 million and S\$196.7 million respectively. The fair values of the investment properties were based on independent valuations conducted by Savills Valuation & Professional Services (S) Pte Ltd for Paragon, The Clementi Mall and The Rail Mall, CBRE Valuation Pty Ltd for Westfield Marion, and Jones Lang LaSalle Advisory Services Pty Ltd for Figtree Grove.
2. Trade and other receivables comprised mainly rental receivable, deposits and grant receivable. The decrease was largely attributed to lower outstanding debts as at year-end and receipt of grant receivable from the Singapore Government as part of the COVID-19 relief measures.
3. The increase in cash and cash equivalents was largely attributed to cash generated from operations, partially offset by the payment of distributions.
4. Derivative financial instruments represent the fair value of the interest rate swap, cross currency swap and cross currency interest rate swap contracts.
5. Deferred tax liabilities are mainly in respect of the capital expenditures incurred for Singapore investment properties, and have been estimated based on the differences between the carrying amount and tax carrying value of these capital expenditures.
6. Trade and other payables comprised mainly rental deposits, accrued interests and other expenses, deferred grant liability and collection in advance. The decrease was largely attributed to the lower rent collection in advance, and the realisation of deferred grant liability arising from passing through the Singapore Government's property tax rebates and other cash grants to the eligible tenants in the form of rental reliefs.
7. On 30 August 2019, the Trust issued S\$300.0 million of fixed rate Perpetual Securities. The Perpetual Securities, net of issuance costs, are classified as equity instruments and recorded as equity in the Statement of Changes in Unitholders' Funds.

## For The Year Ended 31 August 2021

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### (b)(ii) Borrowings

#### Secured borrowings

	<u>Group</u>		<u>Trust</u>	
	As at 31 Aug 21 S\$'000	As at 31 Aug 20 S\$'000	As at 31 Aug 21 S\$'000	As at 31 Aug 20 S\$'000
Amount repayable within one year	154,943	214,877	154,943	214,877
Amount repayable after one year	1,138,111	1,083,708	838,751	778,759
Total	<u>1,293,054</u>	<u>1,298,585</u>	<u>993,694</u>	<u>993,636</u>

#### Details of collateral

The Group's secured term loans amounted to S\$1.3 billion.

The SGD term loan of S\$995 million is secured, inter alia, by way of the following:

- First legal mortgage on Paragon
- Fixed and floating charges by way of debenture over the existing and future assets of Paragon (other than the excluded accounts)
- First legal charge over the tenancy account and sales proceeds account for Paragon
- Assignment of certain insurances taken in relation to Paragon

The AUD term loan balance of A\$105 million and A\$200 million is secured by way of mortgage on Figtree Grove Shopping Centre and Westfield Marion Shopping Centre respectively.



## For The Year Ended 31 August 2021

### 1(c) A cash flow statement together with a comparative statement for the corresponding period of the immediately preceding financial year

#### Statement of Cash Flows

	<u>Group</u>			
	2H 2021	2H 2020	FY 2021	FY 2020
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Net return/(loss)	82,360	(136,965)	152,088	(64,024)
Adjustments for:				
Fair value change on investment properties	(11,859)	177,679	(3,421)	179,939
Manager's fee paid/payable in units	10,001	9,237	20,434	19,245
Depreciation of plant and equipment	138	115	255	224
Finance income	(131)	(90)	(200)	(1,775)
Finance costs	12,138	16,075	23,994	32,905
Straight-line rental adjustments	(3,401)	(271)	(4,106)	(1,135)
Impairment loss on trade receivables	931	8,100	2,823	8,100
Deferred tax expenses	(913)	3,119	(913)	3,119
Operating cash flow before working capital changes	89,264	76,999	190,954	176,598
Changes in operating assets and liabilities				
Trade and other receivables	1,097	(28,458)	18,589	(35,880)
Trade and other payables	(1,853)	15,169	(6,998)	25,591
<b>Net cash from operating activities</b>	<b>88,508</b>	<b>63,710</b>	<b>202,545</b>	<b>166,309</b>
<b>Cash flows from investing activities</b>				
Acquisition of investment properties	-	-	-	(627,594)
Additions to investment properties	(9,098)	(6,524)	(13,044)	(9,047)
Purchase of plant and equipment	(224)	(45)	(234)	(183)
Interest received	131	90	200	1,792
<b>Net cash used in investing activities</b>	<b>(9,191)</b>	<b>(6,479)</b>	<b>(13,078)</b>	<b>(635,032)</b>

## For The Year Ended 31 August 2021

1(c) **A cash flow statement together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Statement of Cash Flows (Cont'd)**

	<u>Group</u>			
	2H 2021 S\$'000	2H 2020 S\$'000	FY 2021 S\$'000	FY 2020 S\$'000
<b>Cash flows from financing activities</b>				
Proceeds from bank loan (net of transaction costs)	-	-	-	184,469
Proceeds from the issuance of new units	-	-	-	164,477
Issue costs paid in relation to the issuance of new units	-	-	-	(1,654)
Distribution to unitholders	(72,847)	(22,070)	(121,075)	(95,725)
Distribution to perpetual securities holders	(6,168)	(6,201)	(12,300)	(12,333)
Distribution to non-controlling interests of a subsidiary	(924)	(325)	(924)	(810)
Payment of transaction costs related to borrowings	(42)	(560)	(580)	(560)
Interest paid	(12,187)	(16,437)	(23,385)	(31,872)
<b>Net cash (used in)/from financing activities</b>	<b>(92,168)</b>	<b>(45,593)</b>	<b>(158,264)</b>	<b>205,992</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(12,851)</b>	<b>11,638</b>	<b>31,203</b>	<b>(262,731)</b>
Effect of exchange rate fluctuations on cash and cash equivalents held	(2,953)	2,684	(1,496)	2,048
Cash and cash equivalents at beginning of the period/year	127,485	67,652	81,974	342,657
<b>Cash and cash equivalents at end of the period/year</b>	<b>111,681</b>	<b>81,974</b>	<b>111,681</b>	<b>81,974</b>

## For The Year Ended 31 August 2021

### 1(d)(i) Statement of Changes in Unitholders' Funds

	<u>Group</u>			
	<b>2H 2021</b>	<b>2H 2020</b>	<b>FY 2021</b>	<b>FY 2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>Unitholders' Funds</u></b>				
<b>Balance as at beginning of period/year</b>	<b>2,540,518</b>	<b>2,611,741</b>	<b>2,503,324</b>	<b>2,458,864</b>
<b><u>Operations</u></b>				
Total return/(loss) for the period/year after tax, attributable to Unitholders and perpetual securities holders	80,442	(134,908)	149,648	(62,574)
Less: Total return for the period/year after tax, attributable to perpetual securities holders	(6,202)	(6,235)	(12,300)	(12,333)
Net increase/(decrease) in assets from operations	74,240	(141,143)	137,348	(74,907)
<b><u>Hedging reserve</u></b>				
Effective portion of changes in fair value of cash flow hedges <sup>1</sup>	(1,330)	(2,874)	(889)	(6,939)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	3,342	2,279	4,796	3,405
<b><u>Foreign currency translation reserve</u></b>				
Translation differences from financial statements of foreign entities	(10,905)	28,838	(5,167)	23,178
Exchange differences on monetary item forming part of net investments in foreign operations	(7,776)	17,316	(3,528)	13,380
<b><u>Unitholders' transactions</u></b>				
Distribution to unitholders	(72,847)	(22,070)	(121,075)	(95,725)
Issuance of new units	-	-	-	164,477
Issuance costs for the new units	-	-	-	(1,654)
Manager's fee paid/payable in units	10,001	9,237	20,434	19,245
	(62,846)	(12,833)	(100,641)	86,343
<b>Unitholders' funds as at end of period/year</b>	<b>2,535,243</b>	<b>2,503,324</b>	<b>2,535,243</b>	<b>2,503,324</b>
<b><u>Perpetual Securities Holders' Funds</u></b>				
<b>Balance as at beginning of period/year</b>	<b>297,890</b>	<b>297,890</b>	<b>297,924</b>	<b>297,924</b>
Total return attributable to perpetual securities holders	6,202	6,235	12,300	12,333
Distribution to perpetual securities holders	(6,168)	(6,201)	(12,300)	(12,333)
<b>Balance as at end of period/year</b>	<b>297,924</b>	<b>297,924</b>	<b>297,924</b>	<b>297,924</b>

Notes:

1. This relates to interest rate swap and cross currency interest rate swap arrangements.

## For The Year Ended 31 August 2021

### 1(d)(i) Statement of Changes in Unitholders' Funds (Cont'd)

	<u>Trust</u>			
	2H 2021 S\$'000	2H 2020 S\$'000	FY 2021 S\$'000	FY 2020 S\$'000
<b><u>Unitholders' Funds</u></b>				
<b>Balance as at beginning of period/year</b>	<b>2,547,958</b>	<b>2,631,053</b>	<b>2,526,457</b>	<b>2,471,777</b>
<b><u>Operations</u></b>				
Total return/(loss) for the period/year	80,354	(86,021)	144,838	(18,389)
Less: Total return for the period/year after tax, attributable to perpetual securities holders	(6,202)	(6,235)	(12,300)	(12,333)
Net increase/(decrease) in assets from operations	74,152	(92,256)	132,538	(30,722)
<b><u>Hedging reserve</u></b>				
Effective portion of changes in fair value of cash flow hedges <sup>1</sup>	(879)	(1,479)	(979)	(4,024)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	2,838	1,972	3,848	3,083
<b><u>Unitholders' transactions</u></b>				
Distribution to unitholders	(72,847)	(22,070)	(121,075)	(95,725)
Issuance of new units	-	-	-	164,477
Issuance costs for the new units	-	-	-	(1,654)
Manager's fee paid/payable in units	10,001	9,237	20,434	19,245
	(62,846)	(12,833)	(100,641)	86,343
<b>Unitholders' funds as at end of period/year</b>	<b>2,561,223</b>	<b>2,526,457</b>	<b>2,561,223</b>	<b>2,526,457</b>
<b><u>Perpetual Securities Holders' Funds</u></b>				
<b>Balance as at beginning of period/year</b>	<b>297,890</b>	<b>297,890</b>	<b>297,924</b>	<b>297,924</b>
Total return attributable to perpetual securities holders	6,202	6,235	12,300	12,333
Distribution to perpetual securities holders	(6,168)	(6,201)	(12,300)	(12,333)
<b>Balance as at end of period/year</b>	<b>297,924</b>	<b>297,924</b>	<b>297,924</b>	<b>297,924</b>

Notes:

1. This relates to interest rate swap and cross currency interest rate swap arrangements.

## For The Year Ended 31 August 2021

### 1(d)(ii) Details of Changes in Issued and Issuable Units

	<b>Group and Trust</b>			
	<b>2H 2021</b>	<b>2H 2020</b>	<b>FY 2021</b>	<b>FY 2020</b>
	<b>No. of units '000</b>	<b>No. of units '000</b>	<b>No. of units '000</b>	<b>No. of units '000</b>
<b>Issued units as at beginning of period/year</b>	<b>2,778,797</b>	<b>2,757,221</b>	<b>2,763,122</b>	<b>2,588,701</b>
Issue of units <sup>1</sup>	-	-	-	156,645
Manager's fee paid in units <sup>2,4</sup>	6,367	5,901	22,042	17,776
	<b>2,785,164</b>	<b>2,763,122</b>	<b>2,785,164</b>	<b>2,763,122</b>
<b>Issuable units:</b>				
Manager's fee payable in units <sup>3,4</sup>	14,681	12,435	14,681	12,435
<b>Total issued and issuable units as at end of period/year</b>	<b>2,799,845</b>	<b>2,775,557</b>	<b>2,799,845</b>	<b>2,775,557</b>

Notes:

In accordance with the amendments to the Trust Deed and new requirement by the Monetary Authority of Singapore, the performance fee for FY2017 and thereafter will be paid on an annual basis, after Board's approval of the audited annual accounts.

- On 2 December 2019, the Trust has issued 156,645,000 units at an issue price of \$1.05 per unit.
- For 2H 2021 and 2H 2020, the issued units relate to base management fee for 2Q & 3Q 2021 and 2Q & 3Q 2020 respectively.

For FY2021, the issued units relate to performance management fees for FY2020, base management fee for 4Q 2020 and base management fee for YTD 3Q 2021.

For FY2020, the issued units relate to performance management fees for FY2019, partial satisfaction of base management fee for 4Q 2019 and base management fee for YTD 3Q 2020.

- The units issuable to the REIT Manager were in full satisfaction of management fee for respective quarters.
- The number of units is calculated based on volume weighted average traded price for the last 10 business days for the respective quarters, as provided in the Trust Deed.

### 1(d)(iii) To show the total number of issued units excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 August 2021, SPH REIT had 2,785,164,072 units (31 August 2020: 2,763,122,035 units).

### 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

## For The Year Ended 31 August 2021

2. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures for the year have been audited. The auditors' report on the financial statements of SPH REIT was not subject to any modification.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Please refer to the attached auditor's audit report.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 August 2020.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

None noted.

6. **Earnings per unit ("EPU") and Distribution per unit ("DPU")**

	Group			
	2H 2021	2H 2020	FY 2021	FY 2020
<b><u>Earnings per unit</u></b>				
Weighted average number of units <sup>1</sup> (‘000)	2,791,460	2,766,900	2,785,101	2,722,745
Total return/(loss) for the period/year after tax attributable to unitholders (S\$'000)	74,240	(141,143)	137,348	(74,907)
EPU <sup>2</sup> (basic and diluted) (cents)	2.66	(5.10)	4.93	(2.75)
EPU (cents), excluding fair value change and write down of intangible asset	2.59	1.23	4.86	3.77
<b><u>Distribution per unit</u></b>				
Total number of units in issue at end of period/year (‘000)	2,785,164	2,763,122	2,785,164	2,763,122
Distribution to Unitholders <sup>3</sup> (S\$'000)	82,396	28,720	150,160	72,851
DPU <sup>4</sup> (cents)	2.96	1.04	5.40	2.72

## For The Year Ended 31 August 2021

### 6. Earnings per unit (“EPU”) and Distribution per unit (“DPU”) (Cont’d)

Notes:

1. The weighted average number of units was based on the number of units in issue and issuable units to the Manager.
2. Included the effects of fair value change on investment properties for the respective periods/year.
3. As shown in 1(a)(ii) Distribution Statement.
4. The DPU was computed based on the number of units entitled to distribution.

### 7. Net Asset Value (“NAV”) per unit and Net Tangible Asset (“NTA”) per unit

	<u>Group</u>		<u>Trust</u>	
	<u>As at 31 Aug 21</u>	<u>As at 31 Aug 20</u>	<u>As at 31 Aug 21</u>	<u>As at 31 Aug 20</u>
NAV / NTA per unit <sup>1</sup> (S\$)	0.91	0.91	0.92	0.91

Note:

1. The NAV per unit and NTA per unit were computed based on the net assets attributable to Unitholders. Number of units used to compute NAV and NTA was based on number of units in issue as at balance sheet date.

### 8. Review of Performance

#### **Review of Results for the Second Half ended 31 August 2021 (“2H 2021”) compared with the Second Half ended 31 August 2020 (“2H 2020”)**

In 2H 2021, gross revenue increased by S\$29.2 million (27.0%) to S\$137.2 million and net property income (“NPI”) increased by S\$19.3 million (24.6%) to S\$97.8 million. Comparing 2H 2021 vs 2H 2020, the COVID-19 situation has continued to stabilise and with the gradual recovery of tenant sales, rental assistance granted to eligible tenants in 2021 was lower than in 2020.

Following the increase in gross revenue, NPI and with the overall decrease in the interest rate environment, net income for 2H 2021 increased S\$29.6 million (68.9%) to S\$72.6 million.

Investment management fee for 2H 2021 increased by S\$0.2 million (19.0%) to S\$1.5 million mainly driven by the full year contribution from the 50% interest in Westfield Marion Shopping Centre, which was acquired on 6 December 2019.

Distributable income to unitholders for 2H 2021 was S\$81.6 million, which was S\$66.7 million higher as compared to 2H 2020.

## For The Year Ended 31 August 2021

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### 8. Review of Performance (Cont'd)

#### **Review of Results for the Full year ended 31 August 2021 ("FY2021") compared with the Full year ended 31 August 2020 ("FY2020")**

In FY2021, gross revenue increased by S\$35.7 million (14.8%) to S\$277.2 million and NPI increased by S\$20.7 million (11.4%) to S\$202.6 million. These increases were mainly due to full year contribution from the 50% interest in Westfield Marion Shopping Centre, which was acquired on 6 December 2019. With the stabilisation of COVID-19 and gradual recovery of tenant sales, rental assistance granted to eligible tenants in FY2021 was also lower than in FY2020.

With the overall decrease in the interest rate environment and having re-financed the loans which were due in FY2021 at a lower interest rate, finance cost decreased by S\$8.9 million (27.1%) to S\$24.0 million for FY2021. The average cost of debt for FY2021 was 1.84% p.a. (2020: 2.66% p.a.).

Investment management fee for FY2021 increased by S\$0.8 million (37.7%) to S\$2.9 million mainly driven by the full year contribution from the 50% interest in Westfield Marion Shopping Centre, which was acquired on 6 December 2019.

Finance income for FY2021 decreased by S\$1.6 million (88.7%) to S\$0.2 million mainly due to decrease in interest income from fixed deposit.

Distributable income to unitholders for FY2021 was S\$157.8 million, which was S\$65.6 million (71.1%) higher as compared to FY2020.

### 9. Variance from Prospect Statement

No forecast was made previously.

### 10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

For the full calendar year 2021, the Ministry of Trade and Industry has upgraded Singapore's GDP growth forecast from a range of 4% - 6% to a range of 6% - 7%, reflecting an expected rebound in the Singapore economy. The retail market is poised to benefit from an increase in economic activities and improved consumer sentiment. While headwinds in the tourism sector continue to weigh on the tourist-focused locations due to travel restrictions remaining in place, suburban market with large residential catchment continues to benefit from the work-from-home arrangements.

For Australia, the Reserve Bank of Australia has upgraded the GDP growth forecast to 4.75% and 5% in 2021 and 2022 respectively. Retail recovery has been clouded by resurgence of COVID-19 cases in August 2021 but the economy is forecast to rebound from this setback as the lockdown restrictions ease. Restrictions on both domestic and international travel are also expected to ease by the end of 2021.

Given the risks and uncertainties of the COVID-19, the extent of the impact on the SPH REIT's financial performance for the next reporting period and the next 12 months cannot be determined at this stage. There have been encouraging signs of improvement but resurgence of COVID-19 cases may dampen the recovery. SPH REIT will continue its focus on minimising vacancies, providing sustainable rental income and to deliver stable distributions to unitholders with prudent capital management.



## For The Year Ended 31 August 2021

### 11. Distribution

#### (a) Current Financial Period

Any distribution recommended for the current financial period reported on? Yes.

Name of distribution:	Distribution for the period from 1 June 2021 to 31 August 2021							
Distribution Type:	Taxable and tax-exempt income							
Distribution rate per unit (cents):	<table border="1"> <thead> <tr> <th>Distribution type</th> <th>Distribution rate</th> </tr> </thead> <tbody> <tr> <td>Taxable income</td> <td>1.40 cents per unit</td> </tr> <tr> <td>Tax-exempt income</td> <td>0.18 cents per unit</td> </tr> </tbody> </table>		Distribution type	Distribution rate	Taxable income	1.40 cents per unit	Tax-exempt income	0.18 cents per unit
Distribution type	Distribution rate							
Taxable income	1.40 cents per unit							
Tax-exempt income	0.18 cents per unit							
Par value of units:	Not applicable.							
Tax rate:	<p><u>Taxable income distribution:</u></p> <p>Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.</p> <p>Qualifying foreign non-individual investors and foreign funds under Section 13CA, 13X or 13Y of the Singapore Income Tax Act will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors during the period from 18 February 2005 to 31 December 2025 and non-resident funds during the period from 1 July 2019 to 31 December 2025.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution:</u></p> <p>Tax-exempt income distribution is exempt from tax in the hands of all unitholders</p>							

## For The Year Ended 31 August 2021

### 11. Distribution (Cont'd)

#### (b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year? Yes

Name of distribution:	Distribution for the period from 1 June 2020 to 31 August 2020
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	0.54 cents per unit
Par value of units:	Not applicable.
Tax rate:	<p><u>Taxable income distribution:</u></p> <p>Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.</p> <p>Qualifying foreign non-individual investors and foreign funds under Section 13CA, 13X or 13Y of the Singapore Income Tax Act will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors during the period from 18 February 2005 to 31 December 2025 and non-resident funds during the period from 1 July 2019 to 31 December 2025.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution:</u></p> <p>Tax-exempt income distribution is exempt from tax in the hands of all unitholders</p>

#### (c) Date payable

The date the distribution is payable: Friday, 19 November 2021.

#### (d) Record date

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 13 October 2021 for purposes of determining each Unitholder's entitlement to SPH REIT distribution.

## For The Year Ended 31 August 2021

### 12. If no distribution has been declared (recommended), a statement to that effect

Not applicable.

### 13. Segment Results

	<u>Group</u>					
	2H 2021	2H 2020	Change	FY 2021	FY 2020	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b><u>Gross Revenue</u></b>						
<b><u>Singapore</u></b>						
Paragon	78,101	57,702	35.4	159,865	146,545	9.1
The Clementi Mall	20,845	15,277	36.4	41,372	36,557	13.2
The Rail Mall	2,871	2,439	17.7	5,657	4,978	13.6
	101,817	75,418	35.0	206,894	188,080	10.0
<b><u>Australia</u><sup>1</sup></b>						
Figtree Grove Shopping Centre	8,779	7,779	12.9	17,250	15,908	8.4
Westfield Marion Shopping Centre	26,625	24,861	7.1	53,035	37,475	41.5
	35,404	32,640	8.5	70,285	53,383	31.7
Total	137,221	108,058	27.0	277,179	241,463	14.8
<b><u>Net Property Income</u></b>						
<b><u>Singapore</u></b>						
Paragon	56,226	41,986	33.9	119,393	112,738	5.9
The Clementi Mall	14,266	10,463	36.3	29,885	26,559	12.5
The Rail Mall	2,174	1,940	12.1	4,435	3,908	13.5
	72,666	54,389	33.6	153,713	143,205	7.3
<b><u>Australia</u></b>						
Figtree Grove Shopping Centre	6,723	6,241	7.7	13,282	12,485	6.4
Westfield Marion Shopping Centre	18,384	17,817	3.2	35,632	26,253	35.7
	25,107	24,058	4.4	48,914	38,738	26.3
Total	97,773	78,447	24.6	202,627	181,943	11.4

### 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 on page 15 and 16.

## For The Year Ended 31 August 2021

### 15. Breakdown of Gross revenue and Net Income

	<u>FY2021</u>	<u>Group</u> <u>FY2020</u>	<u>Change</u>
	S\$'000	S\$'000	%
<b><u>1 September to 28 February</u></b>			
<b><u>(First half year)</u></b>			
Gross revenue	139,958	133,405	4.9
Net income	78,053	76,071	2.6
<b><u>1 March to 31 August</u></b>			
<b><u>(Second half year)</u></b>			
Gross revenue	137,221	108,058	27.0
Net income	72,578	42,972	68.9

### 16. Breakdown of Total Distributions

	<u>FY2021</u>	<u>FY2020</u>
	S\$'000	S\$'000
1 September 2019 to 30 November 2019	-	35,860
1 December 2019 to 28 February 2020	-	8,271
1 March 2020 to 31 May 2020	-	13,799
1 June 2020 to 31 August 2020	-	14,921
1 September 2020 to 30 November 2020	33,307	-
1 December 2020 to 28 February 2021	34,457	-
1 March 2021 to 31 May 2021	38,390	-
1 June 2021 to 31 August 2021 <sup>1</sup>	44,006	-
	<u>150,160</u>	<u>72,851</u>

Notes:

- Please refer to paragraph 11(a) on page 17.

### 17. If the group has obtained a general mandate from shareholders for Interested Person Transactions, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

SPH REIT has not obtained a general mandate from unitholders for Interested Person Transactions.

## For The Year Ended 31 August 2021

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**18. Confirmation By the Manager Pursuant to Rule 720(1) of the SGX Listing Manual.**

The Manager confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13). If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, SPH REIT Management Pte. Ltd. (the "Company"), as manager of SPH REIT, confirms that there is no person occupying a managerial position in the Company who is related to a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of SPH REIT.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of SPH REIT Management Pte. Ltd. (as the manager of SPH REIT) on future events.

### BY ORDER OF THE BOARD

Jessie Phua Swee Hoon  
Sheryl Cher Ya Li

Company Secretary

Singapore,  
4 October 2021



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## Independent auditors' report

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

### *Opinion*

We have audited the financial statements of SPH REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 August 2021, and the Statements of Total Return, Distribution Statements, Statements of Changes in Unitholders' Funds of the Group and the Trust and the Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS69.

In our opinion, the accompanying consolidated financial statements of the Group and the Statements of Financial Position, Portfolio Statements, Statements of Total Return, Distribution Statement and Statements of Changes in Unitholders' Funds of the Trust present fairly, in all material respects, the consolidated financial position and the consolidated portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 August 2021 and the consolidated total return, consolidated distributable income, consolidated changes in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and changes in Unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Trust in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Valuation of investment properties**

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

#### **Risk:**

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

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

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

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

#### **Our response:**

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

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

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

### **Our findings:**

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

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

### ***Other information***

SPH REIT Management Pte Ltd, the Manager of the Trust (“Manager”) is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors’ report thereon. We have obtained all other information prior to the date of this auditors’ report.

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

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

### ***Responsibilities of the Manager for the financial statements***

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

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

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



### ***Auditors' responsibilities for the audit of the financial statements***

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditors' report is Lim Jek.



KPMG LLP

*Public Accountants and  
Chartered Accountants*

**Singapore**  
4 October 2021