

STAYING THE COURSE

ANNUAL REPORT 2020



VISION

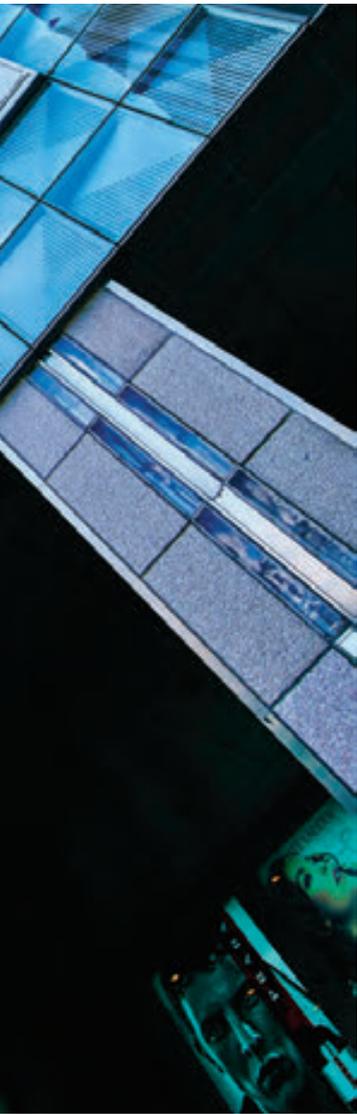
SPH REIT aims to be a premier retail real estate investment trust in Singapore and Asia Pacific, with a portfolio of quality income-producing retail properties.

MISSION

To be the landlord of choice for our tenants and shoppers and be committed in our delivery of quality products and services.

To provide Unitholders of SPH REIT with regular and stable distributions, and sustainable long-term growth in distribution per unit and net asset value per unit, while maintaining an appropriate capital structure.





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CORPORATE PROFILE

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



SINGAPORE

SPH REIT was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 24 July 2013 and is sponsored by Singapore Press Holdings Limited ("SPH" or the "Sponsor"), Asia's leading media organisation with publications across multiple languages and platforms. As at 31 August 2020, SPH REIT's portfolio comprises five quality and well-located commercial properties in Singapore and Australia. The three properties in Singapore total up to 962,851 sq ft Net Lettable Area ("NLA") with an aggregate value of S\$3.3 billion as at 31 August 2020, whereas the two properties in Australia have an aggregate Gross Lettable Area ("GLA") of 1,708,803 sq ft, with a value of A\$836.5 million as at 31 August 2020.

Paragon, a premier upscale retail mall and medical suite/ office property, is located in the heart of Orchard Road, Singapore's premier shopping and tourist precinct. Paragon consists of a six-storey retail podium and one basement level with 494,757 sq ft of retail NLA ("Paragon Mall"), with a 14-storey tower and another three-storey tower sitting on top of the retail podium with a total of 223,098 sq ft of medical suite/ offices NLA ("Paragon Medical"). It is a 99-year leasehold interest that commenced on 24 July 2013.

The Clementi Mall, a mid-market suburban mall located in the centre of Clementi Town, with excellent frontage to residential estates in the west of Singapore and is well-connected to expressways and the rest of the island. The retail mall with 195,229 sq ft of retail NLA also houses a public library, and is part of an integrated mixed use development that includes Housing & Development Board ("HDB") residential blocks and a bus interchange. The property is directly linked to the Clementi Mass Rapid Transit ("MRT") station. It is a 99-year leasehold interest that commenced on 31 August 2010.



AUSTRALIA

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

Westfield Marion Shopping Centre is a freehold shopping centre in Adelaide, South Australia in which SPH REIT has a 50.0% stake in ownership. It is the largest and only super regional shopping centre in South Australia. Strategically located approximately 10 km south-west of Adelaide's Central Business District ("CBD"), it is in a highly accessible location which is bound by three major thoroughfares and arterial roads in Diagonal Road, Sturt Road and Morphett Road, extending greater access to shoppers beyond its usual catchment. The shopping centre offers large and well segmented precincts of entertainment, fresh food, and dining; supported by a high quality tenant base of leading national retailers. The property has an aggregate GLA of 1,472,125 sq ft.

Figtree Grove Shopping Centre is an established freehold sub-regional shopping centre in Wollongong, New South Wales Australia, in which SPH REIT has a 85.0% stake in ownership. Located approximately 3 km south-west of Wollongong and approximately 85 km south-west of Sydney CBD, the property is situated at the north-eastern corner of the Princes Highway and The Avenue – major thoroughfares which carry traffic between Wollongong Central Business District and the wider Wollongong area. The shopping centre houses two major supermarkets, specialty stores, and a variety of services, F&B dining options and other retailers providing convenience and necessity to residents. The property has an aggregate GLA of 236,678 sq ft.

FINANCIAL HIGHLIGHTS

Consolidated Statement of Total Return For the Financial Year Ended 31 August	2020 S\$ million	2019 S\$ million	Change %
Gross Revenue	241.5	228.6	5.6
Net Property Income	181.9	179.8	1.2
Income Available for Distribution	92.2	145.0	(36.4)
Distribution per Unit (cents)	2.72	5.60	(51.4)

Consolidated Statement of Financial Position as at 31 August	2020 S\$ million	2019 S\$ million	Change %
Total Assets	4,240.7	3,948.4	7.4
Total Liabilities	1,426.0	1,177.0	21.2
Borrowings	1,298.6	1,091.1	19.0
Net Assets Attributable to Unitholders	2,503.3	2,458.9	1.8
Number of Units in Issue (million)	2,763.1	2,588.7	6.7
Net Asset Value per Unit (S\$)	0.91	0.95	(4.2)

Financial Ratios	2020	2019
Annualised Distribution Yield (%) • Based on closing price ¹	3.13	5.14
Gearing Ratio (%)	30.5	27.5
Interest Cover Ratio (times)	4.7	5.3
Average All-in-Cost of Debt (% per annum)	2.66	2.91
Average Term to Maturity for Debt (years)	2.9	2.5

1. Based on closing price of S\$0.87 per unit on 31 August 2020 (31 August 2019: S\$1.09).

2.72 cents

DISTRIBUTION PER UNIT

Decreased **51.4%** compared to 2019

3.13%

DISTRIBUTION YIELD

Based on closing price of **S\$0.87**
on 31 August 2020

S\$181.9 million

NET PROPERTY INCOME

Increased **1.2%** compared to 2019

30.5%

GEARING

Strong balance sheet

S\$4.1 billion

VALUATION OF INVESTMENT PROPERTIES

Included the recently acquired
Westfield Marion Shopping Centre

97.7%

OCCUPANCY

Solid track record

**STAYING
VIGILANT**





ADAPTING TO A VOLATILE ENVIRONMENT

STATEMENT BY CHAIRMAN & CEO

On behalf of the Board of Directors of SPH REIT Management Pte. Ltd., the Manager of SPH REIT (the “Manager”), we are pleased to present SPH REIT’s Annual Report for the period from 1 September 2019 to 31 August 2020 (“FY2020”).



From left:

DR LEONG HORN KEE

MS SUSAN LENG MEE YIN





Our Singapore assets are expected to continue to be impacted by COVID-19, though there are signs of gradual recovery. The retail sector in Singapore remained weak as most border restrictions and work-from-home arrangements are still in place. For Australia assets, with the easing of COVID-19 restrictions and stronger domestic consumption, footfall and tenant sales at these assets have shown better resilience, registering encouraging recovery.

DEAR UNITHOLDERS,

On behalf of the Board of Directors of SPH REIT Management Pte. Ltd., the Manager of SPH REIT (the "Manager"), we are pleased to present SPH REIT's Annual Report for the period from 1 September 2019 to 31 August 2020 ("FY2020").

The first half of FY2020 commenced positively from September 2019 to February 2020. However, the COVID-19 virus which started in early 2020, rapidly spread worldwide to a pandemic that caused major lockdowns and travel restrictions globally. The resulting economic downturn affected all countries around the world, and our key markets of Singapore and Australia have not been spared. The COVID-19 pandemic posed unprecedented challenges to our business in FY2020, and have impacted our performance.

Our Singapore assets are expected to continue to be impacted by COVID-19, though there are signs of gradual recovery. The retail sector in Singapore remained weak as most border restrictions and work-from-home arrangements are still in place. For Australia assets, with the easing of COVID-19 restrictions and stronger domestic consumption, footfall and tenant sales at these assets have shown better resilience, registering encouraging recovery.

Since the commencement of the pandemic, the Board has convened regular meetings with management to closely monitor the situation and provide operational and strategic guidance. The meetings allowed the Board to assess the situation in a timelier manner and approve plans to mitigate the impact on our assets and operations.

Before the onset of the pandemic, SPH REIT acquired a 50.0% interest in Westfield Marion Shopping Centre ("Westfield Marion"), the largest shopping centre in South Australia on 6 December 2019.

The acquisition of Westfield Marion is in line with our long-term strategy to diversify our asset base and income stream geographically. The new Australian assets, Westfield Marion and Figtree Grove Shopping Centre ("Figtree Grove"), have contributed to our performance in FY2020.

On the capital market front, we successfully tapped the equity market and raised S\$164.5 million in December 2019 from a private placement of 156.6 million new units to partially finance the Westfield Marion acquisition. The placement was well-received and drew strong participation from new and existing institutional investors.

FY2020 PERFORMANCE

FY2020 was a tale of two halves. For the first half from September 2019 to February 2020, SPH REIT performed credibly. Our Singapore assets recorded positive rental reversions of an average of 6.4%. However, during the second half of the financial year, our performance was severely impacted as business operations took a hit due to COVID-19 affecting international tourism and local lifestyles.

Paragon, which was impacted by border restrictions, registered a year-on-year decline in tenant sales by 28.3% to S\$507.8 million while footfall declined by 27.4% to 13.8 million.

The Clementi Mall, which was impacted by the work-from-home arrangements, saw footfall decline by 27.8% to 22.8 million, while tenant sales declined by 12.7% to S\$206.6 million.

Westfield Marion, the largest shopping centre in South Australia with a higher exposure to discretionary offerings, registered a drop in footfall of 11.2% to 11.9 million and decline in tenant sales by 9.1% to A\$690.6 million. Figtree Grove, which was supported by the residential catchment in the suburbs of Wollongong, maintained a footfall of 4.6 million while tenant sales declined by 1.1% to A\$184.7 million.

STATEMENT BY CHAIRMAN & CEO

Overall occupancy of all our assets remain strong at an average of 97.7% as at end August 2020.

On the financial front, net property income ("NPI") for FY2020 was S\$181.9 million, an increase of S\$2.1 million (1.2%) compared to S\$179.8 million last year.

Our Singapore assets have been more impacted by COVID-19 and we have rendered rent relief amounting to S\$31.8 million to eligible tenants to assist them in riding through this pandemic. This resulted in a decline in NPI of 16.4% to S\$143.1 million in FY2020.

For Australia, Westfield Marion contributed S\$26.3 million to NPI for FY2020 while Figtree Grove had its first full year contribution in FY2020, contributing S\$12.5 million in NPI. The Australia assets, though not spared from the effects of COVID-19, have been less impacted and an allowance for rent relief of S\$8.1 million has been provided in FY2020 for eligible tenants who have been affected by COVID-19.

Notwithstanding the revenue impact, SPH REIT's gearing is stable at 30.5% and debt maturity profile is well-staggered, with no refinancing due till June 2021.

As the COVID-19 situation is continually evolving and there is no certainty as to when normalcy will return, the Board has decided, for prudence in financial management, to defer the distribution of S\$14.5 million, distribution per unit ("DPU") of 0.52 Singapore cents, a part

of the FY2020 income, to FY2021, which is allowed under COVID-19 measures announced by the Inland Revenue Authority of Singapore ("IRAS"). In addition, for financial flexibility, an amount of S\$15.0 million of capital allowance was utilised to provide for capital expenditure and other working capital requirements.

Our full year DPU is at 2.72 Singapore cents, giving a yield of 3.1%, based on the 31 August 2020 unit price of S\$0.87.

EFFORTS TOWARDS MANAGING COVID-19

COVID-19 is a global pandemic which affected all countries around the world. As a result, landlords and tenants in the retail sector have suffered, operationally and financially.

SPH REIT's philosophy has always been to work in close partnership with our main stakeholder: our tenants. Throughout this difficult period, we have engaged our tenants proactively and have taken various measures to assist them to ride through this crisis. Since February 2020, we have rolled out a tenants' assistance relief scheme for our tenants in Singapore and Australia.

In Singapore, the Government legislated rental rebate to assist tenants through property tax rebates and cash grants. Complementing the Government's schemes, SPH REIT provided its own additional targeted rental relief to assist eligible tenants whose businesses were more impacted. Our assistance rolled out in FY2020 amounted to approximately S\$31.8 million.

Similarly in Australia, the Federal Government issued guidelines under the "SME Commercial Code of Conduct and Leasing Principles" (the "Code") which were enacted in various states. SPH REIT likewise made an allowance of approximately S\$8.1 million rental assistance for eligible tenants in its Australian assets in line with the Code.

SPH REIT aims to work with tenants by lightening the burden of those affected in a targeted manner and supporting them through this difficult time, so that both landlord and tenants can be ready for recovery when the time comes.

COVID-19 has also presented severe health and operational risks to all our stakeholders including tenants, employees, shoppers and contractors. During this difficult time, we have worked hard to ensure a safe environment for all our stakeholders, taking guidance from advisories issued by the authorities. The measures we have taken include intensifying the cleaning and disinfecting of main contact areas.

COMMITMENT TOWARDS SUSTAINABILITY

COVID-19 is a timely reminder for us to remain committed to embracing sustainability efforts in our business strategy and practices. In FY2020, the Board continued its supervision and oversight over the implementation and results of our sustainability efforts in the six material Environmental, Social and Governance ("ESG") factors that have been identified as relevant to our businesses. The Audit & Risk Committee ("ARC") oversees the



Our well-established assets and their strategic locations with dominant catchment areas contribute to SPH REIT's resilience during this difficult time. We will continue to engage our stakeholders and focus on the long-term sustainability of our assets to position ourselves stronger for the future.

progress of the projects and efforts undertaken by the management, and is supported by the Sustainability Steering Committee ("SSC") of the management. This year, the ARC has reviewed and endorsed the existing ESG factors for its continued relevance to the business.

In FY2020, our third sustainability report has expanded its reporting scope to include The Rail Mall in Singapore and Figtree Grove in Australia. SPH REIT continues to operate responsibly in regard to the environment, our shoppers, employees, business partners and the communities in which we operate. Our ESG targets and performance are also mapped to the four adopted United Nations ("UN") Sustainable Development Goals ("SDGs"), which will better guide us on our sustainability journey.

LOOKING AHEAD

COVID-19's impact on economies around the world is expected to continue into FY2021.

As the COVID-19 situation remains uncertain, our near-term focus for FY2021 is to minimise vacancies to provide sustainable rental income by working hand in hand with our tenants, while carefully managing costs.

Our well-established assets and their strategic locations with dominant catchment areas contribute to SPH REIT's resilience during this difficult time. We will continue to engage our stakeholders and focus on the long-term sustainability of our assets to position ourselves stronger for the future.

ACKNOWLEDGEMENTS

We wish to acknowledge the dedication and commitment of the Board members, management team and staff in the past financial year, which was a very challenging period with the unprecedented uncertainties brought about by COVID-19.

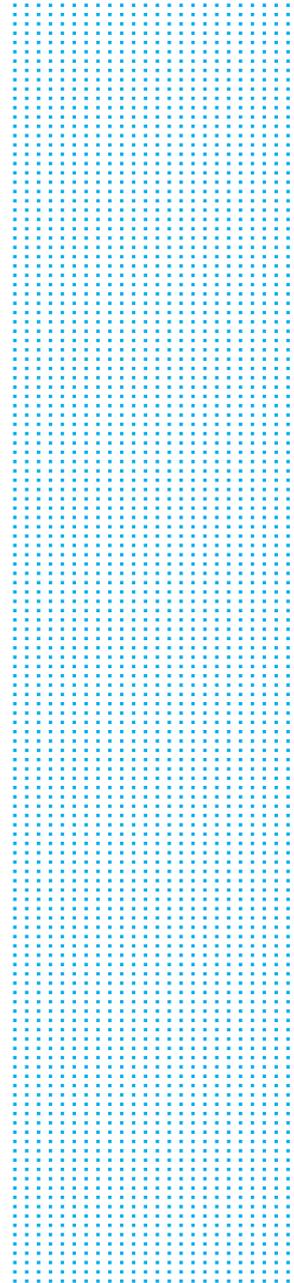
We also offer our sincere gratitude to all stakeholders, including our Unitholders, business partners, tenants, shoppers, employees and the government, for their continued cooperation and support. We look forward to seeing a speedy ending of the pandemic and normalisation of the economy in the coming financial year. We wish for all to stay safe and healthy.

DR LEONG HORN KEE

Chairman, Non-Executive and Independent Director

MS SUSAN LENG MEE YIN

Chief Executive Officer



YEAR IN REVIEW

SEPTEMBER 2019

- ▶ Paragon was awarded Best Efforts in Centre Management (Shopping Centre) at the Singapore Retailers Association ("SRA") Retail Awards 2019
- ▶ Paragon hosted the launch of Samsung Electronics Singapore's Galaxy Fold smartphone, alongside local and global tastemakers

Sep
19

OCTOBER 2019

- ▶ Launched Paragon Club, an enhanced rewards program which provides shoppers with a platform to earn points for shopping and dining at Paragon

Oct
19

Dec
19

DECEMBER 2019

- ▶ SPH REIT acquired a 50% interest in Westfield Marion Shopping Centre, a super regional mall located in Adelaide, South Australia
- ▶ SPH REIT successfully tapped on the capital market with a private placement of \$164.5m
- ▶ Paragon hosted the Prada Dreamscape pop-up, which made headlines for bringing its romanticised experience across the region



Jan
20

JANUARY 2020

- ▶ SPH REIT announced DPU of 1.38 cents for 1st Quarter ended 30 November 2019. NPI increased 12.4% year-on-year

Feb
20

FEBRUARY 2020

- ▶ SPH REIT provided a tenants' assistance scheme to mitigate the impact of COVID-19 on the performance of its tenants in its Singapore assets





Apr
20

APRIL 2020

- ▶ SPH REIT announced DPU of 0.30 cents for 2nd Quarter ended 28 February 2020. NPI increased 23.3% year-on-year

Jun
20

JUNE 2020

- ▶ SPH REIT launched a relief scheme for tenants in its Australia assets, in line with the "SME Commercial Code of Conduct and Leasing Principles" (the "Code")

Jul
20

JULY 2020

- ▶ SPH REIT announced DPU of 0.50 cents for 3rd Quarter ended 31 May 2020

Aug
20

AUGUST 2020

- ▶ SPH REIT's aggregate DPU was 2.72 cents for FY2020. The DPU was 0.54 cents for 4th Quarter ended 31 August 2020
- ▶ NPI for FY2020 increased 1.2% year-on-year
- ▶ Valuation of SPH REIT portfolio of properties was S\$4.1 billion as at 31 August 2020



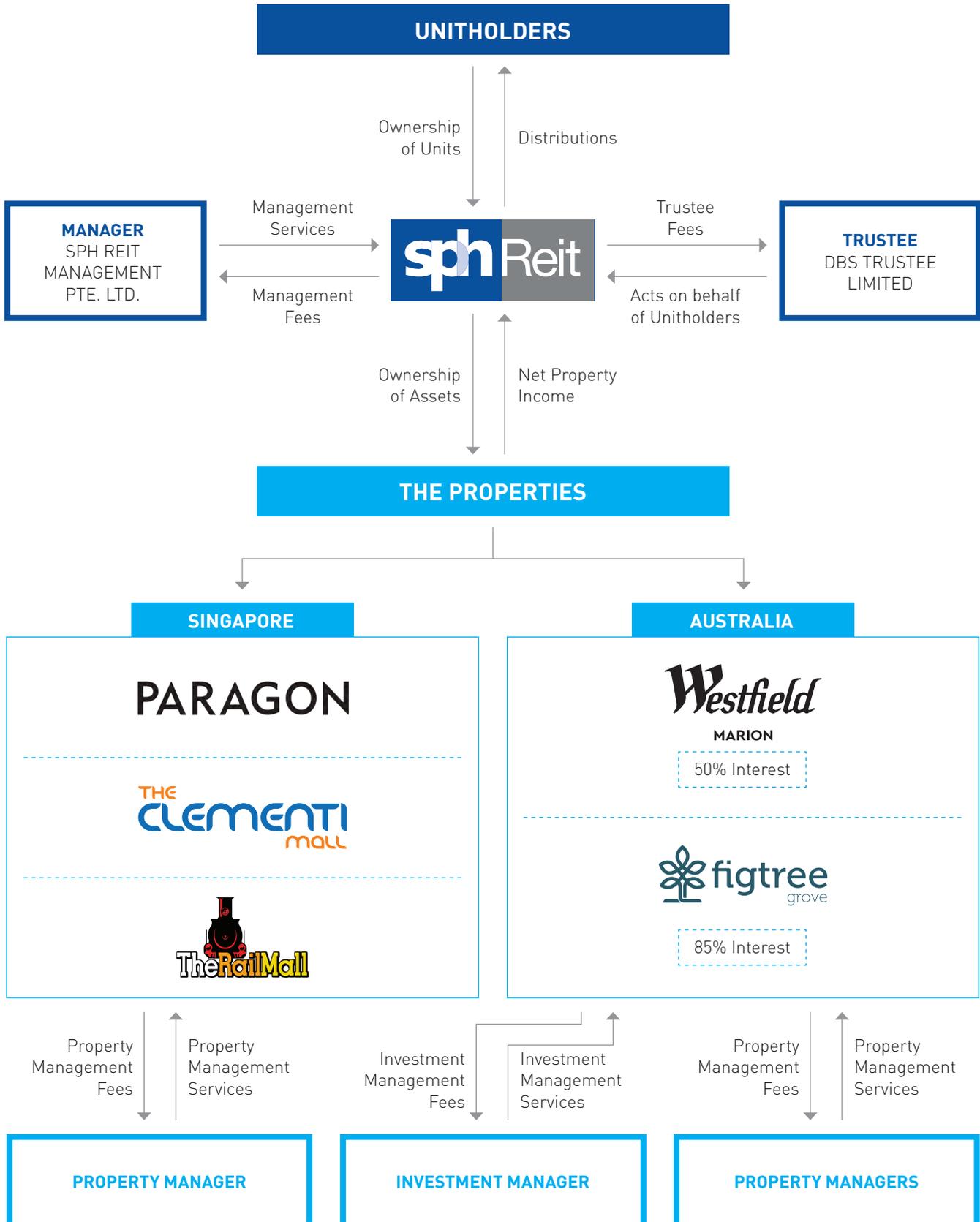
SUSTAINABILITY

- ▶ In FY2020, the scope of sustainability reporting expanded to include The Rail Mall in Singapore and Figtree Grove Shopping Centre in Australia
- ▶ SPH REIT sets targets to reduce like-for-like¹ electricity and water intensity respectively by 18% and Greenhouse Gas ("GHG") emissions intensity by 30% by FY 2025 using FY2015's performance as the baseline
- ▶ Zero Waste initiatives introduced to encourage shoppers to bring their own reusable containers to reduce the use of disposables at The Clementi Mall and The Rail Mall
- ▶ Meetings are held regularly with the Board of Directors to assess impacts of COVID-19 and to plan conscientiously for the overall interest of the stakeholders of SPH REIT

- ▶ Dedicated safety management officers ensure full compliance to precautionary measures to safeguard the well-being of employees, workers and shoppers

1. Like-for-like comparison refers to the comparison for a consistent portfolio of assets between two reporting years. In FY2020, the assets that remained consistent from the FY2015 baseline are Paragon and The Clementi Mall.

TRUST STRUCTURE



ORGANISATION STRUCTURE

BOARD OF DIRECTORS

Dr Leong Horn Kee

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

Mr Soon Tit Koon

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

Mr David Chia Chay Poh

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

Ms Hoo Sheau Farn

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

Mr Ng Yat Chung

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

Mr Chua Hwee Song

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

Ms Ginney Lim May Ling

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

Ms Susan Leng Mee Yin

Chief Executive Officer

Mr Benjamin Kuah

Chief Financial Officer & Head, Investor Relations

Ms Belinda Zheng Qinyin

Investment Manager

BOARD OF DIRECTORS



From left:

CHUA HWEE SONG
HOO SHEAU FARN
DR LEONG HORN KEE
NG YAT CHUNG
DAVID CHIA CHAY POH
GINNEY LIM MAY LING
SOON TIT KOON

DR LEONG HORN KEE

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

Dr Leong is the Chairman of CapitalCorp Partners Private Limited, a corporate finance advisory firm. He is currently Singapore's non-resident High Commissioner to Cyprus and non-resident Ambassador to Argentina. From 1994 to 2008, Dr Leong was an executive director of Far East Organization, the CEO of Orchard Parade Holdings Ltd and the CEO of Yeo Hiap Seng Ltd. From 1984 to 1993, he worked in the venture capital

and merchant banking sector. From 1977 to 1983, he was a deputy director at the Ministry of Finance and Ministry of Trade & Industry. Dr Leong was a Member of Parliament for 22 years from 1984 to 2006. Dr Leong holds a Bachelor's degree in Production Engineering from Loughborough University, UK; a Bachelor's degree in Economics from London University; a Bachelor's degree in Chinese Language & Literature from Beijing Normal University; a Master of Business Administration ("MBA") from INSEAD; and a Master of Business Research ("MBR") and a Doctor of Business Administration ("DBA") from the University of Western Australia, Australia.



SOON TIT KOON

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

Mr Soon held a series of senior positions in OCBC Bank from September 2002 to December 2011, when he retired from the bank. He was the Chief Financial Officer of OCBC Bank from September 2002 to June 2008, and from April 2010 to November 2011. He was the Head of Group Investments of OCBC Bank from June 2008 to April 2010.

Mr Soon is also a director of Wah Hin and Company Private Limited, Great Eastern Holdings Limited and OCBC Wing Hang Bank Limited.

Prior to joining OCBC Bank, Mr Soon was the Chief Financial Officer of Wilmar Holdings Pte Ltd from 2000 to 2002. From 1983 to 2000, he worked in Citicorp Investment Bank (Singapore) Limited and was Managing Director from 1993 to 2000. Mr Soon holds a Bachelor of Science (Honours) in Applied Chemistry from the University of Singapore and a Master of Business Administration from the University of Chicago. He also completed the Advanced Management Program at the Harvard Business School in 1997.

DAVID CHIA CHAY POH

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

Mr Chia is the Managing Director and sole proprietor of Associated Property Consultants Pte Ltd, a property consultancy company, positions held since late 2002, when it was acquired.

From 1999 to 2002, Mr Chia was the Managing Director and shareholder of FPD Savills (Singapore) Pte Ltd (now known as Savills (Singapore) Pte Ltd), a leading international property consultancy company.

From 1987 to 1999, he was with Chesterton International Property Consultants Pte Ltd, rising to the position of the Executive Director of the company in 1996. From 1981 to 1987, he served as the District Valuer in the Property Tax Division of the Inland Revenue Authority of Singapore ("IRAS"). Prior to that, he served as an Estate/Projects Officer in the Singapore Ministry of Defence from 1978 to 1981. Mr Chia was a member of the Property Committee in the Singapore International Chamber of Commerce and a Board Member of CISCO Police from 1996 to 2002.

Mr Chia obtained his professional valuation qualifications in New Zealand in 1978 under a Colombo Plan Scholarship.

Mr Chia is an Associate Member of the New Zealand Institute of Valuers and a Fellow Member of the Singapore Institute of Surveyors and Valuers.

HOO SHEAU FARN

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

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

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

BOARD OF DIRECTORS

NG YAT CHUNG

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

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

Prior to joining SPH, he was the Executive Director and CEO of Neptune Orient Lines Ltd from 2011 to 2016 and Senior Managing Director at Temasek Holdings (Private) Limited from 2007 to 2011. Before joining Temasek Holdings, he was the Chief of Defence Force in the Singapore Armed Forces. He has also served as a Director of Fraser & Neave Limited and Singapore Technologies Engineering Ltd.

Mr Ng holds a Bachelor of Arts (Engineering Tripos) and a Master of Arts from Cambridge University, a Master of Military Art and Science (General Studies) from the US Army Command & General Staff College, USA, and an MBA from Stanford University.

CHUA HWEE SONG

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

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

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

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

GINNEY LIM MAY LING

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

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

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

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

Prior to joining SPH, Ms Lim was heading the Legal & Secretariat department as well as the public relations arm of NTUC Income. Ms Lim was admitted as an advocate and solicitor of the Supreme Court of Singapore and holds a Bachelor of Law (Honours) degree from the National University of Singapore. She is also a Fellow in the Institute of Chartered Secretaries and Administrators and an Associate of the Chartered Insurance Institute.

FURTHER INFORMATION ON BOARD OF DIRECTORS

DR LEONG HORN KEE

Chairman

Non-Executive and Independent Director

Date of first appointment as a director

10 June 2013

Board Committees served on

Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

IGG Ltd* Director

CSC Holdings Limited* Director

Singapore High Commissioner to Cyprus High Commissioner

Singapore Ambassador to Argentina Ambassador

ESR Funds Management (S) Limited (as manager of a listed REIT) Director

Directorships over the past 5 years (1/9/15-31/8/20)

Wilmar International Limited* Director

Tat Hong Holdings Ltd* Director

Viva Industrial Trust Management Pte Ltd (as manager of a listed REIT) Director

SOON TIT KOON

Non-Executive and Independent Director

Date of first appointment as a director

10 June 2013

Board Committees served on

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

Current Directorships/Principal Commitments

Great Eastern Holdings Limited* Director

Wah Hin & Company (Pte) Ltd Director

OCBC Wing Hang Bank Limited Director

Directorships over the past 5 years (1/9/15-31/8/20)

Bank of Ningbo Co., Ltd* Director

AVIC Trust Co., Ltd Director

DAVID CHIA CHAY POH

Non-Executive and Independent Director

Date of first appointment as a director

10 June 2013

Board Committees served on

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

Current Directorships/Principal Commitments

Nil

Directorships over the past 5 years (1/9/15-31/8/20)

Nil

HOO SHEAU FARN

Non-Executive and Independent Director

Date of first appointment as a director

26 September 2018

Board Committees served on

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

Current Directorships/Principal Commitments

Nil

Directorships over the past 5 years (1/9/15-31/8/20)

Nil

* Public-listed company

FURTHER INFORMATION ON BOARD OF DIRECTORS

NG YAT CHUNG

Non-Executive and Non-Independent Director

Date of first appointment as a director

1 August 2017

Board Committees served on

Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

Singapore Press Holdings Limited*	Director
Singapore Institute of Technology	Chairman, Board of Trustees
Singapore Press Holdings Foundation Limited	Director

Directorships over the past 5 years (1/9/15-31/8/20)

Neptune Orient Lines Ltd*	Director
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CHUA HWEE SONG

Non-Executive and Non-Independent Director

Date of first appointment as a director

30 November 2018

Board Committees served on

Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

Orchard 290 Ltd	Director
Straits CM Pte Ltd	Director
Tembusu Properties Pte Ltd	Director
Tembusu Ventures Pte Ltd	Director
Times Properties Private Limited	Director
The Seletar Mall Pte Ltd	Director

Directorships over the past 5 years (1/9/15-31/8/20)

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

GINNEY LIM MAY LING

Non-Executive and Non-Independent Director

Date of first appointment as a director

10 June 2013

Board Committees served on

Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

Times Development Pte Ltd	Director
Orchard 290 Ltd	Director
SPH REIT (Investments) Pte Ltd	Director

Directorships over the past 5 years (1/9/15-31/8/20)

MediaCorp Press Ltd	Alternate Director
701 Search Pte Ltd	Alternate Director
Waterbrooks Consultants Pte Ltd	Director
SPH Retail Property Management Services Pte Ltd	Director

* Public-listed company

MANAGEMENT TEAM



SUSAN LENG MEE YIN

Chief Executive Officer
SPH REIT Management Pte. Ltd.



BENJAMIN KUAH HSIEN YIAO

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



BELINDA ZHENG QINYIN

Investment Manager
SPH REIT Management Pte. Ltd.

MANAGEMENT TEAM

SUSAN LENG MEE YIN

Chief Executive Officer
SPH REIT Management Pte. Ltd.

Ms Leng was appointed CEO of SPH REIT Management Pte. Ltd. in 2013. Ms Leng has 16 years of aggregate experience in shopping centre management and property development, eight years of accounting and finance experience, and seven years of experience in Real Estate Investment Trust.

Ms Leng began her career as an auditor with Coopers & Lybrand and her last appointment was Accounting Manager with Scotts Holdings Limited before she made a career change to shopping centre management in 1992. Since then, she has held various appointments, including General Manager of Scotts Shopping Centre, Director of Retail Management with Far East Organisation and General Manager of Capitol Investment Holdings.

She was also the General Manager of Orchard 290 Ltd, a wholly-owned subsidiary of SPH, from 1997 to 2004. She was a pioneer member of the management team which redeveloped Paragon and The Promenade into one fully integrated premier upscale retail mall with a prestigious medical and office tower.

She is a Fellow of the Chartered Association of Certified Accountants (FCCA), UK.

BENJAMIN KUAH HSIEN YIAO

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

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

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

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

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

BELINDA ZHENG QINYIN

Investment Manager
SPH REIT Management Pte. Ltd.

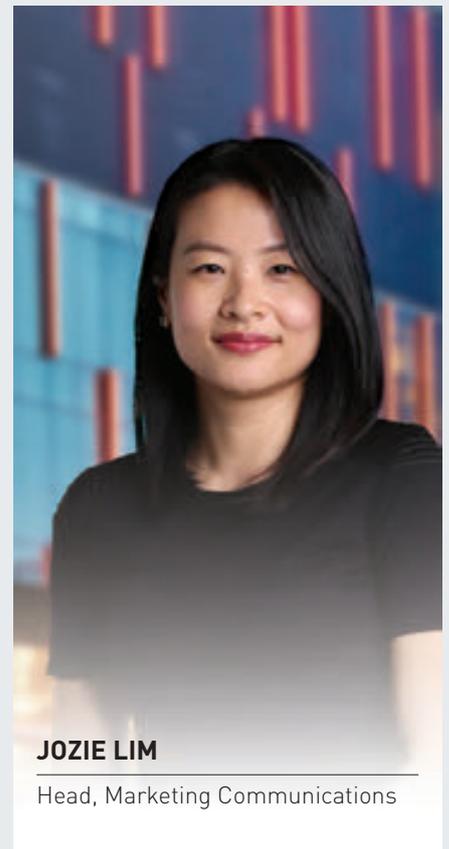
Ms Zheng was appointed the Investment Manager of SPH REIT Management Pte. Ltd. in 2013. Ms Zheng has over 15 years' experience in investment and financial services.

Before this appointment, she was with SPH handling property transactions including government land bids and private treaties. Besides property transactions, she was also involved in growing SPH's other business segments through joint venture partnerships as well as mergers and acquisitions.

Ms Zheng began her career as an auditor at Deloitte & Touche and subsequently she moved into financial services advisory at Deloitte & Touche Corporate Finance advising clients on valuations, mergers and acquisitions and initial public offerings.

Ms Zheng holds a Masters in Applied Finance from Macquarie University, Sydney, Australia and a Bachelor of Commerce (Accounting & Finance) from the University of Queensland, Brisbane, Australia.

PROPERTY MANAGEMENT TEAM



**STAYING
AGILE**





COLLABORATING TO
OVERCOME CHALLENGES

OPERATIONS REVIEW

COVID-19

With the World Health Organisation ("WHO") declaring COVID-19 a pandemic on 11 March 2020, businesses across all sectors were impacted. SPH REIT's portfolio, which comprises assets used primarily for retail purposes in Singapore and Australia, were also affected by the slowdown in the retail sector.

In Singapore, the Circuit Breaker imposed by the government in the months of April and May resulted in a decline in the footfall of SPH REIT's assets. Paragon, located

along Orchard Road - Singapore's premier shopping and tourist precinct - was directly impacted by the border restrictions which saw international visitor arrivals decline by 97.0% year-on-year ("y-o-y") between March and August.

The Government provided rental rebate assistance to tenants through property tax rebates and cash grants. Complementing the Government's schemes, SPH REIT provided its own additional targeted rental relief to eligible tenants, amounting to approximately S\$31.8 million.

In Australia, the Federal Government issued guidelines under the "SME Commercial Code of Conduct and Leasing Principles" (the "Code") which were enacted in various states. In line with the Code, SPH REIT provided rental assistance to tenants in its Australian assets and the rental assistance allowance amounted to approximately S\$8.1 million.

SPH REIT'S ASSETS

Before the onset of the pandemic, SPH REIT acquired a 50.0% interest in Westfield Marion Shopping Centre ("Westfield Marion"), the largest shopping centre in South Australia on 6 December 2019. The acquisition of Westfield Marion is in line with SPH REIT's long-term strategy to diversify its asset base and income stream geographically.

Amid this challenging operating environment, SPH REIT's portfolio occupancy remains high at 97.7% as at 31 August 2020.

SPH REIT's FY2020 gross revenue increased by 5.6%, mainly driven by the new income stream from the recently acquired Westfield Marion. Net property income ("NPI") marginally increased by 1.2% y-o-y to S\$181.9 million, despite the COVID-19 rental relief granted to tenants to help them tide through the pandemic.

SPH REIT's strategy has always been to renew and/or sign new leases in advance to mitigate against vacancies and a positive portfolio rental reversion of 5.9% for new and renewed leases was achieved.

SPH REIT's resilience can be attributed to the well-established assets and their strategic locations with dominant catchments.

PARAGON

Paragon continues to refresh its tenancy mix with the addition of exciting brands such as Polo Ralph Lauren, Fila Kids, Niki Han & Ethel Huang, Maryling and Bora Aksu. Additionally, a new Japanese fine dining restaurant, Matsukiya, also opened in Paragon, complementing the wide array of F&B options in the mall.



Luxury brand Balenciaga also expanded to a duplex store fronting Paragon's façade, making this the brand's largest store in South East Asia.

As at 31 August 2020, occupancy remained high at 97.8% and tenant retention was at 84.3% by number of leases in FY2020. Positive rental reversion of 7.0% was achieved for Paragon, mainly from leases committed before the onset of COVID-19.

Footfall declined by 27.4% to 13.8 million and tenant sales registered a y-o-y decline of 28.3% to S\$507.8 million.

In October 2019, an enhanced loyalty program was launched via a multi-feature app, which rewards members when they shop and dine in Paragon. Since its launch, the program, "Paragon Club", has attracted in excess of 11,000 members registering more than S\$60 million spend.

THE CLEMENTI MALL

The Clementi Mall maintained a high occupancy of 99.6% as at 31 August 2020, and 77.2% tenant retention by the number of leases in FY2020. FY2020 saw the introduction of a selection of tenants offering F&B such as Proofer Boulangerie and Tuk Tuk Cha, beauty services such as La Vida, Donna Beauty, Nailz Haus and K Skin. On the retail front, De Silver, Sorella, My Eye Cube, The Digital Gadgets and W.Two were added to complement the retail mix. Rental reversion achieved was positive 4.8%, mainly from renewed or new leases committed before the onset of COVID-19. The footfall at The Clementi Mall was affected by the work-from-home arrangements as it is located in a transport hub but tenant sales was less impacted as it was well-supported by the densely populated residential catchment. FY2020 footfall and tenant sales was 22.8 million and S\$206.6 million respectively, a 27.8% and 12.7% decline from FY2019.

THE RAIL MALL

The Rail Mall's key tenancy mix offers a wide array of destination F&B. In FY2020, occupancy increased from 84.3% in FY2019 to 92.2% with the addition of new F&B concepts such as Green on Earth and The Cat Café. For lease expiries in FY2020, the tenant retention was 85.7% and an overall positive rental reversion of 10.1% was achieved.

Being a strip mall comprising 43 shop units, The Rail Mall, unlike a shopping mall, does not have footfall numbers. Progressively, tenant sales submissions are being integrated into the lease structure.

Leveraging on the unique building façade of The Rail Mall and its adjacencies to the historical preserved Rail Corridor, SPH REIT commissioned Mr Yip Yew Chong, an established local artist to create wall murals showcasing the history of the Bukit Timah area through its different eras.



OPERATIONS REVIEW

WESTFIELD MARION SHOPPING CENTRE

SPH REIT's acquisition of a 50.0% interest in Westfield Marion, South Australia was completed on 6 December 2019 and contributed S\$26.3 million in NPI to SPH REIT's results in FY2020.

Australia borders were closed to all non-residents in March 2020 and social distancing rules were also imposed. Westfield Marion, being a regional

mall in South Australia, with a higher exposure to discretionary offerings, was more impacted when residents stayed home.

The containment of COVID-19 cases in South Australia was well-managed and the decline in footfall in Westfield Marion has since seen a strong recovery. FY2020 footfall at Westfield Marion registered a drop of 11.2% to 11.9 million. Correspondingly, it registered a 9.1% decline in tenant sales to A\$690.6 million.

The tenant retention based on the number of leases was 98.1% and rental reversion was negative 1.5%. Australian Football League ("AFL") opened its first store in South Australia at Westfield Marion.

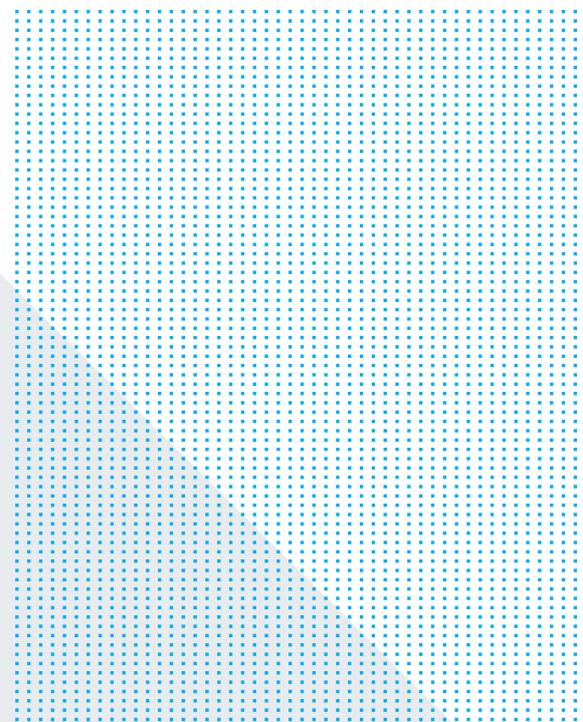
Amid the pandemic, through proactive tenant engagement, the occupancy remains high at 97.4% as at 31 August 2020.

FIGTREE GROVE SHOPPING CENTRE

Figtree Grove was acquired in December 2018 and contributed its first full year NPI of S\$12.5 million in FY2020.

Figtree Grove, a suburban mall located in Wollongong, New South Wales, with a tenant mix offering mainly essential goods and services and serving its immediate catchment, is less impacted by COVID-19. The footfall remained stable at 4.6 million, while tenant sales declined marginally by 1.1% to A\$184.7 million in FY2020.

Due to the weak market sentiment, rental reversion was negative 9.8%, however with a high tenant retention of 90.9% by number of leases in FY2020. Its occupancy as at 31 August 2020, remains high at 99.2%.



SUMMARY OF RENEWALS/ NEW LEASES FOR FY2020

	No of renewals/ new leases ^(a)	Retention Rate ^(b)	NLA/ GLA		Rental Reversion ^(c)
			Renewed/ new leases (sq ft)	as % of property	
SINGAPORE					
Paragon	104	84.3%	208,966	29.1%	7.0%
The Clementi Mall	111	77.2%	132,727	68.0%	4.8%
The Rail Mall	14	85.7%	26,547	53.3%	10.1%
Singapore assets	229	80.9%	368,240	38.2%	6.4%
AUSTRALIA					
Westfield Marion Shopping Centre	9	98.1%	129,741	8.8%	-1.5%
Figtree Grove Shopping Centre	7	90.9%	5,418	2.3%	-9.8%
Australia assets	16	96.8%	135,159	7.9%	-3.2%
SPH REIT PORTFOLIO TOTAL	245	84.3%	503,399	18.8%	5.9%

(a) For expiries in FY20, excluding newly created and reconfigured units.

(b) Based on number of leases expiring in FY2020.

(c) For Singapore assets – rental reversion is measured between the average rents of the renewed & new lease terms and the average rents of the preceding lease terms. The leases are typically committed three years ago.

For Australia assets – rental reversion is based on the first year fixed rent of the new leases divided by the preceding final year fixed rent of the expiring leases.

PORTFOLIO OCCUPANCY

	As at 31 August	
	2019	2020
SINGAPORE		
Paragon	99.8%	97.8%
The Clementi Mall	100.0%	99.6%
The Rail Mall	84.3%	92.2%
Singapore assets	99.1%	97.8%
AUSTRALIA		
Westfield Marion Shopping Centre	98.2% ^(a)	97.4%
Figtree Grove Shopping Centre	99.2%	99.2%
Australia assets	99.2%^(b)	97.7%
SPH REIT PORTFOLIO TOTAL	99.1%^(b)	97.7%

(a) The occupancy as at 31 August 2019 of 98.2% was before SPH REIT's acquisition of a 50.0% interest in Westfield Marion, which was completed on 6 December 2019.

(b) SPH REIT's occupancy as at 31 August 2019 for Australia assets and SPH REIT portfolio total do not include Westfield Marion.

OPERATIONS REVIEW

PORTFOLIO LEASE EXPIRY AS AT 31 AUGUST 2020

	2020	2021	2022	2023	2024	2025 & beyond
SINGAPORE						
By no. of lease expiry	21	112	142	176	56	4
By NLA	2%	21%	22%	32%	16%	7%
By Gross Rental Income	0%	23%	26%	30%	14%	7%
AUSTRALIA						
By no. of lease expiry	43	161	52	42	64	59
By GLA	2%	21%	5%	11%	7%	54%
By Gross Rental Income	0%	34%	10%	10%	12%	34%
PORTFOLIO TOTAL						
By no. of lease expiry	64	273	194	218	120	63
By NLA/GLA	2%	21%	11%	19%	10%	37%
By Gross Rental Income	0%	25%	23%	26%	14%	12%

LEASE EXPIRY PROFILE

SPH REIT's portfolio lease expiry profile was well staggered with 25.0% of leases by gross rental income expiring in FY2021.

The portfolio Weighted Average Lease Expiry ("WALE") by gross rental income was 2.6 years. For new leases, the WALE by gross rental income based on the commencement in FY2020 is 3.1 years. The proportion of gross rental income attributed to these leases is 36.5% of the portfolio gross rental income in FY2020.

TOP 10 TENANTS BY GROSS RENTAL INCOME

SPH REIT's top 10 tenants contributed 19.6% of gross rental income in August FY2020.

The top 10 tenants (by gross rental income) are listed below, in alphabetical order.

Name of Top 10 Tenants

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

The table below sets out selected information about the top 10 tenants of the portfolio based on gross rental income for the month of August 2020:

TOP 10 TENANTS				
	Tenant ^{1,2}	Trade sector	Lease expiry year ³	% of rental income
1	Tenant A	Department Stores & Supermarket	Between 1H2021 & 1H2024	3.2%
2	Tenant B	Luxury brands, Jewellery, Watches	Between 2H2022 & 2H2024	3.1%
3	Tenant C	Department Stores & Supermarket	Between 2H2021 & 1H2035	3.1%
4	Tenant D	Department Stores & Supermarket, Lifestyle	Between 1H2022 & 1H2026	2.3%
5	Tenant E	Luxury brands, Jewellery, Watches	Between 1H2022 & 2H2024	1.9%
6	Tenant F	Luxury brands, Jewellery, Watches	Between 2H2022 & 1H2023	1.6%
7	Tenant G	Luxury brands, Jewellery, Watches	2H2024	1.2%
8	Tenant H	Department Stores & Supermarket	Between 2H2021 & 2H2033	1.1%
9	Tenant I	Luxury brands, Jewellery, Watches	1H2021	1.1%
10	Tenant J	Luxury brands, Lifestyle	1H2023	1.0%
Total				19.6%

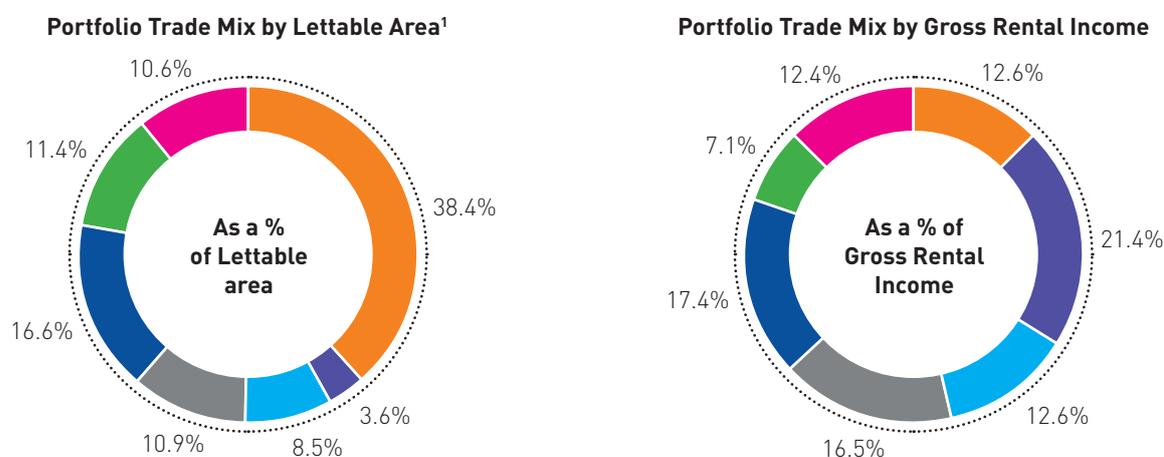
1. The list of top 10 tenants above does not take into account one of the tenants which has not consented to the disclosure of its tenancy arrangements in the Annual Report.
2. The names of the tenants cannot be matched to the information set out above for confidentiality reasons.
3. Some of the tenants above have signed more than one tenancy agreement and this has resulted in more than one tenancy expiry date for such tenants.

BY TRADE MIX

SPH REIT's portfolio is well-diversified and relies on different trade sectors for rental income.

The following charts provide a breakdown by gross rental income and NLA of the different trade sectors represented in the portfolio as at 31 August 2020:

PORTFOLIO TRADE MIX

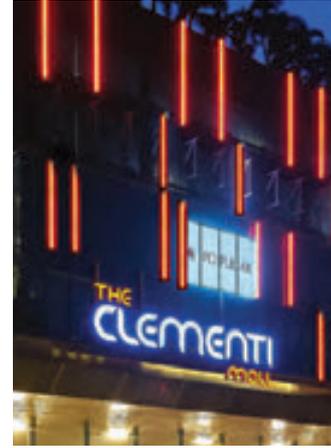


- Department Stores & Supermarket
- Luxury Brands, Jewellery & Watches
- Fashion, Handbags, Shoes, Accessories & Optical
- Food & Beverage
- Lifestyle/General Retail
- Non-Retail Services
- Medical / Office

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

**STAYING
RESILIENT**





EXERCISING SOUND LEADERSHIP SKILLS AND STRATEGIES

FINANCIAL REVIEW

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

Gross revenue ¹
Property operating expenses
Net property income
Manager's management fees
Investment management fees
Trust expenses ²
Impairment loss on trade receivables relating to COVID-19 ³
Finance income
Finance costs
Grant income ⁴
Grant expense ⁴
Net income
Fair value change on investment properties ⁵
Net foreign currency exchange differences ⁶
Total (loss)/return before taxes and distribution
Less: income tax ⁷
Total (loss)/return after taxes and before distribution
Attributable to:
Unitholders
Perpetual securities holders ⁸
Non-controlling interests
Total (loss)/return for the year
Total (loss)/return for the period attributable to Unitholders
Add/(Less): Net tax adjustments ⁹
Income available for distribution^{10,11}
Distribution to Unitholders
Distribution per unit (cents) ("DPU")

NM Not Meaningful

- The gross revenue includes rental waivers and reliefs granted by landlord to eligible tenants in Singapore affected by COVID-19 amounting to S\$31.8 million.
- 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.
- The impairment loss on trade receivables relating to COVID-19 relate to rental arrears and relief that may be waived for tenants in Australia affected by COVID-19.
- 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.
- This relates to the fair value change on the investment properties as at 31 August 2020, based on independent valuations conducted by Edmund Tie & Company (SEA) Pte Ltd (2019: Edmund Tie & Company (SEA) Pte Ltd) for investment properties in Singapore, Urbis Valuations Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd (2019: M3property Pty Ltd) for investment properties in Australia.

In FY2020, the Group recognised a fair value loss of S\$179.9 million. This comprises a fair value loss of S\$126.0 million and S\$53.9 million contributed by the investment properties in Singapore and Australia respectively.

	2020 S\$'000	2019 S\$'000	Change %
	241,463	228,635	5.6
	(59,520)	(48,856)	21.8
	181,943	179,779	1.2
	(19,245)	(17,790)	8.2
	(2,143)	(542)	NM
	(2,282)	(1,995)	14.4
	(8,100)	-	NM
	1,775	765	NM
	(32,905)	(30,480)	8.0
	24,774	-	NM
	(24,774)	-	NM
	119,043	129,737	(8.2)
	(179,939)	19,443	NM
	917	-	NM
	(59,979)	149,180	NM
	(4,045)	(359)	NM
	(64,024)	148,821	NM
	(74,907)	149,898	NM
	12,333	34	NM
	(1,450)	(1,111)	30.5
	(64,024)	148,821	NM
	(74,907)	149,898	NM
	167,133	(4,864)	NM
	92,226	145,034	(36.4)
	72,851	144,790	(49.7)
	2.72	5.60	(51.4)

6. The net foreign currency exchange differences relate mainly to:
 - Realised foreign currency exchange gain upon settlement on completion of Westfield Marion Shopping Centre's acquisition; and
 - Unrealised foreign exchange gain from revaluing of the monetary assets and liabilities that were denominated in Australian dollars.
7. Income tax includes deferred tax for Singapore investment properties and withholding tax payable for Australia income.
8. On 30 August 2019, the Trust issued S\$300.0 million of subordinated perpetual securities (the "Perpetual Securities") at a rate of 4.10% per annum, with the first distribution rate reset falling on 30 August 2024 and subsequent resets occurring every five years thereafter. The Perpetual Securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative.
9. Net tax adjustments 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, net income from subsidiaries and capital allowances.
10. S\$14.5 million of income available for distribution will be deferred as allowed under COVID-19 relief measures announced by IRAS.
11. Net of approximately S\$15.0 million of capital allowance claim for FY2020.

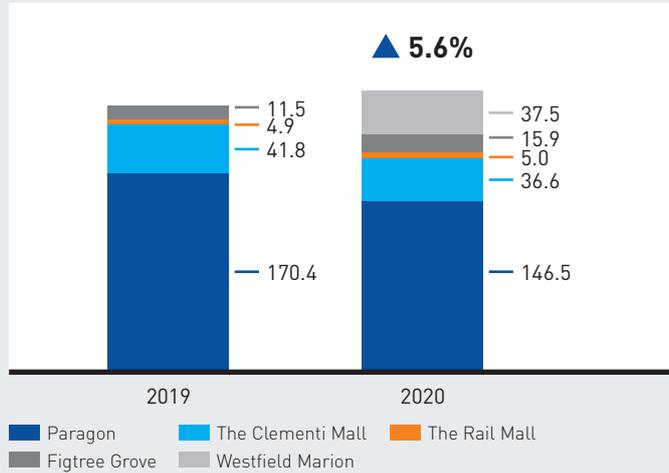
FINANCIAL REVIEW

GROSS REVENUE

Gross revenue for FY2020 was S\$241.5 million, an increase of S\$12.8 million (5.6%) from FY2019.

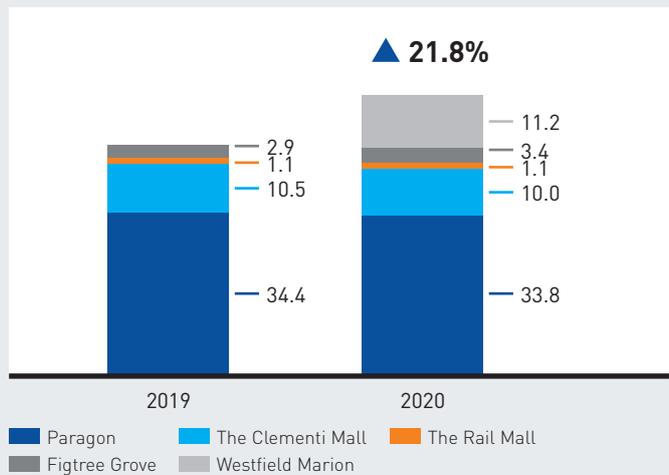
The acquisition of a 50.0% interest in Westfield Marion in December 2019 contributed S\$37.5 million for three quarters and Figtree Grove which was acquired in December 2018 had its first full year contribution of S\$15.9 million.

Rental waivers and reliefs provided by landlord to eligible tenants in Singapore amounted to S\$31.8 million.



PROPERTY OPERATING EXPENSES

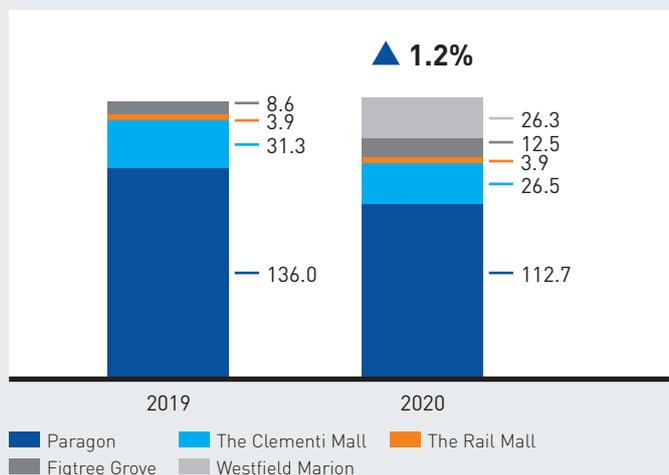
Property operating expenses were S\$59.5 million, an increase of S\$10.7 million (21.8%) from FY2019 mainly from the operations of Westfield Marion Shopping Centre.



NET PROPERTY INCOME

Net property income ("NPI") of S\$181.9 million for FY2020, was higher by S\$2.1 million (1.2%) against FY2019.

NPI margin decreased from 78.6% in FY2019 to 75.4% in FY2020.



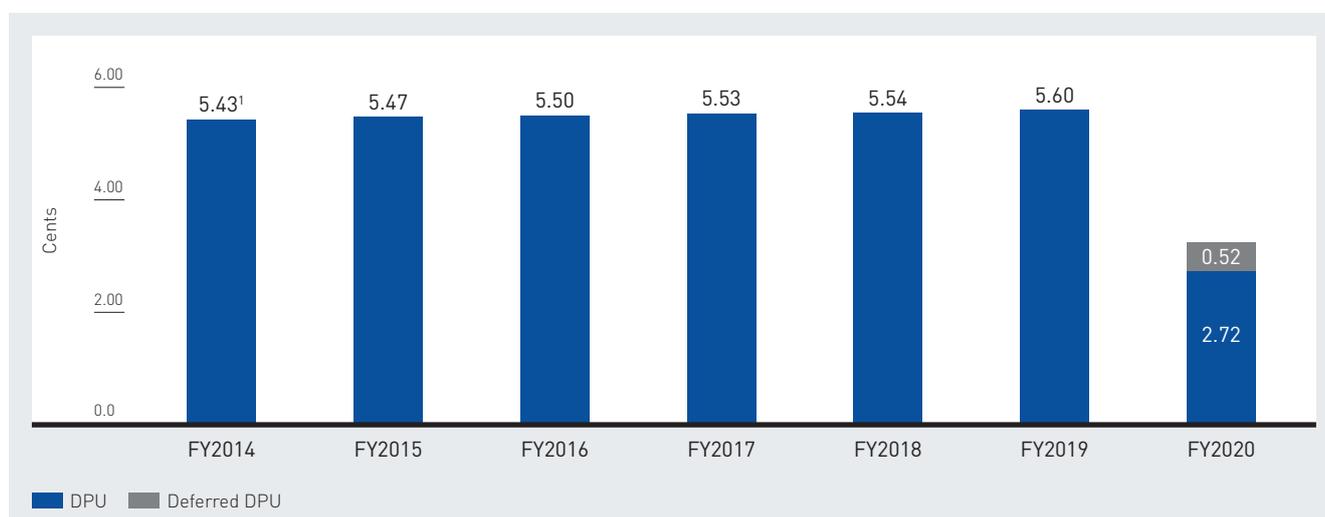
INCOME AVAILABLE FOR DISTRIBUTION

Finance cost increased by S\$2.4 million (8.0%) to S\$32.9 million for FY2020. This was mainly due to interest expense from a new loan to finance the acquisition of Westfield Marion Shopping Centre. The average cost of debt was 2.66% p.a. for FY2020.

Total loss of S\$64.0 million for FY2020 was mainly because of the fair value loss on investment properties of \$S179.9 million. The Singapore and Australia investment properties recorded a fair value loss of S\$126.0 million and S\$53.9 million respectively. The fair value loss has no impact on the income available for distribution.

Income available for distribution for FY2020 was S\$92.2 million, a decrease of S\$52.8 million (36.4%) compared to FY2019.

DISTRIBUTION			
Quarter Ended	2020 (cents)	2019 (cents)	Change %
1Q	1.38	1.34	3.0
2Q	0.30	1.41	(78.7)
3Q	0.50	1.39	(64.0)
4Q	0.54	1.46	(63.0)
Total	2.72	5.60	(51.4)



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

The aggregate distribution per unit ("DPU") of 2.72 cents for FY2020 was 51.4% lower than last year. This translated to a distribution yield of 3.13%, based on the closing price of S\$0.87 as at 31 August 2020.

FINANCIAL REVIEW

VALUATION OF PROPERTIES

As at 31 August 2020, the portfolio was valued at S\$4.1 billion after including the recently acquired Westfield Marion Shopping Centre.

The valuations were performed by Edmund Tie & Company (SEA) Pte Ltd¹ for investment properties in Singapore, Urbis Valuations Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd for investment properties in Australia.

Net asset value per unit decreased to S\$0.91 as at 31 August 2020.

Property	Valuation (S\$ million) As at 31 August			Capitalisation Rate (%) As at 31 August	
	2020	2019	Change	2020	2019
Paragon	2,640.0	2,745.0	-3.8%	Retail: 4.50%	Retail: 4.50%
				Medical suite/ office: 3.75%	Medical suite/ office: 3.75%
The Clementi Mall	584.0	597.0	-2.2%	4.50%	4.50%
The Rail Mall	62.2	63.8	-2.5%	6.00%	6.00%
Figtree Grove Shopping Centre	190.6	192.0	-0.7%	6.25%	6.00%
Westfield Marion Shopping Centre	648.6	-	NM	5.50%	-
SPH REIT Portfolio	4,125.4	3,597.8	14.7%		
Representing:					
Acquisition			633.9		
Additions			9.1		
Fair value change			(179.9)		
Translation difference and others			64.5		

CASH FLOWS AND LIQUIDITY

As at 31 August 2020, SPH REIT's cash and cash equivalents amounted to S\$82.0 million.

Net cash generated from operating activities for FY2020 was S\$166.3 million. Net cash used in investing activities was S\$635.0 million, mainly for the acquisition of Westfield Marion Shopping Centre. Net cash generated from financing activities was S\$206.0 million, mainly from the issuance of new units on 2 December 2019 and a new loan drawn down on 6 December 2019 that was used to finance the acquisition of Westfield Marion Shopping Centre; netting off the distribution to Unitholders and interest settlements.

1. Edmund Tie & Company (SEA) Pte Ltd has been appointed as the property valuer of Singapore investment properties for the 3rd consecutive financial year.

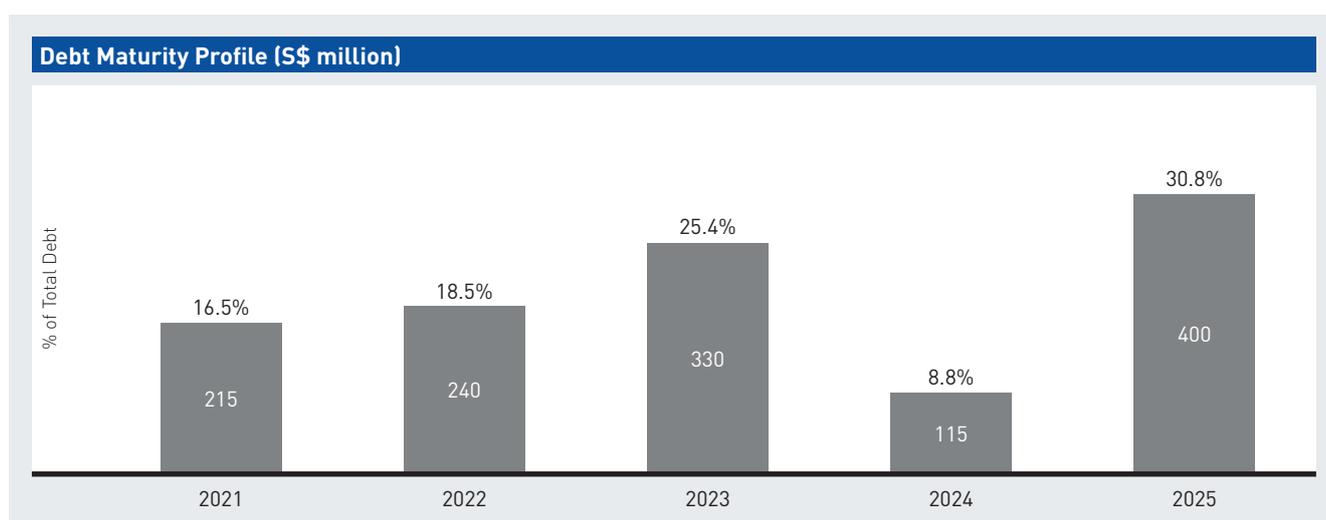
CAPITAL MANAGEMENT

SPH REIT and its subsidiaries (the "Group") secured term loans amounting to S\$1.3 billion. This included additional term loans of A\$200 million established in end December 2019 to finance the acquisition of Westfield Marion Shopping Centre.

The term loans are secured by the following:

- term loan of S\$995 million secured by way of a first legal mortgage on Paragon, first legal charge over the tenancy account and sales proceeds account for Paragon, and an assignment of certain insurances taken in relation to Paragon;
- term loan of A\$105 million secured by way of a legal mortgage on Figtree Grove Shopping Centre; and
- term loan of A\$200 million secured by way of a legal mortgage on Westfield Marion Shopping Centre.

In line with the Group's prudent capital management strategy, the debt maturity profile is well staggered, without major concentration of debts maturing in any single year. The average term to maturity was 2.9 years and gearing is at 30.5%. The increase in gearing ratio is not expected to have a significant impact on the risk profile of SPH REIT. The average cost of debt was 2.66% p.a. for FY2020.



Key Indicators as at 31 August	2020	2019
Gearing ratio	30.5%	27.5%
Interest coverage ratio	4.7 times	5.3 times
Weighted average term to maturity	2.9 years	2.5 years
Percentage of fixed loan	49.7%	65.9%
Annualised average all-in interest rate	2.66%	2.91%
Derivative financial instrument ¹ as % of NAV	0.36%	0.03%

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

UNIT PRICE PERFORMANCE

COVID-19 started in late 2019 and rapidly spread worldwide into a major pandemic, and the resulting economic downturn affected all countries.

The FTSE Straits Times Index and the FTSE Straits Times REIT Index declined by 18% and 8% respectively for the period from 1 September 2019 to 31 August 2020. SPH REIT's share price declined by 20%.

SPH REIT's unit price closed at \$0.87 on 31 August 2020. Total distribution for the year was 2.72 cents, representing a distribution yield of 3.13%.

SPH REIT achieved an annualised total return of 5.4% since IPO, taking into account both price appreciation and cumulative distribution. This was notwithstanding the total return of -17.7% for FY2021.

KEY STATISTICS		
	FY2020	FY2019
Highest closing price (S\$)	1.160	1.120
Lowest closing price (S\$)	0.680	0.985
Year-end closing price (S\$)	0.870	1.090
Total trading volume (million units)	685.2	237.4
Average daily trading volume (million units)	2.8	0.9

Source: Bloomberg

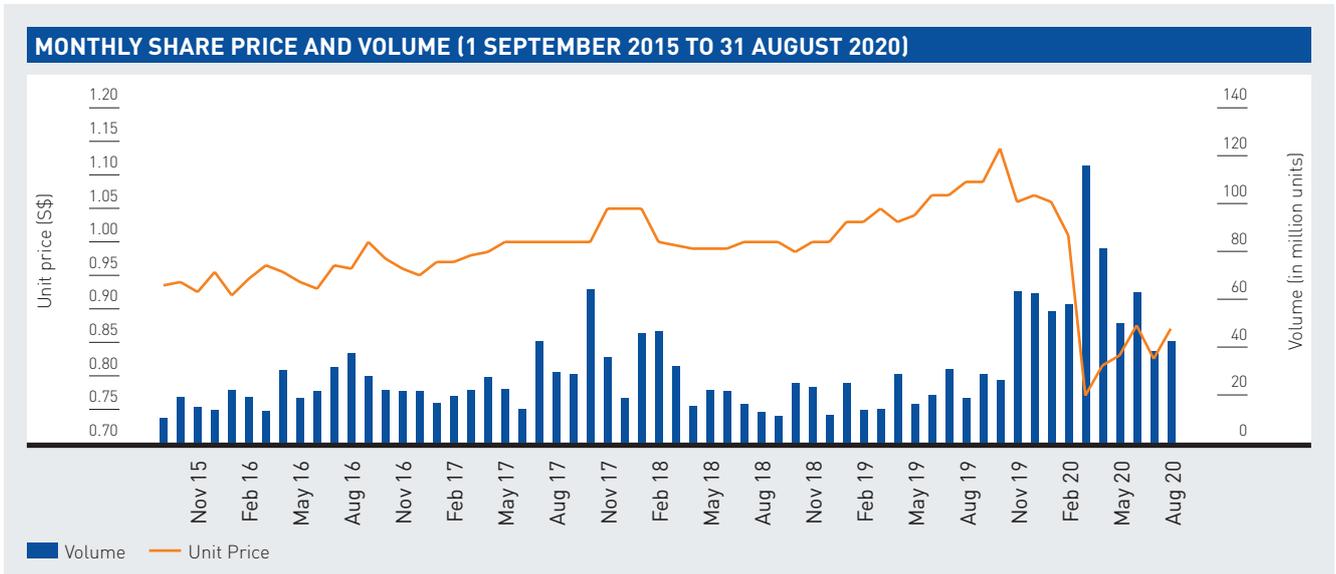
RETURN ON INVESTMENT IN SPH REIT		
	FY2020 ¹	FY2019 ²
	Based on last year's closing price of \$1.09 as at 31 August 2019	Based on last year's closing price of \$1.00 as at 31 August 2018
(a) Total return	-17.7%	14.6%
(b) Capital appreciation	-20.2%	9.0%
(c) Annual distribution yield	2.5%	5.6%

1. For FY2020:

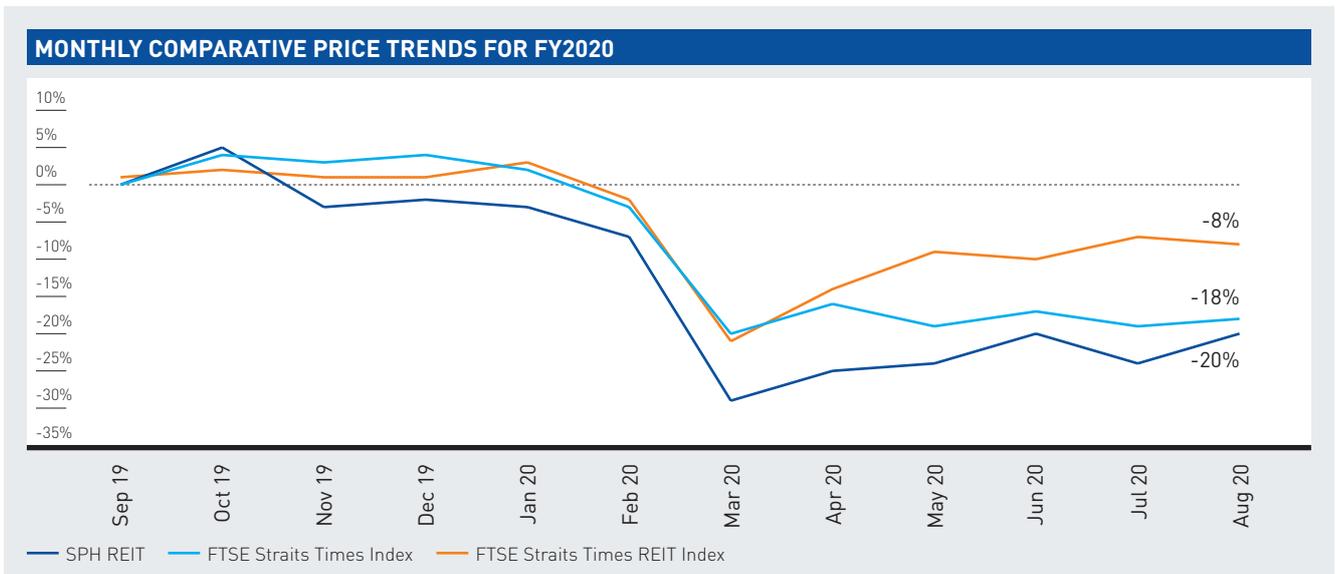
- (a) Sum of price appreciation and distribution for FY2020, over last year's closing price of S\$1.09 as at 31 August 2019.
- (b) Based on closing price of S\$0.87 as at 31 August 2020 and S\$1.09 as at 31 August 2019.
- (c) Based on distribution of 2.72 cents for the year ended 31 August 2020 over last year's closing price of S\$1.00 as at 31 August 2019.

2. For FY2019:

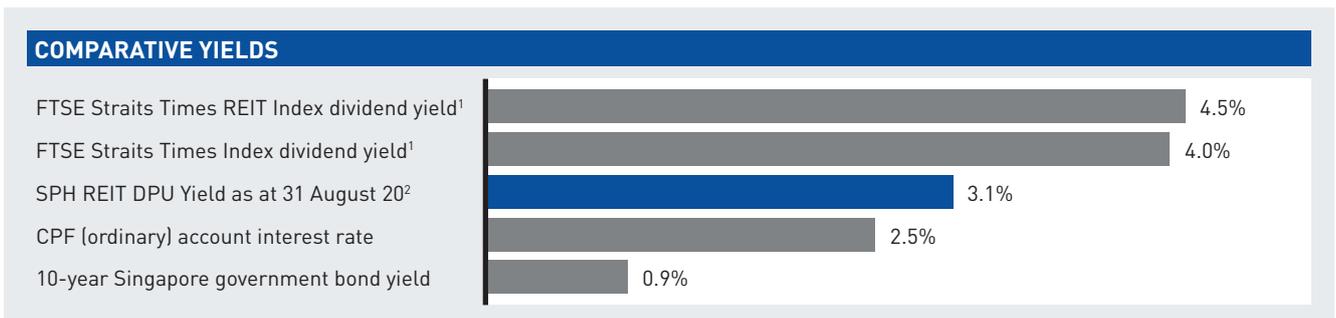
- (a) Sum of price appreciation and distribution for FY2019, over last year's closing price of S\$1.00 as at 31 August 2018.
- (b) Based on closing price of S\$1.09 as at 31 August 2019 and S\$1.00 as at 31 August 2018.
- (c) Based on distribution of 5.60 cents for the year ended 31 August 2019 over last year's closing price of S\$1.00 as at 31 August 2018.



Source: Bloomberg



Note: The price change was compared to the month-end closing price in August 2019.
Source: Bloomberg



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

1. Based on sum of gross dividends over the 12 months for FTSE Straits Times Index and FTSE Straits Times REIT Index as at 31 August 2020
2. Based on DPU of 2.72 cents for FY2020 and closing price of S\$0.87 as at 31 August 2020

PORTFOLIO
REVIEW

PARAGON

290 Orchard Road Singapore 238859



A 6-storey retail podium with 1 basement level, together with a 14-storey medical suite/office tower and another 3-storey medical suite/office tower both sitting on top of the retail podium. It also includes a basement carpark.

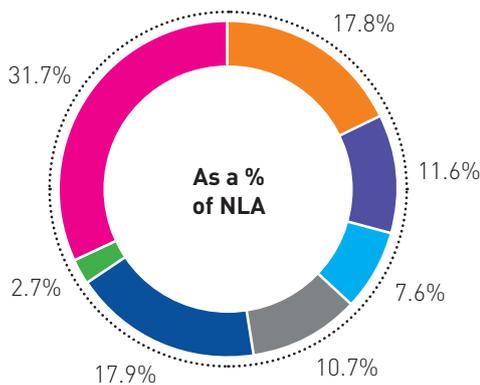
PROPERTY INFORMATION

Net Lettable Area	Retail: 494,757 sq ft Medical suites/offices: 223,098 sq ft Total: 717,855 sq ft
Number of Tenants	301
Car Park Lots	416
Title	99 years commencing 24 July 2013
Gross Revenue¹	S\$146.5 million
Net Property Income¹	S\$112.7 million
Market Valuation	S\$2,640.0 million as at 31 August 2020
Purchase Price	S\$2,500 million
Occupancy	97.8% as at 31 August 2020
Key Tenants	<p>Paragon Balenciaga, Burberry, Ermenegildo Zegna, Gucci, MCM, Prada, Salvatore Ferragamo, Tod's</p> <p>Crystal Jade Golden Palace Restaurant, Din Tai Fung, Imperial Treasure Super Peking Duck Restaurant</p> <p>Adeva Spa, Fitness First, Toys R Us</p> <p>Marks & Spencer, Metro, MUJI, Paragon Market Place</p> <p>Paragon Medical Fullerton Healthcare Group, Japan Green Clinic, Precious Surgery Centre, Singapore Medical Group, Thomson Medical Group</p>

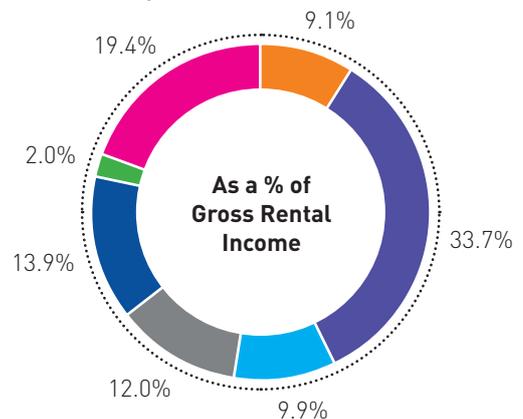
1. FY2020

TRADE MIX

By Net Lettable Area



By Gross Rental Income



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

PORTFOLIO REVIEW

An icon along Orchard Road, Paragon has long established its position as the popular destination for up-market fashionistas, catering to both locals and tourists alike.





PARAGON, an icon along Orchard Road, has long established its position as the popular destination for up-market fashionistas, catering to both locals and tourists alike.

From world-class fashion and luxury brands flanking the main entrance façade to popular dining outlets, Paragon is home to a wide range of specialty stores.

With more than 50 lauded international brands such as Burberry, Brunello Cucinelli, Etro, Givenchy, Gucci, Prada, Salvatore Ferragamo and TOD's across 494,757 sq ft of retail space, Paragon offers an exclusive luxury shopping experience that continues to delight shoppers. Paragon also profiles a selection of high-end apparel stores by local designers such as Lai Chan and SABRINAGOH, adding diversity to the tenancy mix.

The wine and dine options at Paragon have been enhanced to offer more variety, including Matsukiya and familiar favourites such as Imperial Treasure Super Peking Duck, Crystal Jade Golden Palace and Din Tai Fung's flagship restaurant.

Paragon is also home to Paragon Medical, a renowned medical centre. It spans 223,098 sq ft with about 90 medical specialists, providing holistic healthcare to locals and regional medical tourists.

PORTFOLIO REVIEW

THE CLEMENTI MALL

3155 Commonwealth Avenue West Singapore 129588



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

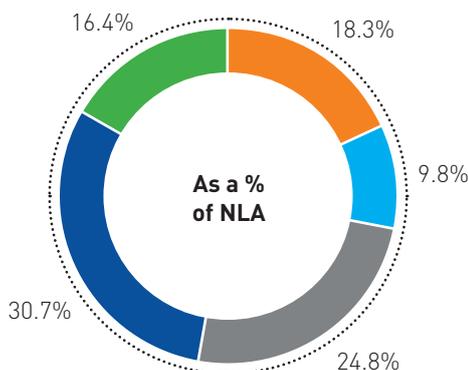
PROPERTY INFORMATION

Net Lettable Area	Retail: 195,229 sq ft
Number of Tenants	157
Car Park Lots	166
Title	99 years commencing 31 August 2010
Gross Revenue¹	S\$36.6 million
Net Property Income¹	S\$26.5 million
Market Valuation	S\$584.0 million as at 31 August 2020
Purchase Price	S\$553.0 million
Occupancy	99.6% as at 31 August 2020
Key Tenants	BHG, Clementi Public Library, Fairprice Finest, Popular Book store Crystal Jade Kitchen, McDonald's, Swensen's

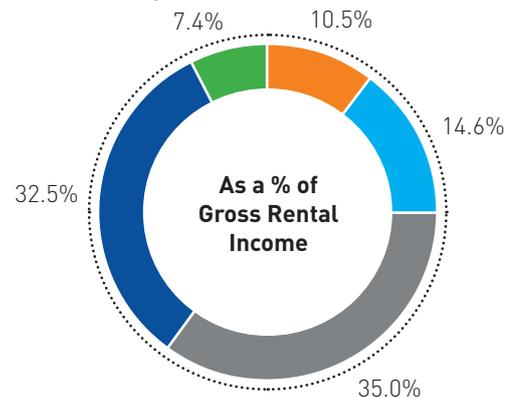
1. FY2020

TRADE MIX

By Net Lettable Area



By Gross Rental Income



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

PORTFOLIO REVIEW



Located in the heartlands, the mall strives to meet the surrounding communities' needs with offerings from 157 tenants across 195,229 sq ft.



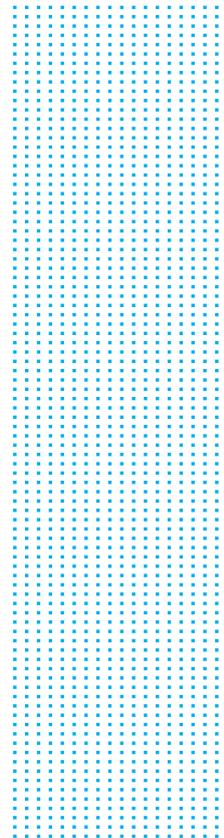


The Clementi Mall, a mid-market suburban mall centrally located in Clementi town, is part of an integrated mixed-use development that includes Housing Development Board (“HDB”) residential blocks and a bus interchange. The property is connected to the Clementi Mass Rapid Transit (“MRT”) station and also houses a public library.

Located in the heartlands, the mall strives to meet the surrounding communities’ needs with offerings from 157 tenants across 195,229 sq ft. With its close proximity to surrounding schools, the mall continues to attract students, which forms a large part of the immediate catchment.

Anchor tenants BHG, Clementi Public Library and Fairprice Finest add to the diverse tenant mix and continue to be key crowd pleasers.

Well-established family restaurants such as Crystal Jade Hong Kong Kitchen, Ichiban Sushi, Swensen’s and The Soup Restaurant are popular with the residents. This is well-complemented with a wide array of food kiosks at the basement as well as fast food chains such as McDonald’s and KFC.



PORTFOLIO
REVIEW

THE RAIL MALL

380 Upper Bukit Timah Road Singapore 678040

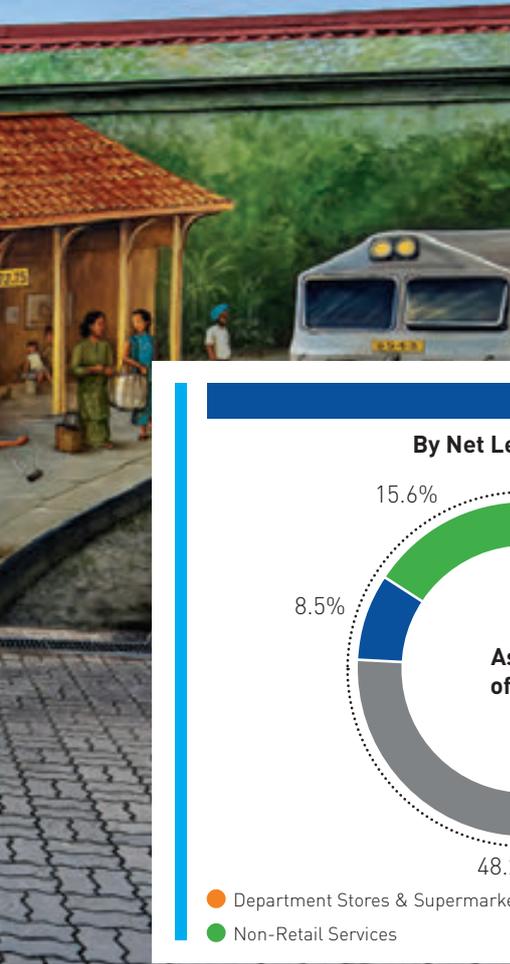


A retail strip with a 360-metre prominent road frontage to Upper Bukit Timah Road. Comprising 43 single-storey shop units, The Rail Mall is linked by a short walking distance to one of the key access points to the Rail Corridor.

PROPERTY INFORMATION

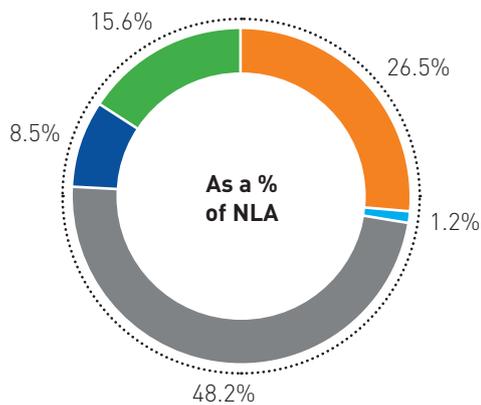
Net Lettable Area	Retail: 49,767 sq ft
Number of Tenants	27
Car Park Lots	89
Title	99 year commencing 18 March 1947
Gross Revenue¹	S\$5.0 million
Net Property Income¹	S\$3.9 million
Market Valuation	S\$62.2 million as at 31 August 2020
Purchase Price	S\$63.2 million
Occupancy	92.2% as at 31 August 2020
Key Tenant	Cold Storage

1. FY2020

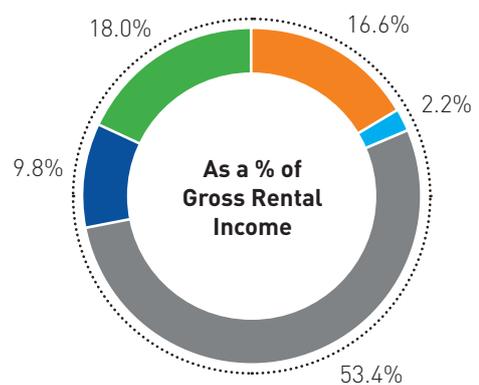


TRADE MIX

By Net Lettable Area



By Gross Rental Income



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

PORTFOLIO REVIEW

The Rail Mall is a retail strip, comprising 43 single-storey shop units with main road frontage along Upper Bukit Timah Road. It is easily accessible by the Downtown MRT line (Hillview station) and a network of public bus services.

It serves a quality catchment living in private residential developments, and is anchored by Cold Storage as well as a wide array of F&B, including familiar names such as Coffee Bean & Tea Leaf, Nam Kee Pau, Springleaf Prata and Subway.

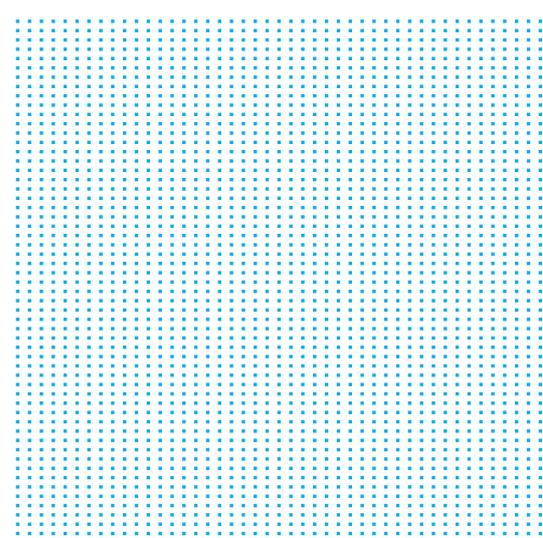
Other destination F&B outlets are Italian restaurant Acqua e Farina, bar and grill Blooies and The Cat Café, which offers a unique experience for diners to mingle with rescued cats.

The Rail Mall will benefit from the Rail Corridor enhancement plan by the National Parks Board, which is guided by 3 key themes, Heritage and Culture, Biodiversity and Greenery, and Recreation. When completed, the improvement to trails, restoration works for the truss bridges and construction of a new pedestrian underpass will revitalise this area and bring more visitorship to The Rail Mall.





It serves a quality catchment living in private residential developments.



PORTFOLIO
REVIEW

WESTFIELD MARION

297 Diagonal Rd, Oaklands Park SA 5046, Australia



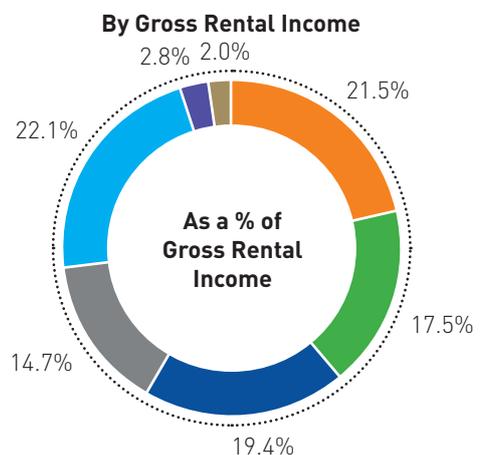
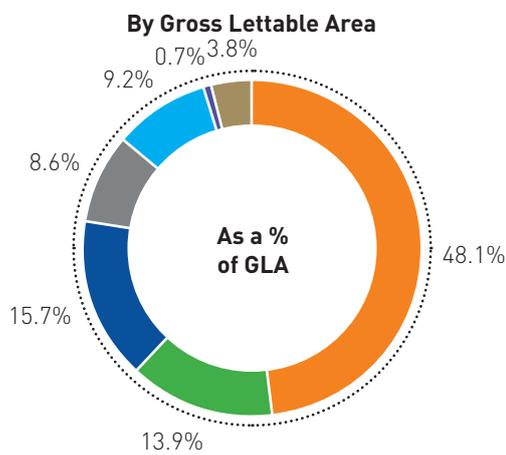
Westfield Marion Shopping Centre is the largest and only super regional shopping centre in South Australia. The freehold property which sits on a land parcel of approximately 2.5 million sq ft, is strategically located approximately 10 km south-west of Adelaide’s Central Business District (“CBD”).

PROPERTY INFORMATION

Gross Lettable Area	1,472,125 sq ft
Number of Tenants	292
Car Park Lots	5,270
Title	Freehold
Gross Revenue¹	A\$40.1million ²
Net Property Income¹	A\$28.1 million ²
Market Valuation	A\$646.5 million as at 31 August 2020 ¹
Purchase Price	A\$670.0 million ¹
Occupancy	97.4% as at 31 August 2020
Key Tenants	David Jones, Harris Scarfe, Myer Aldi, Coles, Woolworths Big W, Kmart, Target Bunnings Warehouse, Dan Murphy’s, Event Cinemas

1. FY2020
2. Westfield Marion was acquired on 6 December 2019. The contribution (50.0% stake) was from 6 December 2019 to 31 August 2020.

TRADE MIX



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

PORTFOLIO REVIEW



Westfield Marion Shopping Centre is the largest and only super regional shopping centre in South Australia.



Westfield Marion Shopping Centre

is located approximately 10 km south-west of Adelaide's CBD. It serves a trade area stretching up to 15 km to the north & 37 km to the south. The total residential population is approximately 500,000 (40%) of the population in South Australia.

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

It is well-represented by Australian National retailers in its tenant mix. It is anchored by three department stores – David Jones, Myer and Harris Scarfe; three supermarkets – Aldi, Coles and Woolworths; three discount department stores – Big W, Kmart, and Target; and Bunnings Warehouse, a bulky goods store, and Dan Murphy's, a liquor supermarket. It also features a 26-screen cinema (Event Cinemas), the largest cinema offering in South Australia, and 17 mini-major tenants including Cotton On, Daiso Japan, JB Hi Fi, Priceline Pharmacy and The Reject Shop.

PORTFOLIO
REVIEW

FIGTREE GROVE

19 & 23 Princes Highway Figtree NSW 2525 Australia



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

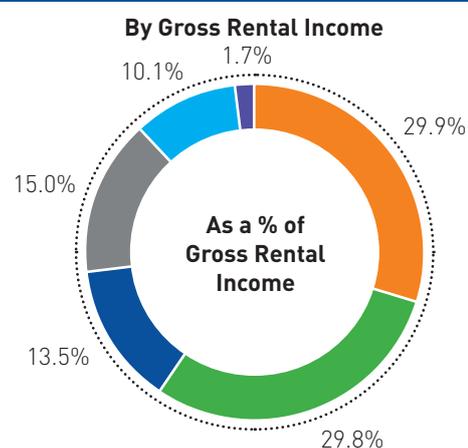
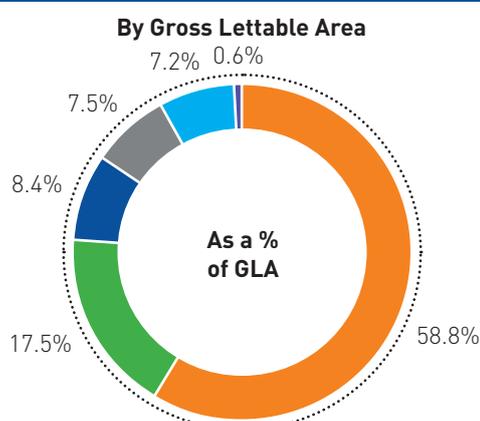
PROPERTY INFORMATION

Gross Lettable Area	236,678 sq ft
Number of Tenants	85
Car Park Lots	940
Title	Freehold
Gross Revenue¹	A\$17.0 million ²
Net Property Income¹	A\$13.3 million ²
Market Valuation	A\$190.0 million as at 31 August 2020 ¹
Purchase Price	A\$206.0 million ¹
Occupancy	99.2% as at 31 August 2020
Key Tenants	Coles, Kmart, Woolworths

1. FY2020

2. Represents 100.0% stake. SPH REIT's ownership stake is 85.0%.

TRADE MIX



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

PORTFOLIO REVIEW

Figtree Grove is the dominant sub-regional shopping centre in the Illawarra region, New South Wales, Australia, and has been serving its community over the last 55 years.

It serves an immediate residential catchment of approximately 40,000 residents, the working population from

the two hospitals with approximately 700 beds and the University of Wollongong with an enrolment of 30,000 students.

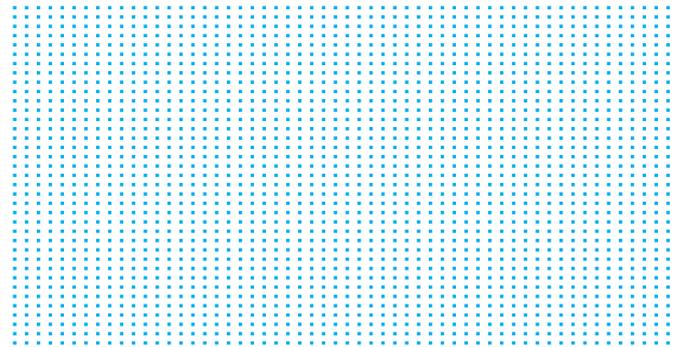
The mall is anchored by two supermarkets, namely Coles and Woolworths. Kmart, a discount department store, has over 200

stores across Australia and only approximately 10 stores offers 24-hour trading. Figtree Grove's third anchor, Kmart, is one such store which offer this 24-hour service. The specialty tenants offer mainly essential retail and services, such as medical, banking, pharmacy as well as a curated range of F&B outlets.





Figtree Grove is the dominant sub-regional shopping centre in the Illawarra region, New South Wales, Australia.



MARKET OVERVIEW

1. THE SINGAPORE ECONOMY

1.1. Economic Overview

Economic growth and outlook weakened in 2020

According to the Ministry of Trade and Industry ("MTI"), Singapore's Gross Domestic Product ("GDP") in 2019 grew 0.7% year-on-year ("y-o-y"). Considering the existing COVID-19 pandemic and global macroeconomic situation, Singapore's GDP 2020 growth forecast has been downgraded to "-7.0 to -5.0%". Unemployment rate inched up marginally to 2.9% in 2Q2020, from 2.4% the previous quarter and the number is expected to rise. Total population in Singapore for 2019 was 5.7 million, a 1.2% increase y-o-y. Median monthly household income (including employer Central Provident Fund ("CPF") contributions) in 2019 was S\$9,245, an increase of 1.4% y-o-y.

1.2. Retail Sales Index

Essential businesses remained resilient while online sales remain high

Retail sales (excluding motor vehicles) has been trending downwards since 2019. Following the fall in April and May during the Circuit Breaker period, retail sales (excluding motor vehicles)¹ for June 2020 improved by 42.6% compared to that in May. But it is still 24.2% lower compared to one year ago. All major components showed a decline including department stores (-66.5%), food retailers (-47.3%), recreational goods (-40.2%), wearing apparel & footwear (-61.6%) and watches and jewellery (-59.0%). The Food & Beverage Services Index registered a large decrease, with the index falling 41.7% y-o-y. However, retail sales index grew strongly for supermarkets and hypermarkets (+44.8%) and mini-marts and convenience stores (+5.9%). The retail sales index includes

online sales figures and has been adjusted for inflation. On the other hand, the percentage of online sales out of total retail trade remains high, averaging around 20.0% between April and June. This is significantly higher compared to between 4.9% and 7.6% per month in 2019, respectively.

2. SINGAPORE TOURISM OVERVIEW

2.1. International Visitor Arrivals

Record visitor numbers in 2019, but plunged after border closure (March 2020)

According to Singapore Tourism Board ("STB"), international visitor arrivals grew 3.3% y-o-y to 19.1 million in 2019. The top five visitor markets which achieved record high numbers include China (+6.1%), Indonesia (+3.0%) and Australia (+2.7%). 2019 highlights include the opening of new attractions such as Jewel Changi Airport, Floral Fantasy at Gardens by the Bay and others.

As a result of border closures in March 2020, visitor arrivals in 1H2020 registered a sharp decline of 71.4% to 2.7 million. There are, however, ongoing negotiations with countries on reciprocal green lane arrangements for essential business travels.

Higher dollar contribution from shopping in 2019

Tourism receipts ("TR") for 2019 was S\$27.1 billion, a 0.5% y-o-y increase, amidst global economic uncertainties and growing regional competition. Growth was in Shopping, whilst declines were noted in other components like F&B and Entertainment and Gaming, reflecting a shift in consumers' preference and demand. However, with the existing COVID-19 situation, malls with a higher proportion of tourist footfall may likely see tenant sales being impacted.

2.2. Tourism Trends

Promoting domestic tourism

As international travel is unlikely to resume in the short term, STB, together with Enterprise Singapore and Sentosa Development Corporation, launched a nine month-long campaign - "SingapoRediscover" in July to encourage domestic tourism. The S\$45 million campaign includes direct marketing of various attractions, retail activities and events, as well as collaborating with industry partners for promotions and marketing grants for industry partners.

Targeting high quality travellers

In the medium-term, Singapore aims to attract high quality travellers, e.g. essential business travellers when international travels resume. This will likely have a positive impact on prime retail areas like Orchard Road, where majority of the business hotels and high-end shops are located.

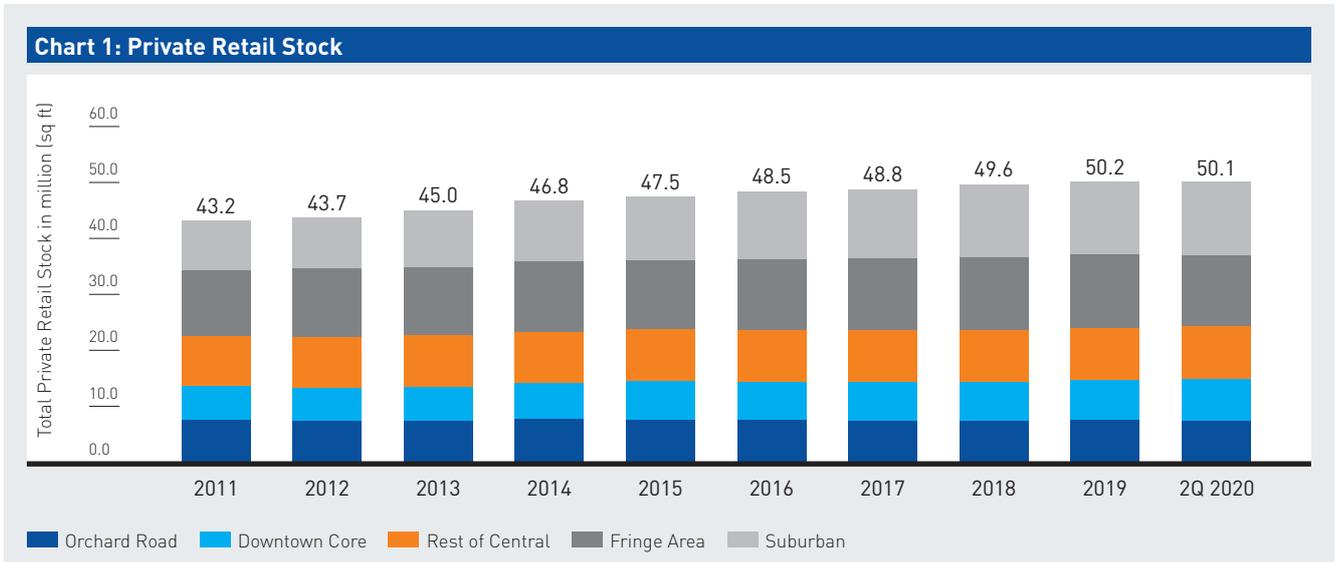
3. SINGAPORE RETAIL PROPERTY MARKET

3.1 Existing Retail Supply

Completion of several mixed-use developments in 2019

Islandwide retail stock increased to 66.9 million sq ft as at 2Q2020, compared to 66.6 million sq ft y-o-y. Of this, 74.0% (50.1 million sq ft) is private retail stock (Chart 1). There were several completions of mixed-use development with retail components in 2019 including PLQ Mall (340,000 sq ft), Jewel Changi Airport (576,000 sq ft) and the reopening of Funan Mall (507,000 sq ft). New retail completions in 1Q2020 include Woods Square (44,805 sq ft), 30 Bideford Road (54,400 sq ft) and asset enhancement works for 30 Raffles Place (38,266 sq ft).

1. Retail Sales Index (2017=100), in Chained Volume Terms, Monthly, SA (SSIC 2015 Version 2018).



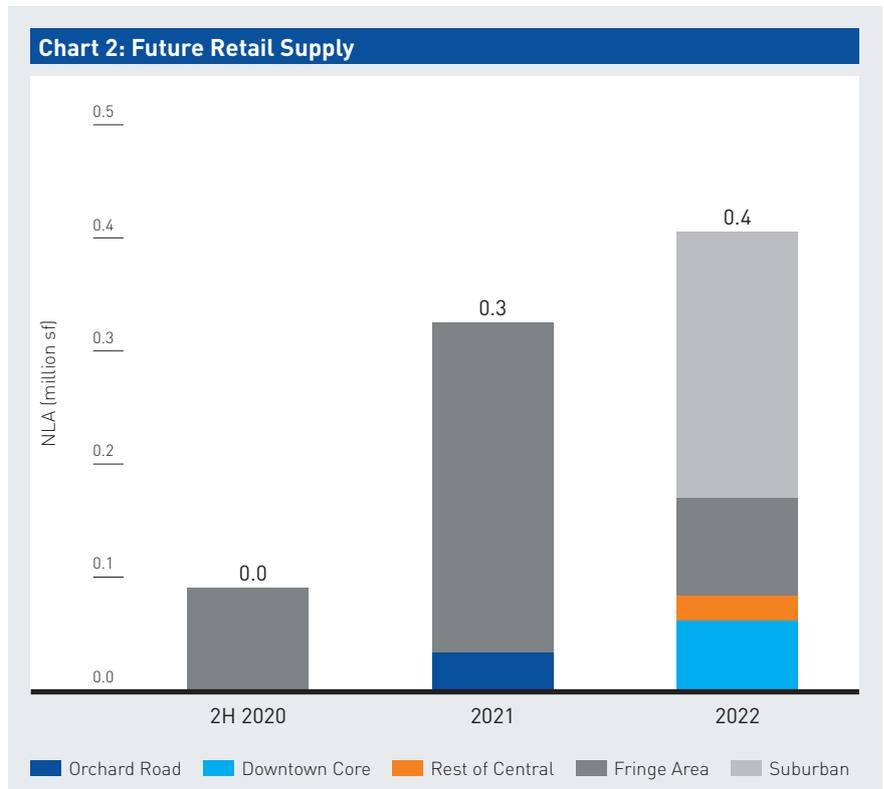
Source: CBRE, 2Q 2020

3.2 Future Retail Supply

Steady stream of upcoming retail pipeline

The total projected islandwide retail supply over in 2H2020 to 2022 is estimated at 0.8 million sq ft (Chart 2). The three-year annual average supply coming into the market between 2020 (full year) and 2022 is approximately 0.3 million sq ft, which is significantly lower than the historical three-year annual average of 1.2 million sq ft.

There is only one pipeline in the Orchard Road area, Boulevard 88 (32,000 sq ft), which is expected to complete in 2021. Other potential supply in 2021 include the re-introduction of Grantral Mall (67,500 sq ft), Shaw Plaza (68,900 sq ft) and i12 Katong (202,400 sq ft) in the Fringe Area. In 2022, approximately 0.4 million sq ft will be added, including Guoco Midtown (30,000 sq ft) and Central Boulevard Towers (30,000 sq ft) in Downtown Core and One Holland Village (77,400 sq ft) in the Fringe area.



Source: URA, CBRE

MARKET OVERVIEW

Other potential retail supply from Government Land Sales ("GLS") sites includes a mixed-use development in Jalan Anak Bukit under the Confirmed List and three white sites (Marina View, Woodlands Avenue 2 and Kampung Bugis) under the Reserve List.

3.3 Retail Demand and Occupancy

Occupancy levels contract marginally but net absorption is at all-time low

Occupancy for private retail stock dipped marginally in 2Q 2020 to 88.9%, declining by 2.3% y-o-y. Net absorption of private retail stock was -0.9 million in 2Q2020, the lowest in recent history.

Entry of new-to-market brands in Orchard Road

Orchard Road is one of the most popular shopping and free-access attractions in Singapore. The shopping belt has a total of 7.3 million sq ft of Net Lettable Area ("NLA") in private retail space across over 44 retail developments and is well supported by approximately 10,500 hotel rooms and serviced apartments in the vicinity. Given the lack of new supply in the area, occupancy in Orchard Road remains healthy at 90.8% for 2Q 2020. New-to-market brands that entered in 2019 include Monaco's Bacha Coffee Room & Boutique and Five Guys.

Placemaking strategies as part of Orchard Road rejuvenation plans

As part of Orchard Road rejuvenation plans, the existing Grange Road open-air carpark is expected to redevelop into a multi-functional event space. The 48,200 sq ft area is expected to be completed by 2Q2022 and will offer innovative concepts including a calendar of a series of events and programmes. In addition, The Textile and Fashion Federation ("TaFF"), the new operator for Design Orchard's retail showcase, will leverage its domestic and regional trade association network

to create more opportunities for local brands at Design Orchard.

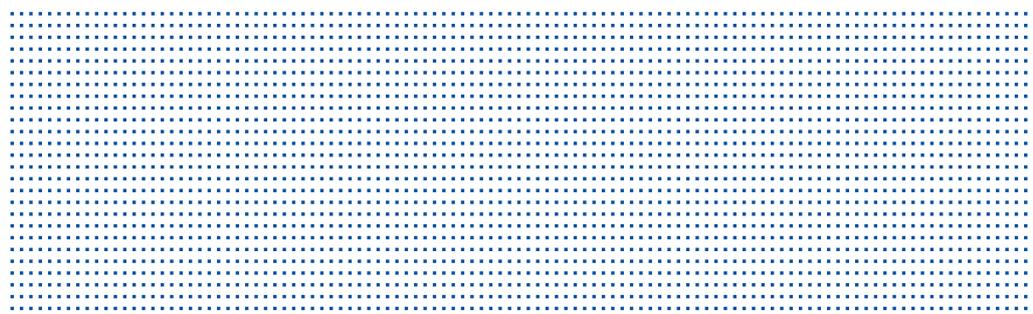
Suburban areas remain resilient with strong demand

Occupancy levels in suburban areas remained resilient (89.3%) in 2Q2020 as it is well-supported by a residential catchment. The Clementi Mall is strategically located at the heart of the Clementi Planning Area and is directly connected to transportation nodes. The neighbourhood mall serves approximately 92,000 residents in the Clementi Planning Area and about 174,000 in neighbouring Bukit Timah and Queenstown Planning Areas. The residential catchment is expected to increase with the completion of

additional 5,400 public and private housing units. Given the proximity to tertiary institutions, Clementi is also well-supported by a student population of more than 84,000.

Future planning developments will boost demand in Bukit Panjang Planning Area

The Rail Mall currently serves approximately 293,000 residents in the Bukit Batok and Bukit Panjang Planning Areas. It enjoys healthy visitorship from nature-enthusiasts and hikers due to its close proximity to the Rail Corridor. Due to be fully completed by 2021, the 24 km former railway line that stretches from the North to South of Singapore will be



transformed into a community space, linking approximately one million people within 1 km of its catchment.

3.4 Prime Retail Rents²

Prime retail rents in Orchard Road dipped marginally while suburban prime rents remain flat

Amidst structural challenges in the retail sector, prime retail rents in Orchard Road dipped marginally in 2Q2020 to S\$31.05 per sq ft ("psf")/month, a 0.2% decline y-o-y. Suburban prime rents have withstood market rental compression and volatility due to steady domestic consumption, remaining flat at S\$29.00 psf/month over the same period.

3.5 Emerging Retail Trends

Reimagination of retail spaces as a differentiating factor

Landlords have been reinventing their retail spaces through thematic concepts, experiential community spaces, activity-based retailing and live-work-play hubs. To differentiate themselves, landlords have also been targeting new-to-market and new concept stores - some examples include US burger chain Shake Shack, Malaysian bakery Lavender and a Pokémon Centre store.

Digitalisation: the key amidst today's times

With the increase in online retailing and changing consumption behavioural patterns alongside COVID-19 pandemic social distancing measures, digitalisation and introducing omni-channel strategies have been key for landlords and retailers to remain relevant. Many prominent retailers have partnered with third party delivery service providers to extend their reach and as part of their last mile fulfilment.

3.6 Commentary of COVID-19 Impact and Outlook

Given global uncertainties, disruptions in tourism sector and consumption, dampened market and business confidence, the retail market is expected to face extended headwinds, which will be further exacerbated by the existing COVID-19 situation. Rising unemployment levels and weakening business sentiments has led to a fall in discretionary consumption. With Circuit Breaker measures in place, non-essential services were mandated to stop operations, and this resulted in dampened domestic spending, impacting footfall levels and tenant sales. Arising from this, more landlords and retailers have started adopting omni-channel retail strategies to grow their digital presence, transform and stay relevant in today's retail climate.

In response to the COVID-19 pandemic, the government has pledged a total of S\$99.7 billion (or 20.0% of GDP) across four budgets. To support landlords and retailers, the COVID-19 (Temporary Measures) (Amendment) Act 2020 was passed in June 2020 to provide loan and cashflow support for landlords, whilst extending rental support for eligible SMEs.

Under the Act, landlords can defer both principal and interest repayments till 31 December 2020, should they be required to provide rental waivers or repayment rescheduling to affected tenants. On the other hand, landlords are not allowed to terminate or evict tenant affected by the pandemic during this period. Flexibility is also given to S-REITs to extend their timelines for distribution of taxable incomes. Lastly, project completion period for residential, commercial and industrial projects have been extended.

Shopper traffic and tenant sales have shown encouraging recovery since Phase Two of the Circuit Breaker period with more retailers resuming operations safely. However, strict social distancing measures like capacity limits in malls and establishments continue to hinder the recovery to pre-COVID-19 levels.

Moving forward, island-wide retail rents are expected to experience corrections in 2H2020, with the widening of the two-tier market. Retail rents in Downtown Core will be significantly affected as companies continue to adopt work-from-home arrangements that will result in a fall in footfall. Tourism-reliant malls in Orchard Road, especially those in secondary locations and floors, will also face more pressure due to the fall in international visitors. On the other hand, suburban malls, especially those conveniently connected to public transport and with sufficient scale, will be more resilient.



2. Average prime retail rents, which refers to average prime floor in a prime mall (close proximity to a key transport node, with high footfall traffic).

MARKET OVERVIEW

4. SINGAPORE MEDICAL SUITE MARKET

4.1 Healthcare Services Industry Trends

Long-term fundamentals remain resilient

Fitch Solutions³ forecasts that Singapore's total healthcare expenditure is expected to increase from S\$25.8 billion in 2019 to S\$39.4 billion in 2024, representing a compounded annual growth rate of 8.8%. Driven by Singapore's rising affluence and aging population, this represents a meaningful acceleration from the historical growth rate of 7.2% from 2016 to 2019.

Increasingly affluent population boosts healthcare demand

Singapore has become increasingly affluent from 2016 to 2019, with total household net worth growing at a steady rate of 6.9% per annum. In line with the experience of many developed countries, rising affluence in Singapore has seen an increase in spending and demand for high quality private healthcare.

This is supported by the increasing take up levels of life and medical insurance. Premiums of private insurance components of private

hospital Integrated Shield Plans have grown at 7% for the last five years, according to Singapore Ministry of Health; a trend that reflects the consistent increase in private hospital claims and demand for private healthcare services.

Rising healthcare demand due to the aging population

Singapore's population is aging rapidly. In 2019, residents aged 65 years and above made up 14.4% of the total resident population and is expected to rise to around 30.0% by 2030. In addition, life expectancy has increased to 86 years in 2019.

The demographic shift would mean that the healthcare demand uptrend is expected to continue. As the population ages, chronic diseases become more common while long-term care and treatment of chronic diseases are a necessity. According to Singapore Ministry of Health, in 2019, the inpatient admissions for the elderly (aged 65 and above) grew 8.9% and 5.4% for public and non-public hospitals respectively. The number of registered doctors in non-public practice increased 5.0% y-o-y to 4,439 in 2019, leading to the potential additional demand for private medical suites.

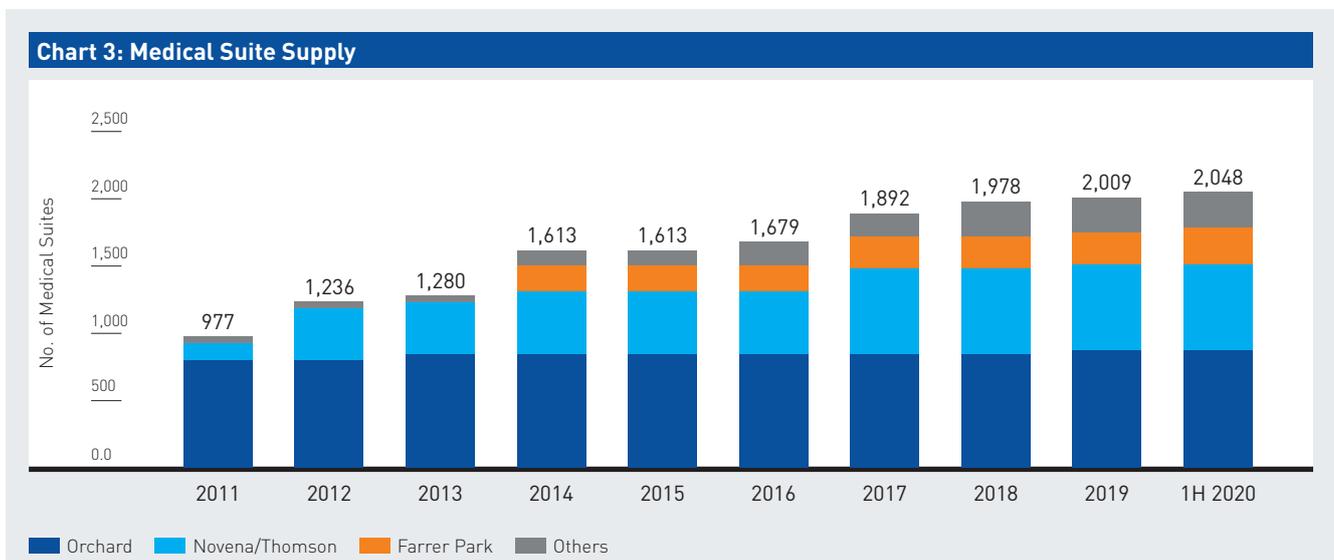
A shift in medical technology amid COVID-19 outbreak

Amid the COVID-19 pandemic outbreak, telehealth technology has been rapidly gaining global traction as an effective and sustainable solution for remote diagnosis and monitoring of patients, while adhering to social distancing measures. While less urgent appointments are being cancelled/deferred, e-consultation has become extremely crucial for physicians to attend to cases that require urgent diagnosis, follow-up or treatment. Chronic patients who are at high risk of exposure to the virus can stay at home and communicate with physicians through virtual channels. Many healthcare providers worldwide are quickly deploying and expanding telemedicine capabilities as they start seeing the benefits of digital tools in alleviating medical practitioners' load and protecting them from the risk of infection whilst treating patients.

4.2 Medical Suite Supply

Lack of new supply supports rental

As at 1H2020 the total islandwide stock of medical suites stands at approximately 2,050 units (Chart 3). The bulk of these at 74.0%, are in the Orchard and Novena/Thomson medical precincts, with approximately 872 and



Source: CBRE

3. Singapore Healthcare Market Forecast by Fitch Solutions dated 27 April 2020.

643 units respectively. Two notable project completions in 2H2019 and 1H2020 are Triple One Somerset (31 units) and Centrium Square (39 units).

As at 1H2020, there is no new supply of medical suites in the pipeline in the next three years.

4.3 Medical Suite Rents

Rents are expected to be resilient

As at 1H2020, asking monthly gross rents for medical suites in the Orchard precinct average \$13.20 psf/month, ahead of Novena/Thomson and Farrer Park precincts at S\$9.50 and S\$5.20 psf/month respectively (Table 1). The premium for the Orchard precinct is due to the presence of a prominent medical cluster, easy accessibility to top private hospitals, established network of specialists as well as a wide range of lifestyle options for hospitality, retail and F&B.

Amidst the backdrop of resilient industry fundamentals and limited supply growth, especially in well-established precincts such as Orchard, demand for medical suites is projected to remain stable within the next 12 months.

4.4 Impact of COVID-19

Impact of government measures

Since the start of the COVID-19 outbreak, the Singapore Government has implemented various measures to manage the outbreak situation and to slow the transmission of the virus. During the Circuit Breaker period, only essential healthcare services were permitted, with the remainder deferred. In addition, physical visits were minimised where possible, with teleconsultation and medication delivery being the preferred mode of review.

With the end of the Circuit Breaker in June 2020, healthcare services which were deferred have been allowed to resume in a controlled and gradual transition. Priority has been given to care that cannot be deferred further without affecting clinical outcomes as well as primary and preventive care. Domestic patient volumes are now recovering in the light of this pent-up demand. However, as Singapore is currently entering a recession due to the economic fall-out of COVID-19, some price-sensitive local patients may switch to public healthcare as a lower-cost alternative.

Medical tourism

The rapid escalation of COVID-19 cases worldwide has called for an unprecedented closure of Singapore's borders to short-term travellers' effective 22 March 2020. This resulted in a plunge in arrival numbers and medical tourists postponing their travel plans and medical appointments.

As at July 2020, Singapore's borders are re-opening gradually to allow for safe travel in limited numbers. However, the ongoing spread of the global pandemic is curtailing movements of people and patients and is expected to delay the normalisation of medical tourism to pre-outbreak levels.

Nonetheless, Singapore's medical expertise, particularly in complex treatments⁴ such as oncology, ophthalmology, organ transplants, stem cell treatments and neurological surgeries, gives her a formidable competitive advantage. Combined with quality of care and outstanding service, CBRE opines that Singapore will continue to draw the premium segment of medical tourists as travel restrictions ease and the crisis is eventually contained when a vaccine is produced.

4.5 Impact on Paragon Medical

Long-term demand for medical suites in prime locations of established clusters is expected to remain robust. The Orchard medical precinct will continue to be the top choice for doctors, medical travellers and locals owing to its superb accessibility to reputable hospital Mount Elizabeth Hospital and a sterling reputation for top medical practitioners. CBRE opines that in the near-term, Paragon Medical will continue to draw premium local patients, and more importantly, is well-placed to benefit from the recovery of Singapore's private healthcare sector.

Table 1: Asking Monthly Gross Rents (S\$ psf/month)

Precinct	Low	Average	High
Orchard	\$11.00	\$13.20	\$14.50
Novena/Thomson	\$8.60	\$9.50	\$9.80
Farrer Park	\$4.80	\$5.20	\$5.50

Source: CBRE

4. <https://healthcareasiamagazine.com/healthcare/in-focus/singapores-medical-tourism-ambitions-falter-malaysia-steps-0>

MARKET OVERVIEW



5. AUSTRALIA RETAIL MARKET

5.1 Australia Macro-Economic and Retail Market Overview

Economic outlook gloomy with decline in domestic consumption

The Australia GDP fell 0.3% quarter-on-quarter ("q-o-q") in March, or 1.4% y-o-y according to figures released by Australia Bureau of Statistics ("ABS") for June 2020. This is the slowest through-the-year growth since the Global Financial Crisis ("GFC"), owing largely to significant events in 1Q2020 such as the Bushfires and COVID-19. With overall domestic consumption in decline, Australian GDP is expected to fall 4.3% in 2020 (down from 1.8% growth in 2019). State Final Demand ("SFD") is expected to fall 6.6% and 3.3% in New South Wales ("NSW") and South Australia ("SA") respectively in 2020 before returning to slow growth in 2021, with NSW growing 2.4% and SA growing 1.8%.

Domestic demand decreased by 0.5% due to a decline in household expenditure and private investment.

Consumer price index stands at 0.3% y-o-y for 2020 and is forecasted to increase to 1.4% in 2021. Services, e.g. air transport, have been impacted by travel/border restriction measures, whilst hotels saw spending deteriorate significantly. As a reflection of weak domestic demand, import of goods fell 3.9% and import of services fell 13.6% due to a drastic decline in travel services. Population growth grew by 1.2% for 2020 y-o-y but is forecasted to grow at a slower rate of 1.0% y-o-y in 2021.

Retailers face wave of uncertainty

Retail turnover in Australia has been growing at 3.4% annually over the past ten years (12 month moving average, 1Q2011 to 1Q2020). This growth has been disrupted substantially since the end of 1Q2020 and the advent of the global pandemic. In the past quarter, retail sales declined 2.3% q-o-q. There was varying growth through the different states: The Australian Capital Territory ("ACT") has been the most insulated, growing 2.6%, whereas Victoria has seen the sharpest decline in retail trade.

Retailers have experienced gradual stability as Australia begins to ease restrictions phase by phase throughout the different states. However, the capricious second wave of COVID-19 has shored up retailers and landlords with waves of uncertainty.

5.2 Emerging Retail Trends in Australia

Evolving consumer behaviour with strong e-commerce penetration

Online retailing grew an average of 19% per month since March 2020 and comprised 9.7% of total retail sales for June. Although these hikes will be temporary as a result of the COVID-19



pandemic, CBRE expects that online spending will remain high. Retailers who were previously inactive through their online offerings have been compelled to prioritise e-commerce operations. F&B operators are also using online platforms to support their sales. E-commerce retail transactions continue to rise at an accelerated timeline equivalent to three years.

Landlords adapting to new normal to attract customers

In light of this, retailers and landlords alike have introduced click-and-collect features within the shopping centres. For example, Scentre Group introduced Westfield Direct across all their

centres, a feature that allows shoppers to purchase items from different stores online and pickup their purchases at designated parking spaces without leaving their vehicles.

Landlords explore flexible and cost-effective ways to mitigate situation

Overall implications across the board will see significant increases in overhead cost largely attributed to costs/expenditure related to increased frequency of sanitisation to meet new hygiene standards to tackle the spread of COVID-19. Landlords will be required to explore the most cost-effective ways to mitigate these extra costs in an environment of weakening rental

rates. As business models change, centre management teams will need to be nimble to adapt to tenants and shoppers evolving needs.

5.3 Retail Supply

Significant upcoming supply in 2021 while some projects put on hold in West Sydney

1H2020 saw the completion of over 1.0 million sq ft of new or refurbished shopping centre floor plates in Sydney. Regional and Neighbourhood grades accounted for almost 80%. The new influx of floor space is above the five-year average of 0.8 million sq ft. In 2021, Sydney will see new supply of 2.3 million sq ft.

On the other hand, some shopping centre's debut such as Eastern Creek Quarter ("ECQ") in Western Sydney planned for 1Q2020 was put on hold considering COVID-19. CBRE expects this trend to continue through 2020 owing to extended social distancing measures.

MARKET OVERVIEW

Implications for Figtree Grove Shopping Centre

Figtree Grove Shopping Centre, anchored by Discount Department Store Kmart along with supermarkets Coles and Woolworths, is a prominent sub-regional shopping centre located in Figtree, NSW. It is along the Princess Highway, approximately 3.0 km south-west of the Wollongong Central Business District ("CBD") and approximately 85 km south-west of the Sydney CBD. The total trade area population for Figtree Grove Shopping Centre is estimated at 218,100 in 2019 and expected to grow an average of 1.0% annually. The median weekly household income and total retail spend per capita is 5.5% and 20.0% respectively higher than the rest of NSW.

Despite a significant pipeline of supply in Greater Sydney, new supply in Wollongong is expected to remain limited, supporting the dominance of Figtree Grove Shopping Centre as the main sub-regional shopping centre for the catchment.

Some 1.4 million sq ft of pipeline supply expected in Adelaide City in the next two years

200 North Terrace, a 43,060 sq ft mixed-use development in Adelaide City, to be anchored by International Hospitality Institution Le Cordon Bleu, and Castle Plaza, a sub-regional shopping centre with some 32,290 sq ft, are expected to be completed in Dec 2020. Adelaide will see some 591,070 sq ft and 784,710 sq ft of new supply in 2021 and 2022 respectively.

Implications for Westfield Marion Shopping Centre

Westfield Marion is the largest shopping centre in Adelaide, SA. Located 10 km south of Adelaide CBD,

anchored by three discount department stores Big W, Kmart and Target as well as three supermarkets Aldi, Coles, Woolworths, it enjoys easy access via Anzac Highway and Morphett road. The total trade area population of Westfield Marion is estimated at 495,000 in 2019 and 164,800 in the immediate 10-minute drive radius. The City of Marion's estimated population growth rate is 1.2% in 2019, which is higher than Greater Adelaide at 1.0%. Within a 10-minute drive radius, expenditure per capita on household goods and total online retail spend is 2.1% and 19.0% respectively higher than the rest of Adelaide. Marion also has a median weekly household income which is 1.0% higher than the rest of Adelaide.

Despite the relatively large pipeline supply in Adelaide, the bulk of this supply will come from new large format retail developments which will have limited impact on Marion Westfield. These include Gepps Cross Gateway measuring 538,200 sq ft, and Salisbury South Mixed-Use Precinct measuring 322,900 sq ft, expected to complete in 2Q2021 and 2Q2022 respectively.

5.4 Retail Market Outlook

The Australia retail market faces strong headwinds. Even prior to COVID-19, the retail sector has already been facing some pressure due to decline in consumer spending growth, lower wage growth and rise of e-commerce. CBRE expects activity will only return upon the easing of restrictions due to COVID-19.

CBD retail has been under the most short-term pressure as border controls and government restrictions has significantly restricted foot traffic from tourists and office workers.

Regional centers located in suburban locations have been more resilient during the pandemic due to the presence of their main anchors: supermarkets and essential services, which have stayed open. The diverse retail mix also draws crowd from a wider catchment resulting in relatively more stable sales. Despite the increasing popularity of e-commerce, some consumers continue to prefer bricks and mortar shopping, as e-commerce does not offer the same level of convenience due to the longer lag time between purchase and delivery. With the diverse tenant mix, regional centres will continue to play an important role in the suburban retail scene.

5.5 Impact of COVID-19 on Australia Retail Market

Impact of COVID-19

The Australia retail market will continue to be tested from the evolving dynamics of COVID-19. From channels of purchase to how one consumes food, these has impacted retailers across the board, and it has been challenging to navigate through and anticipate the headwinds coming their way for the rest of 2020.

During the emergent stages of the lockdown, consumer confidence consequently plunged and retail expenditure experienced volatility. Businesses operating their brick and mortar shopfront were forced to explore an online/offline model. Some businesses took this opportunity to consolidate their storefront network.

Impact of Government Legislation

The Federal Government has established a mandatory "SME Commercial Code of Conduct and

Leasing Principles” (the “Code”) applicable to all tenancies that are suffering financial stress or hardship as a result of the COVID-19 pandemic, with an annual turnover of up to A\$50 million and an estimated fall in turnover of 30.0%. The principles of this Code apply in spirit to all leasing arrangements for affected businesses.

As a result of the Code, landlords must offer proportionate reduction in rents based on the percentage decline in lessees’ trade during COVID-19 period and a subsequent reasonable recovery period. Rental reduction must comprise at least 50% in outright rebates and the balance as a deferment. Tenants must remain committed to lease terms. Rent increases will be frozen (except for retail leases based on turnover rent) for the duration of the COVID-19 pandemic and a reasonable recovery period.

Long-term impact of COVID-19

While there will be retail closures and elevated vacancy in shopping centres in the short-term. As the economy recovers, so will the retail sector. Social distancing is likely to be a short to medium-term trend. In the longer-term, while some retailers may consider trading solely online, the evolving consumers’ shopping habits will force retailers and landlords to adapt and re-structure their business models, e.g. introducing omni-channelling strategies. CBRE estimates that 11.0% of all Australia retail sales will be online by end 2020. With the diverse tenant mix and wider catchment, regional centres will continue to be resilient.

BY CBRE
AUGUST 2020



INVESTOR RELATIONS

SPH REIT's Investor Relations ("IR") practices are built upon firm adherence to a high standard of corporate governance and transparency. The Manager is committed to deliver clear, consistent and timely updates and to develop long-term relationships with Unitholders. The Manager carefully planned various activities and communication channels every year to engage with all segments of the investment community. The valuable feedback and insights from these engagements are highlighted to the Board of Directors, alongside regular updates on Unitholders' statistics and views of investors and analysts.

PROACTIVE ENGAGEMENT WITH THE INVESTMENT COMMUNITY

The Manager interacts actively with both institutional and retail investors through multiple platforms to provide them with an in-depth understanding of the business performance, challenges and growth strategies as well as to address their concerns. These include one-on-one meetings, half-yearly post-results briefing,

property-related conferences and roadshows. Analyst briefings are conducted half yearly to provide updates on SPH REIT's half-year and full-year financial results, operational performance and market outlook. The Manager holds an annual media briefing for the full-year results. In addition, property tours are arranged upon request to enable institutional investors to gain a sense of the properties' vibrancy and better understand the operations and enhancement plans.

SPH REIT held its sixth Annual General Meeting ("AGM") on 27 November 2019, 13 weeks after the financial year end to ensure timely engagement with Unitholders. All Directors of the Board and senior management of the Manager attended the AGM to interact with participants and address their questions and feedback. The AGM was well attended by over 200 participants and all resolutions were approved by Unitholders. Electronic poll voting was conducted and this enabled results to be posted instantaneously.

SPH REIT's Investor Relations website is a key source of relevant and comprehensive information to the investment community. It is updated in a timely manner with half-yearly financial performance and other announcements. SPH REIT's half-year and full-year results and quarterly key business and operational updates with slide presentations are also available for viewing through the website. It also archives all corporate announcements and presentations and provides email alerts on the latest announcements.

Unitholders are encouraged to access the SPH REIT corporate website at www.sphreit.com.sg for the latest updates. Queries can be posted via the investor relations email address, ir@sphreit.com.sg.

INVESTOR RELATIONS CALENDAR

1st Quarter 2020 (September – November 19)	<ul style="list-style-type: none"> • Announcement of FY2019 results and media conference and analyst briefing • Post-results investor meeting and conference calls • Payment of 4Q FY2019 distribution • Release of Annual Report 2019 • Annual General Meeting • Investor roadshow in Singapore
2nd Quarter 2020 (December 19 – February 20)	<ul style="list-style-type: none"> • Announcement of 1Q FY2020 results • Post-results investor meeting and conference calls • Payment of 1Q FY2020 distribution
3rd Quarter 2020 (March – May 20)	<ul style="list-style-type: none"> • Announcement of 2Q FY2020 results and analyst briefing • Post-results investor conference calls • Payment of 2Q FY2020 distribution
4th Quarter 2020 (June – August 20)	<ul style="list-style-type: none"> • Announcement of 3Q FY2020 key business and operational updates • Post-results investor conference calls • Payment of 3Q FY2020 distribution

FINANCIAL CALENDAR**2020**

6 October	Announcement of FY2020 results
14 October	Books closure
20 November	Proposed payment of 4Q FY2020 distribution
26 November	Annual General Meeting

2021*

12 January	Announcement of 1Q FY2021 key business and operational updates
12 April	Announcement of 2Q FY2021 results
12 July	Announcement of 3Q FY2021 key business and operational updates
12 October	Announcement of FY2021 results

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

SUSTAINABILITY REPORT

1. SUSTAINABILITY AT SPH REIT

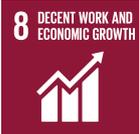
At SPH REIT, we take a proactive and conscientious approach to embedding sustainability within our practices to minimise environmental impacts and to create positive value for the communities we operate in. We regularly engage with customers, tenants, investors and Unitholders to remain informed of their evolving needs and finetune our sustainability approach to better meet their expectations. We also endeavour to promote sustainability initiatives through meaningful partnerships with various stakeholders.

In FY2020, we have made progress in our sustainability reporting practices. SPH REIT’s report is now prepared in accordance with Global Reporting Initiative (“GRI”) Standards: Core option which is widely considered as a reporting best practice. This framework allows for a more holistic disclosure of our sustainability performance and better comparability with industry peers. We also continue to align our sustainability approach to the United Nations Sustainable Development Goals (“SDGs”) - a global blueprint for sustainability, and have introduced long term environmental targets to guide our continuous performance improvement.

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

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

Table 1: SPH REIT’s material ESG factors, targets, performance and contribution to the SDGs

 <p>Build Ethical and Transparent Businesses We uphold high standards of corporate governance throughout the organisation.</p>			
Material ESG Factors	FY2020 Performance Highlights	FY2021 Targets ¹	
Corporate Governance	<ul style="list-style-type: none"> No known incidents of corruption No significant fines and non-monetary sanctions for non-compliance with laws and regulations 	<ul style="list-style-type: none"> To aim for zero cases of non-compliance of laws and regulations, which includes those relating to anti-corruption 	
Data Privacy	<ul style="list-style-type: none"> No known cases of theft, leak or loss of customer data 	<ul style="list-style-type: none"> To comply with Singapore Personal Data Protection Act 2012 (“PDPA”) and the Privacy Act 1998 of Australia 	
 <p>Promote Workplace Wellness and Ensure Safety of our Staff and Customers We promote safe and secure environments for our employees and tenants.</p>			
Material ESG Factors	FY2020 Performance Highlights	FY2021 Targets ¹	
Health and Safety of Stakeholders ²	<ul style="list-style-type: none"> Zero incidences resulting in stakeholders’ permanent disability or fatality 	<ul style="list-style-type: none"> To maintain zero incidences resulting in stakeholders’ permanent disability or fatality 	

1. Targets remain relevant as at 31 August 2020, and may be revised depending on the progression of the COVID-19 situation.
 2. Stakeholders include shoppers, tenants, employees, contractors and suppliers.



Adopt Environment-Friendly Practices

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



Material ESG Factors	FY2020 Performance Highlights	FY2021 Targets ¹
Energy Usage ³	<ul style="list-style-type: none"> 46,566 megawatt hours ("MWh") of electricity consumed Electricity Intensity at 0.38 MWh/m² Electricity consumption and intensity were a 26% decrease from FY2015 <ul style="list-style-type: none"> 19,132 tonnes of carbon dioxide equivalent ("tCO₂e") of Greenhouse Gas ("GHG") emissions GHG emissions intensity at 0.16 tCO₂e/m² Both GHG emissions and intensity were a 34% decrease from FY2015	<ul style="list-style-type: none"> To maintain at least 18% reduction in like-for-like⁴ electricity intensity by FY2025, using FY2015 performance as the baseline⁵ To maintain at least 30% reduction in like-for-like⁴ GHG emissions intensity by FY2025, using FY2015 performance as the baseline⁵
Water Usage ³	<ul style="list-style-type: none"> 297,150 m³ of water consumed Water intensity at 2.45 m³/m² Both consumption and intensity were a 31% decrease from FY2015	<ul style="list-style-type: none"> To maintain at least 18% reduction in like-for-like⁴ water intensity by FY2025, using FY2015 performance as the baseline⁵

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



Care for our Community

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



Material ESG Factors	FY2020 Performance Highlights	FY2021 Targets ¹
Local Communities	<ul style="list-style-type: none"> Various Corporate Social Responsibility ("CSR") initiatives across our malls held prior to Circuit Breaker measures 	<ul style="list-style-type: none"> To integrate CSR activities into at least two events held at the malls

3. Due to the Circuit Breaker measures introduced during COVID-19 pandemic, consumption of energy and water in FY2020 is significantly lower with the decrease in footfall across Paragon and The Clementi Mall.

4. Like-for-like comparison refers to the comparison for a consistent portfolio of assets between two reporting years. In FY2020, the assets that remained consistent from the FY2015 baseline are Paragon and The Clementi Mall.

5. While we have met these targets in FY2020, we recognise that FY2020 was not a normal year of operations because of COVID-19. We will continue to monitor our performance and review our targets when the situation has stabilised.

SUSTAINABILITY REPORT

2. SPH REIT'S RESPONSE TO COVID-19

In March 2020, the World Health Organisation ("WHO") declared COVID-19 outbreak a global pandemic.

Prior to this, SPH REIT had been monitoring the situation closely, adopting precautionary measures put forth by the Ministry of Health's guidelines since the identification of the virus in January 2020.

The table below provides a summary of SPH REIT's COVID-19 response in the areas of board oversight, stakeholder support and business continuity. For more information, please refer to the page references within.

Board Oversight through the Pandemic

SPH REIT takes appropriate measures to protect the health and safety of our stakeholders. In addition, meetings are also held regularly with directors to assess the impacts of COVID-19, and to discuss and review action plans for the overall interest of the stakeholders of SPH REIT.

For more information, refer to page 78

Providing Tenants with Assistance

We worked closely with tenants to provide them with support and relief measures in line with the Government's directives.

As the economic impact of COVID-19 is expected to last even after virus transmission stabilises in Singapore, we are prepared that it would take time for business activities to recover. The inbound tourism restrictions and work-from-home arrangements as the new norm is expected to continue to impact the malls' performance for some time. In the meantime, we will continue to work with tenants constructively.

For more information, refer to page 86

Safeguarding Health and Safety

It remains our utmost priority to safeguard the health and safety of our stakeholders.

Since the COVID-19 outbreak, we have put in place various precautionary measures, taking guidance from the various government advisories issued to safeguard the well-being of stakeholders. These measures include intensified cleaning and disinfecting of our malls, especially at high human traffic contact points such as toilets, lifts, refuse bins and handrails.

Across Centre Management Offices and headquarters ("HQ"), we have implemented split team arrangement across four malls and HQ employees working from home to ensure business continuity. Safe Management Officers ("SMOs") have been appointed at HQ and malls to assist with the implementation, coordination and monitoring of safe management measures at the workplace. All staff events have been deferred or cancelled.

SPH REIT will not compromise on matters pertaining to the health and safety of our employees, shoppers and business partners.

For more information, refer to page 80

Moving ahead with Resilience

As we navigate through this challenging time, the reopening of our malls in June 2020 was carefully conducted with all responsible safe distancing measures in place. Posters and infographics were displayed across all our malls and posted on our respective social media platforms to provide comfort to shoppers on the precautionary measures taken to safeguard their health and safety.

For more information, refer to page 86-87

3. BUILD ETHICAL AND TRANSPARENT BUSINESSES

SPH REIT recognises that effective corporate governance is the foundation for long-term viability of the organisation. The Board and Management firmly believe that our success and prosperity depend upon our adherence to ethical business conduct, and aspire to achieve the highest standards of corporate governance. Details of our governance practices can be found in our Corporate Governance report on pages 97 to 116.

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

Corrupt practices can negatively impact both the organisation and the society at large due to erosion of public trust. SPH REIT is committed to conducting business with integrity and ensuring that operations across all regions remain corruption-free.

All employees are expected to conduct themselves professionally and ethically in line with the Code of Business Ethics and Employee Conduct ("Code of Conduct") put in place by the Manager. The Code of Conduct addresses concerns relating to fraud, business and workplace behaviour, safeguarding of assets, proprietary rights and intellectual property. It also reiterates the Company's zero tolerance stance of any malpractice, impropriety, regulatory

non-compliance or wrongdoing of any employee in the course of their employment. Any breaches in the Code of Conduct will result in disciplinary action by the management.

We have a Whistleblowing Policy & Procedure which allows employees and external parties to raise potential concerns or observations in confidence to the Manager. Such concerns can include dishonesty, fraudulent acts, corruption, regulatory breaches and other serious improper conduct; unsafe work practices and any other conduct that may cause financial or non-financial loss, or damage to the Manager's reputation. Where appropriate, the Manager can conduct independent investigation and take appropriate follow-up actions thereafter.

In Australia, an Australia property manager has been engaged to manage operations of Figtree Grove Shopping Centre ("Figtree Grove"). In accordance with national laws and regulations, a suite of policies has been established to govern anti-corruption and compliance-related matters. These policies extend to all the Australia property manager employees working for Figtree Grove.

There were no known incidents of corruption in FY2020 and we aim to maintain this track record in future reporting periods.

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

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

SPH REIT strives to be fully compliant with all relevant statutory and regulatory requirements in our operating countries. Throughout the year, we monitor regulatory developments and revise our policies and operating procedures where required. Changes in policies and procedures will then be promptly communicated to all employees. There were no significant fines and non-monetary sanctions for non-compliance with laws and regulations in FY2020. Moving forward, we seek to continue to minimise and prevent any non-compliance of laws and regulations.

Across all four properties, relevant COVID-19 measures have been introduced in compliance with new regulatory requirements to contain the pandemic, and SPH REIT continues to comply with all new developments in relevant statutory and regulatory requirements in their countries of operation.

SUSTAINABILITY REPORT

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

With growing public concerns over the collection and usage of personal data, robust personal data and privacy protection is imperative to our business. A data breach incident can result in financial loss, regulatory complications as well as undermine stakeholders' trust and confidence in SPH REIT.

To uphold our responsibilities as data controller, appropriate steps are taken to ensure strict compliance with the Cybersecurity Act and the Personal Data Protection Act 2012 ("PDPA") in Singapore. In Australia, it is a contractual requirement for our Australia property manager to take necessary steps to ensure compliance with the Privacy Act 1988. Our

Privacy Policy is available on both the corporate and the malls' websites.

Our technology risk management framework comprising various IT policies and procedures guides us in managing key technology risks and safeguard information system assets. An IT User Acceptance Policy Manual accessible to all employees includes guidelines pertaining to the access and usage and deployment of IT resources. All workstations, systems and servers have adequate firewall protection which is updated regularly to ensure its robustness. Vulnerability assessments and network penetration tests are also conducted regularly to detect security threats and to improve the overall security of the systems. Access to servers is only granted when necessary.

In FY2020, employees were kept abreast of developments in the PDPA policy at regular meetings organised by SPH Group PDPA Steering Committee on matters relating to PDPA compliance.

Any feedback or enquiries relating to personal data would be directed to SPH REIT's Personal Data Protection Officer at a dedicated hotline and email.

In FY2020, there were no known cases of theft, leak, or loss of customer data. SPH REIT seeks to comply with the relevant data privacy acts across all operations, through the respective Standard Operating Procedures ("SOPs") on data security.

COVID-19 HIGHLIGHT: BOARD OVERSIGHT THROUGH TIMES OF UNCERTAINTY

The COVID-19 pandemic emphasises the need for effective board governance and oversight over unprecedented events. Coupled with the onset of the economic slowdown, the retail industry has been adversely affected especially during the Circuit Breaker period in Singapore. As such, the board was heavily involved in providing strategic input to tackle both short- and long-term impacts brought about by the pandemic.

Since the commencement of the pandemic, meetings have been held regularly with directors to assess impacts of COVID-19 to discuss and review action plans for the overall interest of our stakeholders.

A broad range of issues were considered in our assessment of current and future business impact under various scenarios. Some of these issues include impact to stakeholders (people, customers, suppliers), legal and contractual liabilities, changing customers' demand and preferences, short- and long-term cash flow pictures. With possible impacts laid out, it helps SPH REIT formulate appropriate crisis-response and back-up plans, and understand the extent to which they are adequate and operational.

Measures taken by SPH REIT such as communicating safe distancing messages and up-to-date information on COVID-19 across malls and social media platforms have demonstrated our social responsibility. We also engaged tenants regularly to better understand their concerns and provide relevant support.

The Board continues to monitor the COVID-19 situation closely with close support from the Management. Aside from maintaining sound financials of the REIT in view of changing circumstances, Management continues to work with tenants to maintain high mall occupancy while exploring new opportunities in the post-COVID-19 normal. The Board remains steadfast in our commitment to tenants and partners, navigating the business through these challenging times.

SPH REIT has detailed our COVID-19 responses under Chapter 2 and the relevant sections below.

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

Profile of our Workforce [GRI 102-8]

Employees are at the core of every business. As at 31 August 2020, The Manager's workforce comprised 11 full-time employees⁶ (six females and five males) based in Singapore.

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

SPH Retail Property Management Services Pte Ltd ("RPMS"), a wholly-owned subsidiary of SPH Group based in Singapore, oversees the management of Paragon, The Clementi Mall and The Rail Mall. In Australia, our Australia property manager oversees the management of Figtree Grove. In each country, a dedicated Centre Management Team which comprises retail, property and administrative functions has been established to oversee the local malls' operations. As at end FY2020, there was a total of 136 property management staff across the four properties. Other activities such as security and cleaning services were outsourced to local third-party vendors.

There has not been any retrenchment exercise due to COVID-19. RPMS has received payouts from the Jobs Support Scheme to support employees' wages and ensure job security amidst these challenging times.

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

SPH REIT strives to provide a healthy, safe and hazard-free environment for

our shoppers, tenants, employees, contractors and suppliers.

Managing risks and hazards in public spaces

As most of the shopping malls under our portfolio are enclosed with high footfall, fire hazards can pose a major health and safety concern. Fire risk assessments are performed at our malls on a regular basis to identify and manage potential risks and hazards. Additionally, fire, lift and escalator safety certifications are monitored for their validity and renewed in a timely manner. All necessary maintenance and repairs are performed to ensure compliance with safe operating standards.

In Singapore, an Emergency Response Plan is established and communicated to all employees and tenants to facilitate operations and movement in times of crisis. In FY2020, all malls conducted fire drills, involving tenants as required under local fire safety requirements.

In Australia, Figtree Grove has an all-encompassing Emergency Management Manual which addresses a wide variety of risks such as active shooter situations, bomb threats, lockdowns, carpark emergencies and natural disasters like flooding. Similarly, table-top exercises covering a broad range of emergency situations and scenarios are reviewed monthly and emergency evacuation drills are conducted at least once a year. In FY2020, Figtree Grove worked with external consultants to conduct a risk assessment of its loading dock and carpark. A Traffic Management Plan was also developed to better manage flow of pedestrian and vehicle movements. Across all shopping malls, an incident reporting and management procedure provides clear guidelines for all relevant stakeholders on reporting, investigation as well as follow-up actions to prevent reoccurrence in the future. Details of incidents are documented by way of a post-incident

review kept in the system. The Manual is reviewed annually to ensure its continued relevance.

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

In Singapore, we have adopted SPH Group's Total Workplace Safety and Health Policy which extends to all of their employees. It sets out a holistic and integrated approach to manage the interactions between work, safety and health. During the year, employees have undergone relevant first aid training courses conducted by accredited training providers.

In Australia, our Australia property manager has put in place similar Workplace Safety and Health policies and procedures. All their employees upon induction undergo a mandatory Workplace Health and Safety ("WHS") training which covers first aid, emergency preparedness as well as safe work practices specific to their roles.

While we try to minimise work-related injuries, accidents do happen. In such cases, we will provide rehabilitation support and re-arrangement of duties to assist employees' speedy and full recovery. With hundreds of tenants and contractors across our properties, we regularly communicate to them the necessary safety requirements and practices so as to ensure a safe working environment for all.

This year, there were zero incidences resulting in stakeholders' permanent disability or fatality. There were also zero recordable and high-consequence⁷ injuries from employees of SPH REIT and respective Property Managers. SPH REIT recorded a total of 24,310 working hours and Property Managers recorded a total of 303,836 working hours with zero incidences of non-compliance in health and safety matters. We strive to maintain this performance in the subsequent year.

6. There are 10 permanent employees and one contract employee.

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

SUSTAINABILITY REPORT

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

It remains our utmost priority to safeguard the health and safety of our stakeholders. Even before measures were imposed by the Singapore government, our malls had already begun implementing precautionary measures to reduce the risk of transmission and maintain cleanliness of our premises. Since then, we have been following guidance from the various government advisories issued to safeguard the well-being of our stakeholders.

As the number of COVID-19 cases continues to decline in Singapore, most of these measures have still been maintained to prevent a second wave of community cases as well as to provide shoppers with ease of mind within our premises.

Across all our malls

- We have intensified the cleaning and disinfecting across all four malls, especially at high human traffic contact points such as toilets, lifts, refuse bins and handrails, where self-disinfection coatings were also applied
- Additional trained personnel are deployed to man designated Entry and Exit points equipped with body temperature sensors (within Singapore properties) and QR code/NRIC scanning for contact tracing
- We have upgraded the automatic footfall counter systems to provide real-time data update to comply with Singapore authorities' requirement on density control of one person per 10 sq m
- As Paragon has many medical clinics, a specific SOP was drawn up in January 2020 for isolation procedures in the event of a suspected COVID-19 case
- We have suspended in-mall campaigns and promotions, redemption of SPH Mall vouchers, and all atrium activities to prevent crowding



Across Centre Management Offices and HQ

- We have introduced company-wide split team arrangement in place across all four malls and HQ employees to work from home to ensure business continuity
- Mandatory temperature taking is conducted twice daily (in Singapore Centre Management Teams ("CMT")) and masks and hand sanitisers are provided for employees.
- A SMO was appointed at both HQ and malls to assist in the implementation, coordination and monitoring of safe management measures at the workplace. These safe management measures include among other things working from home, safe distancing, health checks and personal hygiene.
- Additional SOPs were also put in place to guide safe management measures at the workplace
- Safe distancing markings are in place for office meeting rooms and printer areas
- All staff events have been deferred or cancelled

5. ADOPT ENVIRONMENT-FRIENDLY PRACTICES

The proactive and strategic approach outlined in our environmental policy⁸ for both Paragon and The Clementi Mall reiterates our commitment towards resource conservation and contribution to combating climate change.

In Singapore, we regularly monitor and report electricity and water consumption data to the respective statutory boards for benchmarking against the national standard. As a testament of our environmental practices, both The Clementi Mall and

Paragon have achieved the Building and Construction Authority ("BCA") Green Mark Certification since FY2018. Both malls will be going for Green Mark Recertification in FY2021.

In FY2020, we met our long-term targets for electricity, GHG emissions and water consumption for Paragon and The Clementi Mall of reducing our like-for-like electricity intensity by 18%, GHG emissions intensity by 30% and water intensity by 18% by FY2025, from FY2015's baseline. Given that FY2020 may not be representative of a normal year due to COVID-19, we will continue to monitor our performance and review

our targets when the situation has stabilised.

In Australia, Figtree Grove has established a baseline comparison of energy intensity against 200 other commercial buildings nationwide. Buildings Alive, a comprehensive resource efficiency program for large, complex buildings, provides a monthly analysis of energy usage and asset performance at Figtree Grove. Plans are also in the pipeline for the shopping centre to obtain its National Australian Built Environment Rating System ("NABERS")⁹ rating for FY2021.

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

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

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

In line with the global movement towards a low-carbon future, SPH REIT seeks to optimise its energy usage and reduce its carbon footprint over time.

Maintaining Efficient Use of Energy

Across all properties, Air Conditioning and Mechanical Ventilation ("ACMV") accounts for a large proportion of electrical energy usage. The Building Management System ("BMS") monitors the operations' ACMV to ensure the equipment starts and shuts down at the desired times. In Singapore, the malls monitor the ACMV to ensure that they operate at optimal settings and efficiencies. To date, 100% of fluorescent lights in our malls have been replaced with energy-efficient LED lights. Occupancy sensor-controlled lights were installed at all staircases and toilets of the office tower to further reduce electricity consumption. Paragon has completed the replacement of 14 sets of 20 year-old Air Handling Units ("AHUs") at the office tower in February 2020 to more energy-efficient ones.

In Australia, Heating, Ventilation and Air Conditioning ("HVAC") check point settings are also monitored and the BMS is checked regularly as well. During the year, our Australia property manager employees received training on the operation of BMS including optimisation of equipment usage to reduce overall energy consumption. Energy-efficient LED lights have also been installed at the mall.

Performance Data

In FY2020, the total energy consumption of all three¹⁰ properties included for reporting in Singapore (Paragon, The Clementi Mall) and Australia (Figtree Grove) was 47,674 MWh, translating to total Scope 2 GHG emissions of 20,030¹¹ tCO₂e. Comparing like-for-like⁴ to FY2019, the collective consumption and intensity for Paragon and The Clementi Mall were 46,566 MWh and 0.38 MWh/m² in FY2020, which is a 12% decrease in energy consumption and intensity. Likewise, the Scope 2 GHG emissions and intensity for Paragon and

The Clementi Mall were 19,132 tCO₂e and 0.16 tCO₂e/m² respectively, which is also a 12% decrease in GHG emissions and intensity from FY2019.

With the Circuit Breaker measures implemented between April and July 2020 as well as the lower footfall experienced, reduction in energy use is partly attributed to the reduced level of activities. Excluding the COVID-19 impact by focusing on our performance between September 2019 and February 2020, there has been a 2.6% decrease in total energy use compared to the same period in the last financial year, for Paragon and The Clementi Mall. In addition, we have appointed an energy consultant for the Green Mark Recertification for our malls, and will be re-assessing our current energy saving initiatives – which include the progressive replacement of old equipment with energy-efficient ones – based on the consultant's recommendations. While we have met our long-term goals that were set using FY2015 performance as a baseline, given that our FY2020 performance may not be wholly representative and sustainable due to COVID-19, we will re-assess our long-term targets for FY2025 when the situation has stabilised, based on the consultant's report.

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

In the face of climate change, water stress has become a real issue across the World. While SPH REIT has secure access to water for our operations, we are determined to play our part in water conservation and to reduce our impacts.

Optimising Water Use Across Properties

In Singapore, water taps in our properties are adjusted to lower flow rate to the recommended level for the most efficient use of water. Water consumption is also monitored closely across all malls. Inspections are carried out and followed up on promptly should any anomalies be identified.

Both Paragon and The Clementi Mall have been certified by PUB, Singapore's National Water Agency, as Water Efficient

Buildings ("WEBs") through its WEB Certification Programme. All properties in Singapore comply with legislations and requirements on sewage and drainage stipulated by PUB, Singapore's National Water Agency. Moving forward, we will continue to explore future opportunities to optimise water consumption within our infrastructure.

In Australia, water devices such as toilets and taps are monitored and regularly inspected to ensure their continued efficiency. Figtree Grove complies with AS/NZS 3500 standards of plumbing and drainage which also includes backflow prevention, cross contamination and metering standards. Across the shopping centre, water meters with digital data loggers are installed, where usage data is automatically captured and stored in the Cloud. An external consultant, Enviro Services, is engaged to monitor and manage the data. During the year, an assessment on water use conducted at Figtree Grove identified opportunities for water savings. These opportunities have been evaluated and discussions on the uptake of the recommendations are underway.

Performance Data

In FY2020, the total water consumption of all three¹⁰ properties included reporting for Singapore (Paragon, The Clementi Mall) and Australia (Figtree Grove) was 339,142 m³. On a like-for-like⁴ basis to FY2019, the collective water consumption and intensity for Paragon and The Clementi Mall were 297,150 m³ and 2.45 m³/m² respectively. As with the trend on energy use, the lower water consumption was partly attributable to the temporary closure of shops providing non-essential products/services within our malls and the reduced footfall. Similarly, excluding the COVID-19 impact by focusing on our performance between September 2019 and February 2020, there has been a 9.2% decrease in total water consumption compared to the same period in the last financial year, for Paragon and The Clementi Mall.

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

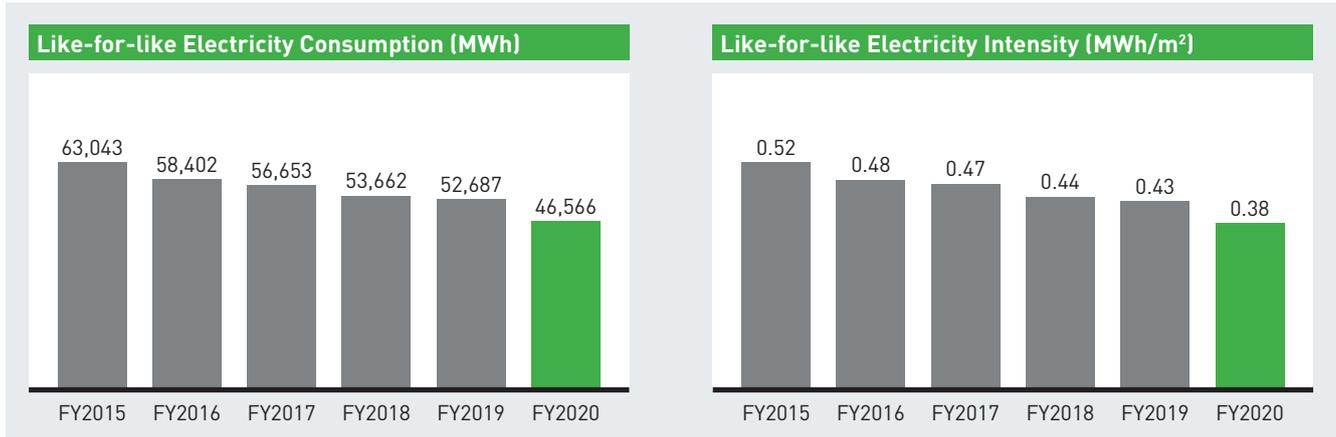
11. Diesel is used across malls to operate the genset in times of emergency. The consumption has been assessed for FY2020 and has been excluded as it is insignificant to total GHG emissions. As such, there were no Scope 1 GHG emissions for FY2020.

SUSTAINABILITY REPORT

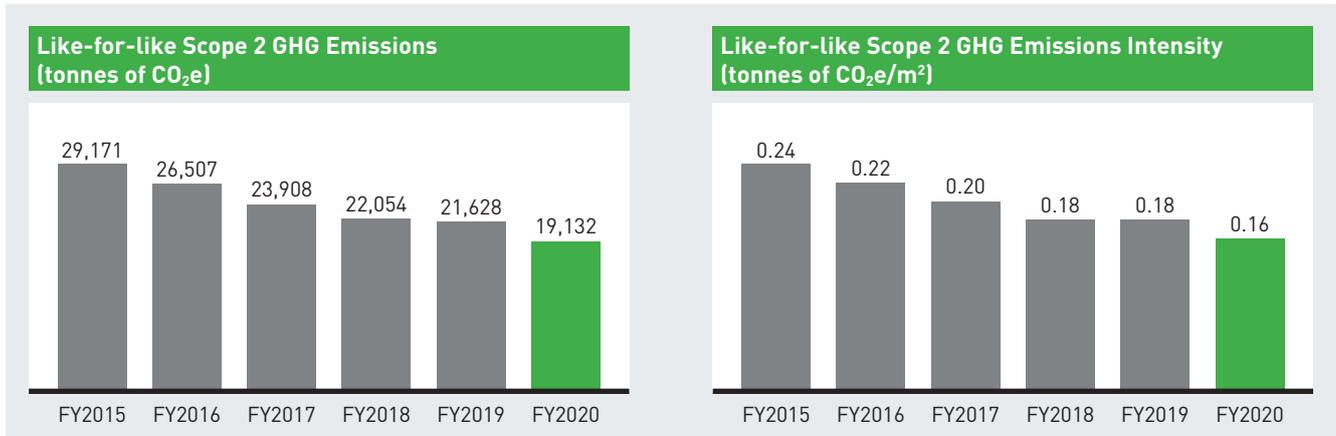
The like-for-like charts below showcase electricity, GHG emissions and water performance data for Paragon and The Clementi Mall only.

Figure 1: SPH REIT's Like-for-like Electricity Consumption, Scope 2 GHG Emissions, Water Consumption and respective intensities¹²

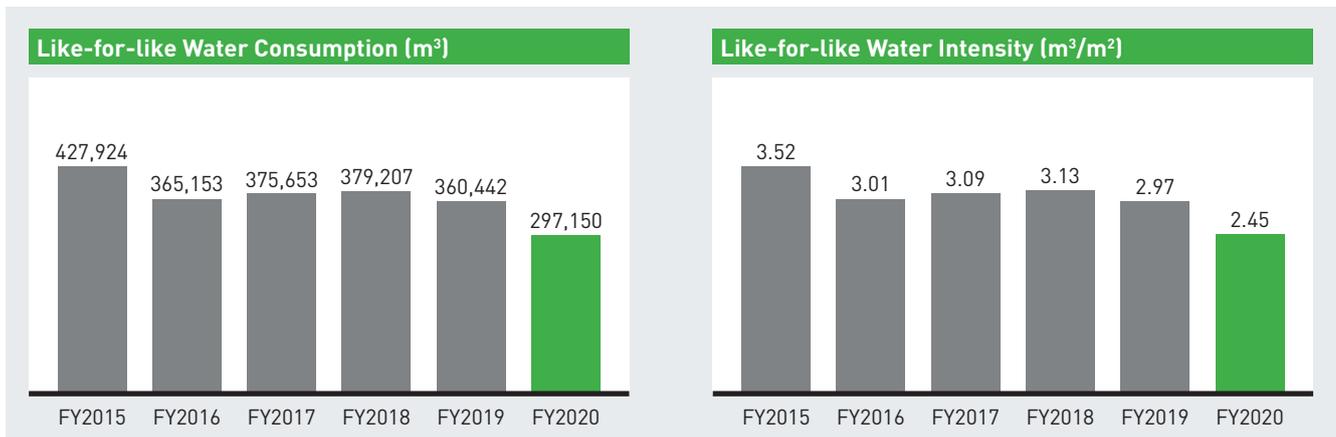
Energy Use



Scope 2 GHG Emissions



Water Use



12. Scope 2 GHG emissions are provided by the appointed energy management firm servicing Paragon and The Clementi Mall.

6. CARE FOR OUR COMMUNITY

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

Fostering and engaging with local community is an integral part of SPH REIT's Corporate Social Responsibility ("CSR") programme. In partnership with our tenants, we use our retail spaces to organise various campaigns that strengthen community ties and support social causes.

At SPH REIT, we tailor our engagement programs to suit the profile of communities in the vicinity of each property. Aside from providing venue sponsorships, SPH REIT also partners with selected philanthropic

groups and associations to run campaigns, organise fundraisers and support social causes.

While Figtree Grove adopts a slightly different CSR approach, the principles are generally aligned with SPH REIT's value of creating positive community impact. The Marketing Manager of Figtree Grove coordinates promotions and events focused on the local community, and ensures that the shopping experience offers something special to the everyday shopping journey. The mall also collaborated with its longstanding partner, Figtree High School, during the year to provide a 'real world' perspective to the school's career programme.

Due to the unprecedented events brought about by COVID-19, all in-mall events were cancelled from February 2020 onwards. The following events were organised prior to Circuit Breaker measures. Highlights of the local community programs organised across Singapore and Australia have been grouped into five broad areas comprising Charity & Community, Nature & Conservation, Education, Arts & Culture and Sports. In response to the COVID-19 situation, the Management has begun exploring alternatives to conventional community engagement programmes and will be sharing more in due course.

CHARITY & COMMUNITY

Give Hope with 'The Bag of Hope' (September – October 2019)

Paragon – Held in conjunction with the Singapore Bicentennial Fashion Exhibition, proceeds from the fundraising event went towards supporting Kidz Horizon Appeal, a charitable organisation that attends specifically to the medical needs of needy children and women with chronic illnesses.



Christmas-themed Workshops (November – December 2019)

Paragon – Very Special Arts Singapore ("VSA") is a local charity organisation dedicated to providing opportunities for people with disabilities to be involved in the arts. Over the course of four Christmas DIY workshops, shoppers learnt to make their very own Christmas bauble terrariums and snow globes. All proceeds raised through the workshops were donated to VSA.

The Clementi Mall – A similar run of the Christmas Terrarium Ornament Workshop was held at The Clementi Mall. All proceeds went towards benefitting Kidz Horizon Appeal, in aid of the KKH Health Fund.



SUSTAINABILITY REPORT

CHARITY & COMMUNITY

Baking Workshop by Baker's Brew for Very Special Arts Singapore (9 November 2019)

Paragon – 16 participants from VSA attended a Christmas Cupcake Baking Workshop held by Baker's Brew, a cooking studio and café in Paragon, to learn and showcase their baking talent.



Figtree Community Carols (December 2019)

Figtree Grove Shopping Centre – The shopping centre secured a community partnership with Figtree Community Carols for their 25th anniversary event. Each year, this event brings together the young and old to celebrate the holiday season. Through performances by local talent, family activities and a spectacular display of fireworks, the event brought the local community together for the Christmas season. Some 5,000 members of the public attended this event and funds were also raised for New South Wales Rural Fire Service.



Charity Casual Mall Leasing Sites (ongoing in FY2020)

Figtree Grove Shopping Centre – As a service to the community, a dedicated Casual Mall Leasing site was earmarked for local not-for-profit and charity organisations. Local groups such as Cancer Council, Red Cross and Salvation Army have used these sites to raise awareness on social causes and other fundraising events.



NATURE & CONSERVATION

Bring Your Own Containers ("BYO") Green Campaign (July – December 2019)

The Clementi Mall and The Rail Mall – 2019 was designated as Year Towards Zero Waste by the Ministry of Sustainability and the Environment ("MSE"). In partnership with Zero Waste Singapore, we kick-started our first green campaign aimed at raising awareness in reducing waste and recycling. Throughout the six-month BYO Green Campaign, shoppers were encouraged to bring their own reusable containers to reduce the use of disposables for takeaways. Over 51 tenants participated in this campaign by offering special deals to shoppers who brought their own containers.

EDUCATION

Figtree High GenZ-2Work Program (September – November 2019)

Figtree Grove Shopping Centre – Through a partnership with Figtree High School, the GenZ-2work program provided students with learning opportunities with the CMT or with tenants at the shopping centre. 25 Year 10 students went through the program where they learnt the basics of mall management from our Australia property manager employees and retail management from the respective tenants.



ARTS & CULTURE

Singapore Bicentennial Fashion Exhibition (October 2019)

Paragon – From 4 to 13 October 2019, Paragon collaborated with Raffles Design Institute ("RDI") and HP Indigo to present a special Bicentennial Fashion Showcase at the mall. RDI students created 14 original apparel designs inspired by Singapore's heritage. The designs were put on showcase as a fashion tribute to Singapore's traditions, culture and people over the last 200 years. Paragon was the venue sponsor for the 10 days of the showcase.



Jingle All The Way (November – Dec 2019)

Paragon – Festive music concerts by various groups set the mood for Christmas with a fine selection of musical highlights. This included performances by Music En Vogue, an ongoing music programme by Paragon, as well as organisations such as VSA, Nan Hua High School, St. Nicks Youth Alumnae Choir and Robert Piano Co / Kawai Music School.



Toddler Time (November – December 2019)

Figtree Grove Shopping Centre – Held on the last Thursday of each month, Toddler Time offers free, themed activities for toddlers, their parents and grandparents such as slime-making, fairy tale fun and even a silent disco. Over 40 children and their carers participated in these activities each month.



SUSTAINABILITY REPORT

SPORTS

Healthy Living – Mass Workouts (Every 1st and 3rd Wednesday of the month, 2019)

The Clementi Mall – The mall partnered with Singapore’s Health Promotion Board (“HPB”) to cultivate an active and healthy lifestyle among residents in the neighbourhood. Through the programme, regular mall workout sessions led by professionals were held on every 1st and 3rd Wednesday of the month. The sessions were consistently well received with an estimate of 20 participants per class.



Men’s Health Campaign (7 & 8 September 2019)

The Clementi Mall – The Men’s Health Campaign by HPB was organised to raise awareness among men on the consequences of poor health habits and the actions they should take to avoid serious health issues. Some of the activities included a one-minute tyre flipping challenge and Dad & Kid Challenges where fathers and their children paired up to compete with opponents at arm-wrestling and one-minute planks. The events attracted about 40 participants each day.



COVID-19 HIGHLIGHT: SUPPORTING OUR TENANTS AND THEIR BUSINESSES

Tenant engagement

Even after Circuit Breaker measures were lifted and Singapore began reopening its economy, it is evident that our retail business still remains affected by the ongoing pandemic and social distancing measures.

Regular meetings and dialogues are held with individual tenants to discuss issues, performance of tenants and their business plans on a group and entity level. Tenants have also been promptly informed of marketing communication plans, promotional campaigns and key events of the malls. Participation of the tenants is encouraged for the various promotional campaigns where appropriate. They are also kept abreast of the measures to be taken in compliance with the advisories from authorities.

Provision of rental assistance to tenants

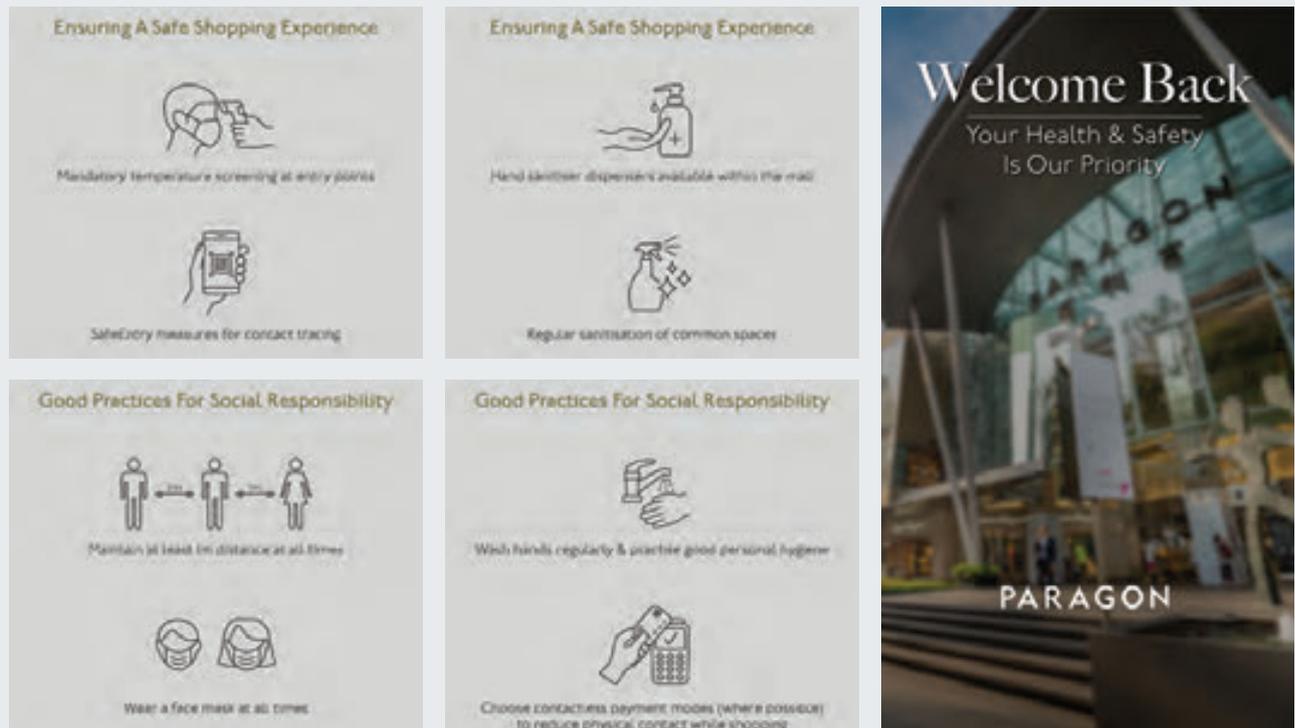
As part of our social commitment efforts, we have fully passed on property tax rebates and granted additional rental rebates to tenants whose businesses have been materially impacted by the COVID-19 pandemic. These additional rental rebates we have provided amounted to S\$31.8 million for eligible tenants in Singapore, while for Australia tenants, we have made an allowance amounting to S\$8.1 million in rental assistance for those eligible.

Responsible reopening of our malls

Our marketing campaign for reopening the malls after the Circuit Breaker period was aimed at bringing in shoppers while bearing in mind the best interests of stakeholders. Posters and infographics were prepared and displayed across all our malls and posted on the respective social media platforms to provide comfort to shoppers on the precautionary measures taken to safeguard their health and safety. In Australia, customers of Figtree Grove were also provided with the latest safety messages via dedicated social media platforms and its website.

COVID-19 HIGHLIGHT: SUPPORTING OUR TENANTS AND THEIR BUSINESSES

Shop with a peace of mind at Paragon with the enhanced contactless shopping experience, as showcased in a post on Facebook.



Safe distancing posters displayed across Paragon, The Clementi Mall and The Rail Mall reminding shoppers to exercise social responsibility



A series of social etiquette tips displayed on The Rail Mall's Facebook page, providing shoppers with ideas on how they can keep fit around the neighbourhood while taking measures to keep themselves and others safe.



SUSTAINABILITY REPORT

7. REPORTING WHAT MATTERS

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

This sustainability report discloses the sustainability performance of SPH REIT for 1 September 2019 to 31 August 2020 ("FY2020"), with FY2019 used for comparison where necessary. In FY2020, we have expanded the reporting scope as shown in the table below.

FY2018	FY2019	FY2020
<ul style="list-style-type: none"> Paragon The Clementi Mall 	<ul style="list-style-type: none"> Paragon The Clementi Mall 	<ul style="list-style-type: none"> Paragon The Clementi Mall The Rail Mall^{NEW} Figtree Grove Shopping Centre^{NEW}

Energy and water consumption data at The Rail Mall have been excluded as they are insignificant to total consumption. Westfield Marion, a shopping complex in Adelaide, South Australia, was excluded from the reporting scope as it was only acquired on 6 December 2019 and full year data for FY2020 is unavailable.

This report has been prepared in accordance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard Listing Rules 711(A) and 711(B), as well as the GRI Standards: Core option. The GRI Standards were chosen as it is an internationally-recognised framework that covers a comprehensive range of sustainability disclosures.

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

More information on our sustainability reporting including the GRI Content Index, please refer to the online version of our Annual Report at <http://sphreit.listedcompany.com/ar.html>

Feedback [GRI 102-53]

SPH REIT seeks to sustain and improve its sustainability practices and reporting. We welcome all stakeholders to address feedback and enquiries to ir@sphreit.com.sg.

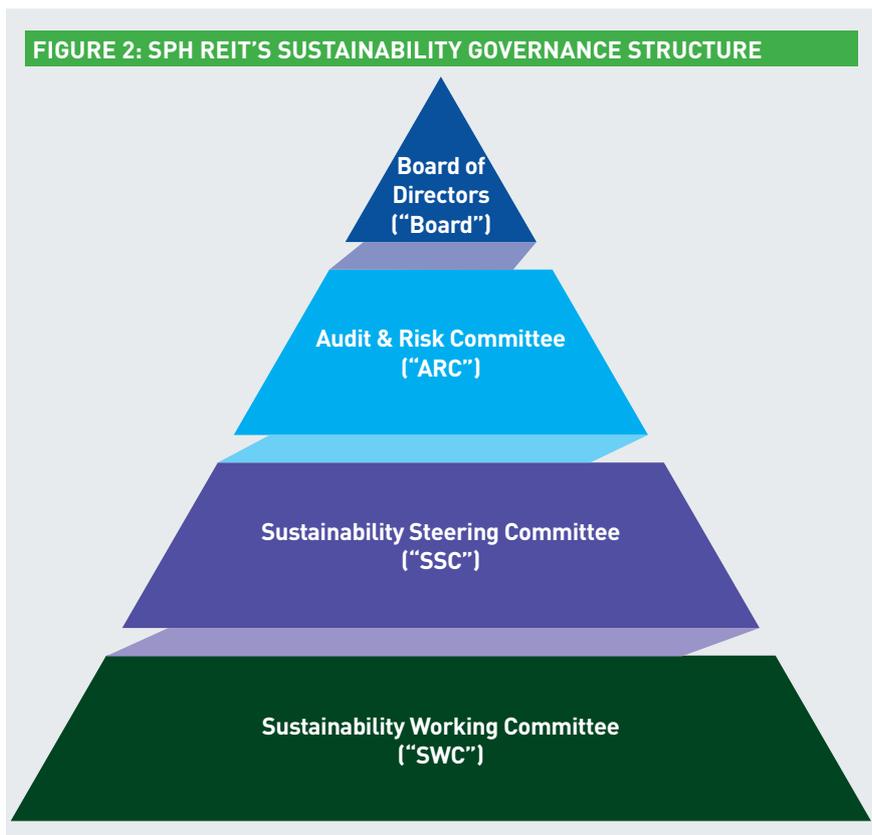
Sustainability Governance [GRI 102-18]

The Board has assigned the Audit & Risk Committee ("ARC") the task of overseeing and monitoring the management and reporting of SPH REIT's material ESG factors.

The Sustainability Steering Committee ("SSC"), comprising senior management, supports the ARC through formulating SPH REIT's sustainability objectives and strategy,

managing and monitoring overall sustainability performance.

The SSC is supported by the Sustainability Working Committee ("SWC"), which consists of representatives from different business functions. Collectively, they ensure sustainability practices are driven across the organisation. The SSC reports overall sustainability efforts and performance to the ARC regularly.



Responsible Supply Chain [GRI 102-9]

SPH REIT is committed to collaborating with transparent, ethical, and environmentally and socially responsible suppliers on projects.

We have adopted SPH Group’s Supplier Code of Conduct which promotes ethical behaviour and sustainability awareness through interactions with various suppliers. The Supplier Code of Conduct covers:

- Compliance with laws and regulations
- Ethical business dealings handled with integrity, transparency and honesty
- Confidentiality in accordance with the terms of their contract and for the benefit of the SPH Group

- Compliance with all applicable competition laws
- Apply fair standards in its treatment of all its employees and comply with national laws on wages and working hours as well as international standards regarding child labour and minimum age
- Provide a safe and healthy working environment for all its employees
- Comply strictly with local environmental laws and practices

During the COVID-19 situation, RPMS’ appointed vendors have continued to provide the minimum service standards required to support the malls’ operations in Singapore. There were no disruptions to the supply chain and material operations across all four properties.

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

At SPH REIT, we believe that long-term growth and success hinges upon active stakeholder engagement. We remain committed to regular, timely engagement and communication with our stakeholders to understand the changing needs and expectations which helps us in allocating our resources appropriately and in responding to their needs effectively. Table 2 summarises the methods through which we engage with key stakeholders and respond to their concerns.

TABLE 2: SPH REIT’S STAKEHOLDER ENGAGEMENT

Customers and Tenants	Unitholders and Investors	Regulators
Description		
To understand the needs of the tenants and customers, and work with tenants to enrich customer experience	To understand and help them understand our sustainability goals and efforts	To communicate with regulators from time to time and ensure compliance with relevant laws and regulations
Engagement Methods		
<p>Singapore</p> <ul style="list-style-type: none"> • Management circulars and notices • Tenant bulletins • Tenant engagement activities • Informal dialogue and networking sessions <p>Australia</p> <ul style="list-style-type: none"> • Annual collaboration workshops • Visual merchandising, social media workshops and loyalty programme • Retailer Handbooks and regular notices 	<ul style="list-style-type: none"> • Release of financial results, operational updates, announcements, media releases, and other relevant disclosures through SGXNET, Annual Report and SPH REIT’s website • Annual General Meeting • Extraordinary General Meeting, where necessary • Updates through one-on-one and group meetings and investor roadshows <i>(held pre-Circuit Breaker)</i> • Online meetings with Unitholders and Investors held post-Circuit Breaker 	<ul style="list-style-type: none"> • Industry networking functions • Annual regulatory audits • Compliance with mandatory reporting requirements and newly-introduced COVID-19 requirements
Key Issues of Interest		
<ul style="list-style-type: none"> • Shopping experience, that enhances the lifestyle • A safe and sustainable space • Contribution to local communities • Property tax rebates and rental reliefs to ease cashflow 	<ul style="list-style-type: none"> • Economic performance and recovery of SPH REIT in a post-COVID-19 economy 	<ul style="list-style-type: none"> • Economic performance • Regulatory and Socioeconomic compliance
Corresponding Sections of the Annual Report		
Sustainability Report	Financial Statements	Corporate Governance Report

SUSTAINABILITY REPORT

TABLE 2: SPH REIT'S STAKEHOLDER ENGAGEMENT

Employees	Contractors and Suppliers	Local Community
Description		
To provide a working environment that provides fair remuneration, equal treatment, safe and healthy working conditions, and career development opportunities	To build mutually beneficial and long-lasting business relationships	To be a responsible corporate citizen that serves the local community
Engagement Methods		
<ul style="list-style-type: none"> Human Resources Policies and Practices Employee grievance mechanism Daily communications via Microsoft Teams, bi-weekly check-ins from supervisors 	<ul style="list-style-type: none"> Regular communications directly with the suppliers 	<ul style="list-style-type: none"> Community outreach programmes and charitable events <i>(held pre-Circuit Breaker)</i> <p>Singapore</p> <ul style="list-style-type: none"> While all in-mall events have been cancelled, messages on being socially responsible during the COVID-19 period have been displayed across malls and their respective social media platforms <p>Australia</p> <ul style="list-style-type: none"> All in-mall events have been downsized & modified to adhere to social distancing restrictions, while messages on being socially responsible during the COVID-19 period have been displayed across malls and their respective social media platforms
Key Issues of Interest		
<ul style="list-style-type: none"> Remuneration, compensation and benefits Fair and equal employment opportunities Training and career development programmes Safe and healthy working environment Job security amidst the COVID-19 crisis and economic downturn 	<ul style="list-style-type: none"> Collaborative partnerships with SPH REIT 	<ul style="list-style-type: none"> Contribution to local communities
Corresponding Sections of the Annual Report		
Sustainability Report	Sustainability Report	Sustainability Report

Materiality [GRI 102-47]

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

The following summarises our approach towards materiality assessment.

FIGURE 3: MATERIALITY ASSESSMENT PROCESS

FY2018	FY2019	FY2020
In FY2016, SPH Group went through an extensive list of ESG factors identified based on industry, peers and sustainability megatrends.	A review of the material ESG factors was conducted, incorporating inputs from various business functions and internal stakeholders.	With the expansion of the reporting scope to include The Rail Mall in Singapore and Figtree Grove in Australia, the six existing material ESG factors were reviewed by Management on its relevance to the business.
Key executives of SPH REIT came together to prioritise and validate these material ESG factors based on their relative importance to SPH REIT's business as well as the different perspectives of a REIT, REIT Manager and Property Manager.	To present a more holistic view of sustainability at SPH REIT, three additional ESG factors (Corporate Governance, Health and Safety of Stakeholders, and Data Privacy) were identified as material and disclosed in FY2019.	The six material ESG factors have been subsequently approved by the Board.
Three ESG material factors (Energy Usage, Water Usage and Local Communities) were identified, approved by the Board and reported in FY2018.		

8. GRI CONTENT INDEX [GRI 102-55]

General Standard Disclosures				
GRI Standard	Disclosure		Section of Report and / or Explanation for Omission	Pg.
GRI 102: General Disclosures 2016	Organisational profile			
	102-1	Name of the organisation	Corporate Profile	2-3
	102-2	Activities, brands, products, and services	Corporate Profile	2-3
	102-3	Location of headquarters	Corporate Directory	Inside back cover
	102-4	Location of operations	Corporate Profile	2-3
	102-5	Ownership and legal form	Corporate Profile	2-3
	102-6	Markets served	Corporate Profile	2-3
	102-7	Scale of the organisation	Financial Highlights Profile of our Workforce	4-5 79
	102-8	Information on employees and other workers	Profile of our Workforce	79
	102-9	Supply chain	Responsible Supply Chain	89
	102-10	Significant changes to the organisation and its supply chain	Responsible Supply Chain	89
	102-11	Precautionary Principle or Approach	Risk Management	94-96
	102-12	External Initiatives	Profile of our Workforce	79
	102-13	Membership of Associations	<ul style="list-style-type: none"> REIT Association of Singapore (REITAS) Orchard Road Business Association (ORBA) 	
Strategy				
102-14	Statement from senior decision-maker	Statement by Chairman and CEO		8-11
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behaviour	Vision and Mission Corporate Governance		Inside front cover 97-116

SUSTAINABILITY REPORT

General Standard Disclosures

GRI Standard	Disclosure	Section of Report and / or Explanation for Omission	Pg.
GRI 102: General Disclosures 2016	Governance		
	102-18	Governance structure	Sustainability Governance 88
	Stakeholder Engagement		
	102-40	List of stakeholder groups	Stakeholder Engagement 89-90
	102-41	Collective bargaining agreements	Profile of our Workforce 79
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement 89-90
	102-43	Approach to stakeholder engagement	Stakeholder Engagement 89-90
	102-44	Key topics and concerns raised	Stakeholder Engagement 89-90
	Reporting Practice		
	102-45	Entities included in the consolidated financial statements	Financial Statements 117-195
	102-46	Defining report content and topic Boundaries	About this Report 88
	102-47	List of material topics	Materiality 91
	102-48	Restatements of information	About this Report 88
	102-49	Changes in reporting	About this Report 88
	102-50	Reporting cycle	About this Report 88
	102-51	Date of most recent report	31 August 2019
	102-52	Reporting cycle	About this Report 88
	102-53	Contact point for questions regarding the report	Feedback 88
	102-54	Claims of reporting in accordance with the GRI Standards	About this Report 88
	102-55	GRI content index	GRI Content Index 91-93
102-56	External assurance	About this Report 88	

Material Topics

Corporate Governance

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability at SPH REIT Anti-corruption 74 77
	103-2	The management approach and its components	Sustainability at SPH REIT Anti-corruption 74 77
	103-3	Evaluation of the management approach	Anti-corruption 77
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Anti-corruption 77
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Sustainability at SPH REIT Regulatory Compliance 74 77

Data Privacy

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability at SPH REIT Data Privacy 74 78
	103-2	The management approach and its components	Sustainability at SPH REIT Data Privacy 74 78
	103-3	Evaluation of the management approach	Data Privacy 78
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability at SPH REIT Data Privacy 74 78

Health and Safety of Stakeholders

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability at SPH REIT Health and Safety of Stakeholders 74 79-80
	103-2	The management approach and its components	Sustainability at SPH REIT Health and Safety of Stakeholders 74 79-80
	103-3	Evaluation of the management approach	Health and Safety of Stakeholders 79-80

Material Topics				
GRI Standard	Disclosure		Section of Report and / or Explanation for Omission	Pg.
Health and Safety of Stakeholders				
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Health and Safety of Stakeholders	79-80
	403-2	Hazard identification, risk assessment and incident investigation	Health and Safety of Stakeholders	79-80
	403-3	Occupational Health Services	Health and Safety of Stakeholders	79-80
	403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety of Stakeholders	79-80
	403-5	Worker training on Occupational Health and Safety	Health and Safety of Stakeholders	79-80
	403-6	Promotion of worker health	Health and Safety of Stakeholders	79-80
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety of Stakeholders	79-80
	403-9	Work-related injuries	Health and Safety of Stakeholders	79
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health and Safety of Stakeholders	79
Energy Usage				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability at SPH REIT Energy and Emissions	75 80-82
	103-2	The management approach and its components	Sustainability at SPH REIT Energy and Emissions	75 80-82
	103-3	Evaluation of the management approach	Energy and Emissions	80-82
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Energy and Emissions	81-82
	302-3	Energy Intensity	Energy and Emissions	81-82
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG Emissions	Energy and Emissions	81-82
	305-4	GHG emissions intensity	Energy and Emissions	81-82
Water Usage				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability at SPH REIT Water	75 81-82
	103-2	The management approach and its components	Sustainability at SPH REIT Water	75 81-82
	103-3	Evaluation of the management approach	Water	81-82
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Water	81
	303-2	Management of water discharge-related impacts	Water	81
	303-3	Water withdrawal	Water	81-82
Local Communities				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability at SPH REIT Impact on Local Communities	75 83-87
	103-2	The management approach and its components	Sustainability at SPH REIT Impact on Local Communities	75 83-87
	103-3	Evaluation of the management approach	Impact on Local Communities	83-87
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Impact on Local Communities	83-87

RISK MANAGEMENT

RISK MANAGEMENT APPROACH AND PHILOSOPHY

Risk Management is an integral part of the culture of SPH REIT (the "Manager") and the Board of Directors ("Board") is responsible for establishing the overall risk strategy and governance. The Manager advocates a continuous and iterative process for enhancing risk awareness.

The current risk management framework follows a general principle of identification, measurement, monitoring and mitigation where possible on different types of risks. This framework assists the Board and the Manager to assess, mitigate and monitor risks with the objective of capital preservation and ensures resilience in cyclical changes in business conditions. The framework also facilitates effective decision-making processes with due consideration to the risk-return trade-offs. The Board delegates the oversight of the risk management framework to the Audit & Risk Committee ("ARC"). The ARC is responsible for overseeing the proper implementation and maintenance of the risk management programme, and the Manager is accountable to the Board by identifying, assessing, monitoring, testing and recommending the tolerance levels of risks.

The Manager maintains a sound system of risk management and internal controls to safeguard stakeholders' interests and its assets. The Manager's risk management

philosophy is built on a culture where risk exposures are mitigated by calibrating risks to acceptable levels while achieving its business plans and goals.

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

- Risks can be managed but cannot be totally eliminated.
- Every level of management must assume ownership of risk management.
- Engagement of ARC on material matters relating to various types of risk and development of risk controls and mitigation processes.
- Risk management processes are integrated with other processes including budgeting, mid-/long-term planning and business development.

The key outputs of the Manager's Risk Management are:

- Defining a common understanding of risk classification and tolerance.
- Identifying key risks affecting business objectives and strategic plans.
- Identifying and evaluating existing controls and developing additional plans required to treat these risks.
- Implementing measures and processes to enable ongoing monitoring and review of risk severity and treatment effectiveness.
- Risk awareness training and workshops.

- Continuous improvement of risk management capabilities.

A robust risk management system is in place to address financial, operational, compliance and technology risks that are relevant and material to operations. Periodical internal audit is conducted to ensure that directions, policies, procedures and practices are adhered to and functioning as desired.

COVID-19 Risks

With the advent of COVID-19 in early 2020 which has rapidly spread worldwide to a major pandemic, The Manager promptly identified the emerging new major risks, assessed the potential impact on the businesses and undertook initiatives to address these risks.

The Manager has implemented telecommuting and split team operations for the employees. Measures were also taken to intensify the cleaning and disinfecting of the assets as well as instituting safe distancing to prevent crowding. Besides compliance with the various government regulations and rebate schemes, the Manager has also introduced various initiatives for tenants to help mitigate the effects of declining footfall and sales. These include tailored relief assistances depending on individual tenant's circumstances, as tenants with different trade types have different operating metrics. For financial flexibility, additional credit facilities have also been secured to be

utilised when the need arises. The Manager has held regular meetings on crisis management to address the above risks and other business risks for sustainability of the businesses and maintaining the long-term sustainability of the assets.

Real Estate Market Risks

Real estate market risks, such as volatility in rental rates and occupancy, competition and regulatory changes may have an adverse effect on property yields. Such risks are monitored to minimise adverse financial impact on existing assets. These risks are also reviewed for acquisition or disposal opportunities. Any significant change to the risk profile is reported to the ARC for assessment and mitigation.

Operational Risks

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

A comprehensive Business Continuity Plan ("BCP") is in place to minimise the potential impact from disruptions to critical businesses, in the event of catastrophes such as terrorism, pandemics and natural disasters. Operating and supporting service providers, as well as tenants, are involved to ensure operational

preparedness. The Manager practises risk transfer by procuring relevant insurance policies to mitigate certain financial losses.

Outsourcing Risks

In Australia, the Manager relies on the appointed investment and property managers for the day-to-day running of Westfield Marion Shopping Centre and Figtree Grove Shopping Centre. Operational risks associated with an offshore investment are reduced through the engagement of reputable outsourced operators with strong localised experience in Australia. Necessary steps are also taken on their end to ensure compliance with the Privacy Act 1988.

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

Credit Risks

All leases are subject to prior assessment of business proposition and credit risk involved. To further mitigate risks, security deposits in the form of cash or banker's guarantees are required for tenancy agreements and debtor balances are closely monitored to manage potential bad debts.

Financing, Interest Rate and Foreign Exchange Risks

The Manager proactively manages the financing risk of SPH REIT by ensuring that its debt maturity profile is spread out without major concentration of debts maturing in a single year, as well as maintaining an appropriate gearing level and tenure for its borrowings.

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

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

Liquidity Risks

The Manager actively manages the cash flow position and operational requirements to ensure there is sufficient working capital to fund daily operations and meet other obligations. In addition, to manage bank concentration risks, the Manager places its cash balances as well as establishes its debt facilities with more than one reputable bank of good credit rating.

RISK MANAGEMENT

Investment Risks

All investment proposals are subject to a rigorous and disciplined assessment taking into consideration the asset valuation, yield and sustainability. Sensitivity analysis is included in each review to assess the impact of a change in assumptions used. Potential acquisitions will be reviewed and analysed by the Manager before any recommendations are tabled for deliberation and approval by the Board. Upon the Board's approval, the investment proposal will be submitted to the Trustee for final endorsement. The Trustee monitors the Manager's compliance with the Property Fund Appendix of the Code on Collective Investment Schemes, restrictions and requirements of the listing manual of the Singapore Exchange Securities Trading Limited, and the provisions of the Trust Deed.

Legal, Regulatory and Compliance Risks

The Manager takes a resolute stance in compliance, observing all laws and regulations including, restrictions and requirements of the listing manual of the Singapore Exchange Securities Trading Limited, MAS' Property Funds Appendix and the provisions in the Trust Deed. Written corporate policies and procedures facilitate staff awareness and provide clear instructions for the implementation of operational and business processes to minimise inadvertent contravention of applicable legislations and

regulations, counterparty obligations and all contractual agreements. Quarterly reports on significant legal, regulatory and compliance matters are submitted to ARC for guidance.

Formal processes for Workplace Safety and Health compliance have also been implemented for all buildings, shopping malls, and offices, including any business and public services. In addition, a compliance framework containing policies and practices to regulate the proper management of personal data in the group is in place to meet the requirements of the Personal Data Protection Act ("PDPA").

Fraud Risks

The Manager has in place a Code of Business Ethics and Employee Conduct ("Code of Conduct") which states that the organisation does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by staff in the course of their work. The Code of Conduct covers areas such as fraud, business and workplace behaviour, and the safeguarding of assets, proprietary information and intellectual property. Any breach of the Code of Conduct may result in disciplinary action including dismissal or termination of the employment contract. The Board has established a whistleblowing policy for employees and any other persons to raise concerns about potential or actual improprieties in financial or other operational matters.

Technology & Cyber Risks

Information Technology ("IT") plays a vital role in the sustainability of the business and the Manager is fully cognizant of the evolving risks in technology and cyber security. IT system failures may cause downtime in business operation and adversely affect operational efficiency and integrity. The Manager has therefore implemented tight controls within the corporate IT systems to address such threats. In this respect, IT policies are in place to guide staff on appropriate and acceptable use of IT resources including computers, networks, hardware, software, email, applications and data in order to ensure the efficiency and integrity of these computing resources.

All systems are regularly reviewed to ensure that the security features are adequate for safeguarding and preventing unauthorised access or disclosure of any data that is in the organisation's possession. As part of the BCP, an IT disaster recovery programme is also in place to ensure systematic off-site back-up of data.

CORPORATE GOVERNANCE

The board and management of SPH REIT Management Pte. Ltd., and the manager of SPH REIT (the "Board"; the "Management"; the "Manager"), are committed to good corporate governance as they believe that it is essential to the sustainability of SPH REIT's business and performance as well as in protecting the interests of the Unitholders of SPH REIT ("Unitholders"). Good corporate governance is also critical to the performance and success of the Manager.

SPH REIT's corporate governance policies and practices are in accordance with the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "MAS") on 6 August 2018 (the "2018 Code"). The Manager has adhered to the principles and provisions of the 2018 Code in all material aspects. In so far as any provision has not been complied with, the reason has been provided. The Annual Report should be read in totality for the Manager's full compliance.

THE MANAGER OF SPH REIT

The Manager has general powers of management over the assets of SPH REIT. The Manager's main responsibility is to manage SPH REIT's assets and liabilities for the benefit of Unitholders.

The Manager discharges its responsibility for the benefit of Unitholders, in accordance with applicable laws and regulations as well as the trust deed constituting SPH REIT dated 9 July 2013 ("Trust Deed") and as amended from time to time. The Manager sets the strategic direction of SPH REIT and gives recommendations to DBS Trustee Limited, as trustee of SPH REIT (the "Trustee") on the acquisition, divestment, development and/or enhancement of its assets in accordance with its stated investment strategy. As a REIT manager, the Manager is granted a Capital Markets Services Licence ("CMS Licence") by the MAS.

The Manager uses its best endeavours to ensure that SPH REIT conducts its business in a proper and efficient manner; and conducts all transactions with or for SPH REIT on an arm's length basis and on normal commercial terms. The Manager's other functions and responsibilities include:

1. preparing business plans on a regular basis, which may contain proposals and forecasts on gross revenue, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions;
2. ensuring compliance with the applicable provisions of the Securities and Futures Act and all other relevant legislation such as the SGX-ST Listing Manual, Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (the "Property Funds Appendix"), the Trust Deed, the CMS Licence and any tax ruling and all relevant contracts;
3. attending to all regular communications with Unitholders; and
4. supervising SPH Retail Property Management Services Pte Ltd, the property manager that manages the day-to-day property management functions (including leasing, accounting, budgeting, marketing, promotion, property management, maintenance and administration) for SPH REIT's properties in Singapore, pursuant to the property management agreements signed for the respective properties.

CORPORATE GOVERNANCE

BOARD MATTERS

Board's Conduct of its Affairs

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

The Board is responsible for the overall management and corporate governance of the Manager and SPH REIT including establishing goals for Management and monitoring the achievement of these goals. The Board also sets the values and ethical standards of SPH REIT as well as considers sustainability issues relevant to its business, its stakeholders, and its impact on the environment.

The key roles of the Board are to:

1. guide the corporate strategy and directions of the Manager;
2. ensure that senior management discharges business leadership and demonstrates the necessary management capability with integrity and enterprise;
3. oversee the proper conduct of the Manager; and
4. safeguard the interests of SPH REIT Unitholders and SPH REIT's assets.

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

To assist the Board in the discharge of its oversight function, the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC") have been constituted with written terms of reference.

The Board has put in place a set of internal controls containing approval limits for operational and capital expenditures, investments and divestments, bank borrowings and cheque signatory arrangements. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

Matters requiring the Board's decision and approval include:

1. Material transactions such as major funding proposals, investments, acquisitions and divestments including SPH REIT's commitment in terms of capital and other resources;
2. The annual budgets and financial plans;
3. Annual and quarterly financial reports;
4. Internal controls and risk management strategies and execution; and
5. Appointment of directors and key management staff including review of performance and remuneration packages.

The names of the members of the Board Committees are set out in the Corporate Directory page of this Annual Report.

Board and Board Committee Attendance

The Board meets on a quarterly basis and as warranted by particular circumstances. Five Board meetings were held in the financial year ended 31 August 2020 ("FY2020") to discuss and review the Manager's and SPH REIT's key activities, including its business strategies and policies for SPH REIT, proposed acquisitions and disposals, the annual budget, the performance of the business and the financial performance of SPH REIT and the Manager. The Board also reviews and approves the release of the quarterly results (where applicable) and, half and full-year results. For the quarter where no financial report was issued, the Board reviewed and approved the operational and performance update of that quarter. A Director who is unable to attend any meeting in person may participate via telephone or video conference. The attendance of the Directors at meetings of the Board, ARC and NRC, and the frequency of such meetings, is disclosed below. A Director who fails to attend three Board meetings consecutively, without good reason, will not be nominated for re-appointment and will be deemed to have resigned.

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

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

DIRECTORS' ATTENDANCE AT BOARD, AUDIT AND RISK COMMITTEE AND NOMINATING AND REMUNERATION COMMITTEE (FOR FY2020)

Directors' attendance at Board, Audit & Risk Committee and Nominating and Remuneration Committee meetings for the period from 1 September 2019 to 31 August 2020.

Name of Director	Board	Audit & Risk Committee	Nominating & Remuneration Committee
Leong Horn Kee (Board Chairman) (Appointed on 10 June 2013)	5 out of 5	4 out of 4	2 out of 2
Soon Tit Koon (Audit & Risk Committee Chairman) (Appointed on 10 June 2013)	5 out of 5	4 out of 4	2 out of 2
David Chia Chay Poh (Nomination & Remuneration Committee Chairman) (Appointed on 10 June 2013)	5 out of 5	4 out of 4	2 out of 2
Hoo Sheau Farn (Appointed on 26 September 2018)	5 out of 5	4 out of 4	2 out of 2
Ng Yat Chung (Appointed on 1 August 2017)	5 out of 5	4 out of 4	2 out of 2
Ginney Lim May Ling (Appointed on 10 June 2013)	5 out of 5	4 out of 4	2 out of 2
Chua Hwee Song (Appointed on 30 November 2018)	5 out of 5	4 out of 4	2 out of 2

CORPORATE GOVERNANCE

Access to Information

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

The Board is provided with monthly and quarterly reports (where applicable) and half-yearly reports encompassing management reports, financial statements, progress reports of SPH REIT's business operations, as well as analysts' reports. The quarterly results announcements and annual budget are presented to the Board for approval. Financial results are compared against the immediate preceding year as well as budgets, together with explanations given for significant variances for the relevant period. The Board also receives regular updates regarding industry and technological developments. Because of the Covid-19 situation, Directors received more regular updates through management update meetings. Such reports enable Directors to keep abreast of issues and developments in the industry, as well as challenges and opportunities for SPH REIT.

As a general rule, board papers are sent to Directors at least one week in advance in order for Directors to be adequately prepared for the meeting. Senior Management and the property management team, when appropriate, attend Board meetings to answer any queries from the Directors. The Directors also have unrestricted access to the Company Secretary and Management at all times. Directors are entitled to request from Management and be provided with such additional information as needed to make informed and timely decisions. The Company Secretary works closely with the Chairman in setting the agenda for Board meetings, and attends all Board meetings and prepares minutes of the Board proceedings. The Company Secretary ensures that Board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flow within the Board and the Board Committees and between Management and Directors. The Company Secretary also organises orientation and training for Directors, as well as provides updates and advises Directors on all governance matters. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Should Directors, whether as a group or individually, need independent professional advice relating to the Manager's affairs, the Company Secretary will appoint a professional advisor to render the relevant advice and keep the Board informed of such advice. The cost of such professional advice will be borne by the Manager.

Board Composition and Guidance

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

Currently, the Board comprises seven Directors, of whom four are independent Directors and three are non-independent non-executive Directors. Each Director has been appointed on the strength of his/her calibre, expertise and experience.

SPH REIT is committed to building an open, inclusive and collaborative culture, and recognises the benefits of having a Board with diverse backgrounds and experience. Such diversity will provide a wider range of perspectives, skills and experience, which will allow the Board to better identify possible risks, raise challenging questions, and contribute to strategic direction and problem-solving. The Board is of the view that the current composition of the Board encompasses an appropriate balance and diversity of skills, experience, gender, knowledge and core competencies such as accounting, law, finance, business or management experience, industry knowledge and strategic planning experience. The Board will continue to review its composition regularly to ensure that the Board has the appropriate balance and diversity to maximise its effectiveness.

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

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

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

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

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

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

The Board and Management are given opportunities to engage in open and constructive debate for the furtherance of strategic objectives of the Manager and SPH REIT. All Board members are supplied with relevant, complete and accurate information on a timely basis and may challenge Management's assumptions and also extend guidance to Management, in the best interest of SPH REIT.

To facilitate open discussions and the review of the performance and effectiveness of Management, the Directors meet at least once annually without the presence of Management.

CORPORATE GOVERNANCE

Chairman and Chief Executive Officer

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

The Chairman and CEO are separate persons and are not related, to maintain an effective check and balance. The Chairman is a non-executive and independent Director. The CEO bears executive responsibility for SPH REIT's business and implements the Board's strategic decisions. The roles of the Chairman and the CEO are kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman sets the agenda for Board meetings, ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues, and that complete, adequate and timely information is made available to the Board. He encourages constructive exchanges and sharing within the Board and between the Board and Management, facilitates the effective contribution of Directors, and facilitates effective communications with Unitholders. He takes a lead role in promoting high standards of corporate governance, with the full support of the Directors, the Company Secretary and Management.

The Manager does not have any lead Independent Director given that the Chairman and CEO are not the same person and are not immediate family members. The Chairman is not part of the management team and is an independent Director.

Board Membership

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

The NRC administers nominations to the Board, reviews the structure, size and composition of the Board, and reviews the independence of Board members. In addition, as part of regulatory requirements, MAS also gives approval for any change of the CEO or of any appointment of Director. Directors of the Manager are not subject to periodic retirement by rotation.

The composition of the Board, including the selection of candidates for new appointments to the Board as part of the Board's renewal process, is determined using the following principles:

- (a) the Board should comprise Directors with a broad range of commercial experience, including expertise in funds management, the property industry and in the finance and legal fields; and
- (b) at least one-third of the Board should comprise independent Directors. Where, among other things, the Chairman of the Board is not an independent Director, at least half of the Board should comprise independent Directors.

Provision 4.5 of the 2018 Code recommends that the NRC and the Board assess the ability of the Director to diligently discharge his or her duties if he or she holds a significant number of listed company directorships and principal commitments and disclose the assessment in the annual report. The Board is of the view that, the limit on the number of listed company directorships that an individual may hold should be six but this serves only as a guide. The Board has the discretion to decide whether to adhere to the guide on a case-by-case basis, as a person's available time and attention may be affected by many different factors such as whether they are in full-time employment and their other responsibilities.

A Director with multiple directorships is expected to ensure that sufficient attention is given to the affairs of the Manager in managing the assets and liabilities of SPH REIT for the benefit of Unitholders. In considering the nomination of Directors for appointment, the Board will take into account, amongst other things, the competing time commitments faced by Directors with multiple Board memberships. All Directors have confirmed that notwithstanding the number of their individual listed company board representations and other principal commitments, they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of SPH REIT for the benefit of Unitholders. The Board is of the view that current commitments of each of its Directors are reasonable and each of the Directors is able to and has been able to carry out his/her duties satisfactorily.

The NRC will review the composition of the Board and ARC periodically, taking into account the need for progressive renewal of the Board and each Director's competencies, commitment, contribution and performance.

The NRC regularly reviews the balance and mix of expertise, skills and attributes of the Directors in order to meet the business and governance needs of the Manager, shortlists candidates with the appropriate profile for nomination or re-nomination and recommends them to the Board for approval. It looks out for suitable candidates to ensure continuity of Board talent. Some of the selection criteria used are integrity, independent mindedness, diversity of competencies, ability to commit time and effort to the Board, track record of good decision-making experience in high-performing companies and financial literacy.

The Board does not appoint alternate directors.

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

Training for Directors

Upon the appointment of a Director, he is provided with a letter setting out his key responsibilities. New Directors will go through an orientation and induction programme, which includes site visits to the operational centres so as to familiarise them with SPH REIT's business, operations and organisation structure. Directors are updated on changes in relevant laws and regulations; industry developments; and analyst and media commentaries on matters related to SPH REIT.

Following their appointment, Directors are provided with opportunities for continuing education in areas such as Directors' duties and responsibilities, changes to laws, regulations, accounting standards and industry related matters so as to be updated on matters that affect or may enhance their performance as Board or Board Committee members.

Directors are informed and encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors, SGX-ST, and relevant business and financial institutions and consultants.

For FY2020, Directors were provided with or underwent training in various areas including regulatory updates such as COVID-19 measures for REITs, impact of COVID-19 and business sustainability and data-driven digital commerce. Directors also attended Directors conferences and seminars on audit committees that were organised by the Singapore Institute of Directors.

Directors may, at any time, request for further explanations, briefings or informal discussions on any aspect of SPH REIT's or the Manager's operations or business issues from Management.

CORPORATE GOVERNANCE

Review of Directors' Independence

The NRC will review annually whether a Director is considered an independent director based on the 2018 Code and the Securities and Futures (Licensing and Conduct of Business) Regulations. An independent director is one who is independent from (i) management or business relationships with the Manager and SPH REIT; and (ii) every substantial shareholder of the Manager and every substantial Unitholder of SPH REIT. The NRC and the Board have established a process for assessing the independence of Directors. As part of the process, each of the relevant non-executive Directors is required to confirm, upon appointment, as well as on an annual basis, that there are no material relationships which would render him or her non-independent. The confirmations are reviewed by the Board during which the Board also considers the Directors' respective contributions at Board meetings. The NRC has ascertained that for the period under review, four of the non-executive Directors, namely Dr Leong Horn Kee, Mr Soon Tit Koon, Mr David Chia and Ms Hoo Sheau Farn, were independent and that all Directors devoted sufficient time and attention to the Manager's affairs. There are no relationships or circumstances which affect or would be likely to affect the judgment of the independent Directors, and their ability to discharge their responsibilities as independent Directors of the Board. None of the independent Directors have served on the Board for more than nine years from the date of first appointment.

The NRC and the Board had evaluated Ms Hoo's independence on these grounds: (a) Ms Hoo, a partner of Allen & Gledhill ("A&G") of which she has less than 5% share, was not involved in any of the matters handled by A&G for SPH Group and the legal fees received by A&G was not substantive in relation to its total earnings; (b) Ms Hoo would declare any conflict of interest; and (c) her independence will be reviewed annually or as and when necessary.

Board Performance

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

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

The NRC reviews the Board's performance on an annual basis, based on the performance criteria as agreed by the Board from time to time, and decides how this may be evaluated.

Board Evaluation Process

This process involves having Directors complete a Questionnaire seeking their views on various aspects of Board performance, such as Board composition, access to information, process and accountability.

The Company Secretary compiles Directors' responses to the Questionnaire into a consolidated report. The report is discussed at the NRC meeting.

For FY2020, the Questionnaire on the performance of the Board and Board Committees was reviewed in accordance with the best practices on board evaluation. The performance of the Board was reviewed as a whole, taking into account the Board's composition and size, the Board's access to information, Board processes, Board accountability, standard of conduct and performance of the Board's principal functions and fiduciary duties, and guidance to and communication with the Management.

Individual Director Evaluation

As at FY2020, the NRC also conducted a peer evaluation to assess the performance of individual Directors. The Board Chairman assessed the performance of individual directors based on factors such as the Director's attendance, preparedness, candour, participation and contribution at Board meetings, industry and business knowledge, functional expertise, and commitment and dedication. The results of the peer evaluation are compiled by the Company Secretary and given to the Board Chairman, who assesses the performance of the individual Directors, and will discuss with each individual Director if needed.

The NRC is satisfied that all performance objectives have been achieved for FY2020 for the Board as a whole and for individual Directors.

Succession Planning

The NRC regards succession planning as an important part of corporate governance and follows an internal process of succession planning for the Directors and CEO to ensure the progressive and orderly renewal of the Board.

REMUNERATION MATTERS

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

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

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

As SPH REIT has no personnel of its own, the Manager hires qualified staff to manage the operations of the Manager and SPH REIT. As such, the remuneration of Directors and staff of the Manager is paid by the Manager, and not by SPH REIT.

The NRC supports the Board in the remuneration matters of the Manager in accordance with the NRC's written terms of reference. As the NRC comprises all members of the Board, the majority of the NRC is independent. Chairman of the NRC is Mr David Chia who is an independent director. The NRC's terms of reference set out the scope and authority, amongst others, in performing the functions of a remuneration committee, which include the following:

1. review and recommend to the Board a framework of remuneration for the Board, CEO and key executives;
2. review and recommend to the Board the specific remuneration packages for each director, the CEO and key executives;
3. review and administer the share and other incentive scheme(s) adopted by the Manager and decide on the allocations to eligible participants under the said share scheme(s); and
4. review the Manager's obligations arising in the event of termination of the executive directors' and key executives' contracts of service, so as to ensure that such contracts of service contain fair and reasonable termination clauses.

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

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

CORPORATE GOVERNANCE

The NRC has considered the remuneration policies and practices of the Manager's holding company, Singapore Press Holdings Limited ("SPH"), and believes that these are transparent and suitable for adoption by the Manager taking into account the circumstances of the Manager and SPH and its subsidiaries as well as the benefits of tapping into SPH's compensation framework. In its decision to adopt the remuneration policies and practices of SPH, the NRC took into account that the framework of remuneration for the Board and key executives should not be taken in isolation; it should be linked to the building of management strength and the development of key executives. Following the directions and guidelines from the MAS on the remuneration of directors and key executive officers of REIT managers, the Board with the assistance of the NRC has reviewed the remuneration objectives, policies and procedures applicable to the Manager, with a view to aligning them with the substance and spirit of such directions and guidelines from the MAS.

Name	Board Member S\$	Audit & Risk Committee S\$	Nominating & Remuneration Committee S\$	Total Fees S\$ [#]
Leong Horn Kee	70,000 (Chairman)	–	7,000	73,150
Soon Tit Koon	40,000	20,000 (Chairman)	7,000	63,650
David Chia Chay Poh	40,000	13,000	12,000 (Chairman)	61,750
Hoo Sheau Farn	40,000	13,000	7,000	57,000
Ng Yat Chung*	40,000	–	7,000	44,650
Chua Hwee Song*	40,000	–	7,000	44,650
Ginney Lim May Ling*	40,000	–	7,000	44,650
Total Fees				389,500

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

The Directors took a 10% cut in their fees for the third and fourth quarters of FY2020 in light of the COVID-19 situation. Total Fees reflect the 10% cut in fees for the third and fourth quarters of FY2020.

Directors' fees comprise a basic retainer fee and fees in respect of service on Board Committees. The Directors' fees are appropriate for the level of contribution, taking into account factors such as effort and time spent, and the responsibilities of the Directors, such that the independence of the independent non-executive Directors is not compromised by their compensation. While there are no unit-based compensation schemes in place for non-executive Directors, the NRC may consider the introduction of unit-based compensation for non-executive Directors as and when appropriate.

There are no termination, retirement and post-employment benefits granted to Directors, the CEO or the CFO during FY2020.

No employee of the Manager whose remuneration exceeded \$100,000 in FY2020 was a substantial shareholder of the Manager, substantial unitholder of SPH REIT or immediate family member of a Director, the CEO or a substantial shareholder of the Manager or substantial unitholder of SPH REIT. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

In deciding on the remuneration of directors and key executive officers, the NRC will consider the level of remuneration that is appropriate to attract, retain and motivate the directors and key executive officers to run the Manager successfully. The NRC will, in setting the remuneration packages, take into account the pay and employment conditions within the industry and in comparable companies, the Manager's relative performance and the performance of the key executive officers.

The Manager adopts a remuneration policy for staff comprising a fixed component, a variable component, and benefits-in-kind. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Manager's and each individual employee's performance. The NRC will approve the bonus for distribution to staff on that basis.

The NRC may seek expert advice inside and/or outside of the Manager on remuneration of Directors and staff. It will ensure that in the event of such advice being sought, existing relationships, if any, between the Manager and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

The 2018 Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the Securities and Futures Act) require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis with a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/ bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives; (ii) the disclosure of the remuneration of at least the top five key executive officers (who are neither Directors nor the CEO) in bands of \$250,000, with a breakdown (in percentage or dollar terms) of each key executive officer's remuneration earned through base/fixed salary, variable or performance related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives; and (iii) the aggregate total remuneration paid to the top five key executive officers (who are neither Directors nor the CEO). In the event of non-disclosure, the Manager is required to give reasons for such non-disclosure.

The Board has reviewed, assessed and decided against such disclosure on the following grounds:

1. the remuneration of the Directors and employees of the Manager are not paid out of the deposited property of SPH REIT (listed issuer). Instead, they are remunerated directly by the Manager, which is a private company. The fees that the Manager gets from SPH REIT have been disclosed under the "Interested person/interested party transactions" section of the Annual Report;
2. remuneration matters for the CEO and each of the executive officers are highly confidential and sensitive matters;
3. there is no misalignment between the remuneration of the Directors and the key management personnel of the Manager and the interests of the Unitholders given that their remuneration is not linked to the gross revenue of SPH REIT and is paid out of the assets of the Manager and not out of SPH REIT; and
4. such disclosure may have negative impact on the Manager in attracting and retaining talent for the Manager on a long-term basis, taking into consideration factors such as the commercial sensitivity and confidential nature of remuneration matters, the competitive nature of the REIT management industry, the competitive business environment in which the Manager operates, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place.

For the Manager, long-term incentive-based compensation is granted as part of an overall compensation programme. It is an extension of the Manager's pay-for-performance philosophy. Performance unit awards recognise the contributions and services of high performing employees, and motivate the incumbents to perform for the long-term success of SPH REIT as well as to enhance total returns for Unitholders of SPH REIT.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management and Internal controls

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

The ARC assists the Board in overseeing the risk governance of the Manager and SPH REIT to ensure that the Manager maintains a sound system of risk management and internal controls to safeguard SPH REIT's assets and Unitholders' interests.

The ARC's objectives in relation to risk management include the following:

- (a) Oversee SPH REIT's and the Manager's risk exposure and risk management strategy;
- (b) Review and guide Management in the formulation of SPH REIT's and the Manager's risk policies and implementation of risk management assessment processes and mitigation strategies;
- (c) Review the report to the Board of risk management activities and performance, including whether key risks are managed within acceptable levels, breaches of any of key risk indicators and the corrective actions taken;
- (d) Review annually, or more often as required by the ARC, the adequacy and effectiveness of SPH REIT's and the Manager's risk management and internal control systems and processes, including those governing financial, operational, compliance and information technology risks, and
- (e) Report to the Board all significant risk matters and ARC's assessment of risk management performance on an annual basis.

The Manager has in place a risk management framework which has been established to ensure adequate and effective management of risks in the Manager and SPH REIT and facilitate the Board's assessment on the adequacy and effectiveness of the Manager's and SPH REIT's risk management system. The framework sets out the governing policies, processes and systems pertaining to each of the key risk areas to which the Manager and SPH REIT are exposed. The framework also facilitates the assessment by the Board in the effectiveness of the Manager in managing each of the key risk areas.

Under the risk management framework, the Manager has implemented a systematic risk assessment process to identify significant risks, set relevant risk appetite, monitor risk exposure, and take risk mitigating measures when necessary. The Manager's approach to risk management and internal control and the management of key business risks is set out in the "Risk Management Report" section on pages 94 to 96 of this Annual Report.

The ARC reviews periodically the implementation by the Management of the risk management framework, and the extent to which risk perspectives are used in achieving its strategic objectives of SPH REIT. Key risks, their likely impact and possible control measures and management actions have to be continually identified, analysed and understood by Management before any significant undertaking is embarked upon. In addition, the Manager also promptly submits monthly reports to the Board on business and financial performance and updates on operational matters.

The SPH's Internal Audit Division ("IAD") has an annual audit plan, which complements that of the external auditors. IAD's plan focuses on material internal control systems including financial, operational, IT and compliance controls, and risk management. IAD also assesses security and control in new systems development, recommends improvements on the effectiveness of operations, and contributes to risk management and corporate governance processes. Any material non-compliance with established processes or lapses in internal controls together with corrective measures are reported to the ARC. The ARC annually reviews the adequacy and effectiveness of IAD.

The CEO and CFO at each financial year-end will provide a letter of assurance to the Board on the integrity of the financial records/statements, as well as the adequacy and effectiveness of SPH REIT's risk management and internal control systems.

Such assurance includes the following:

- internal controls were established and maintained;
- material information relating to the Manager is disclosed on a timely basis for the purposes of preparing financial statements;
- Manager's risk management and internal controls were effective as at the end of the financial year; and
- financial records have been properly maintained and the financial statements give a true and fair view of SPH REIT's operations and finances.

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

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

Based on the internal audit reports submitted and the management controls that are in place, the ARC is satisfied that the internal control systems provide reasonable assurance that SPH REIT's assets are safeguarded, that proper accounting records are maintained and financial statements are reliable. In addition, the Manager's external auditors will highlight any material internal control weaknesses which have come to their attention in the course of their annual audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses and recommendations, if any, will be reported by the external auditors to the ARC.

Based on the internal controls established and maintained by the Manager, work performed by the internal and external auditors, and regular reviews performed by Management, CEO, CFO, the Board and ARC are of the opinion that the Manager's risk management systems and internal controls were adequate and effective as at 31 August 2020 to address financial, operational, compliance and information technology risks, which the Manager considers relevant and material to SPH REIT's operations.

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

Code of Dealings in Securities

The Manager has in place a Code of Dealings in SPH REIT units, which prohibits dealings in SPH REIT units by all Directors of the Manager, certain employees of the Manager, SPH and its subsidiaries, within trading "black-out" periods. The "black-out" periods are the one-month periods prior to the announcement of the half year and the full year financial statements of SPH REIT. These persons are also reminded to observe insider trading laws at all times, and not to deal in SPH REIT units when in possession of any unpublished price-sensitive information regarding the Manager or SPH REIT, or on short-term considerations. The Manager would issue reminders to its Directors, relevant officers and employees on the restrictions in dealing in SPH REIT units as set out above.

CORPORATE GOVERNANCE

Audit and Risk Committee

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

The ARC currently comprises three members, all of whom are non-executive and independent Directors. The Chairman is Mr Soon Tit Koon and its members are Mr David Chia and Ms Hoo Sheau Farn.

The Board is of the view that the members of the ARC have sufficient management expertise and experience to discharge the ARC's functions given their experience as directors and/or senior management in accounting, financial and industry areas. The ARC performs the functions as set out in the 2018 Code including the following:

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

The ARC has the authority to investigate any matter within its terms of reference, and has full access to and cooperation by management, full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The ARC has conducted an annual review of the performance of the external auditor and the volume of non audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, before confirming their re-nomination. The aggregate amount of fees paid to the external auditors for FY2020 was S\$429,000, comprising fees paid for audit and non-audit services of S\$360,000 and S\$69,000 respectively.

The ARC meets separately with the external and internal auditors, in each case without the presence of Management, at least once a year. The audit partner of the external auditors is required to be rotated every five years, in accordance with the requirements of the SGX-ST Listing Manual.

Quarterly financial statements (where applicable) and half-yearly financial statements and the accompanying announcements of SPH REIT are reviewed by the ARC before being submitted to the Board for approval, to ensure the integrity of information to be released.

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

The ARC takes measures to keep abreast of the changes to regulatory environment and accounting standards which have a direct impact on the business of SPH REIT and its financial statements, with training conducted by professionals or external consultants.

In the review of the financial statements, the ARC had discussed with Management the accounting principles that applied and their judgment of items that affect the financial statements. This included a review of valuation of investment properties, a key audit matter ("KAM") identified by the external auditor in the audit report for the financial year ended 31 August 2020.

The ARC considered the standing of the valuers and their independence, appropriateness of valuation methodologies, and underlying key assumptions applied in the valuation of investment properties. The ARC reviewed the outcome of the valuation process and discussed the details of the valuation with Management. The committee also assessed the findings of the external auditor and consulted with the external auditors. The ARC concluded that the accounting treatment and estimates in the KAM were appropriate.

External Auditors

Details of the aggregate amount of fees paid to the external auditors for FY2020, and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found above.

The Manager confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the SGX-ST Listing Manual.

None of the ARC members is a former partner of the Manager's existing auditing firm.

Code of Business Ethics and Employee Conduct Policy

The Manager has an existing Code of Business Ethics and Employee Conduct Policy, to guide the ethical conduct of its employees.

CORPORATE GOVERNANCE

Whistleblowing Policy

The Manager also has a Whistleblowing Policy & Procedure to allow staff and external parties such as suppliers, customers, contractors and other stakeholders, to raise concerns or observations in confidence to the Manager, about possible irregularities for independent investigation and appropriate follow up action to be taken. Such concerns include dishonesty, fraudulent acts, corruption, legal breaches and other serious improper conduct; unsafe work practices and any other conduct that may cause financial or non-financial loss to the Manager or damage to the Manager's reputation. The Whistleblowing Policy encourages staff and external parties to identify themselves whenever possible to facilitate investigations, but will also consider anonymous complaints, in certain circumstances. It makes available to staff and external parties the contact details of the Receiving Officer, who may also forward the concern to the respective superiors, CEO, ARC Chairman and/or Chairman.

Internal Audit

The internal audit of the Manager is a function outsourced to SPH's IAD. Audit engagements for the Manager and SPH REIT form part of the audit workplan for SPH Group.

The role of the internal auditor is to provide reasonable assurance to the ARC that the risk management, system of internal controls and governance processes designed by the Management are adequate and effective.

SPH's IAD is staffed with seven audit executives, including the Head of Internal Audit. All of the SPH's IAD staff have professional qualifications, and are members of the Institute of Singapore Chartered Accountants ("ISCA") and/or Institute of Internal Auditors ("IIA"). Some IAD staff are also Certified Information Systems Auditors ("CISA"). All IAD staff have to adhere to a set of code of ethics adopted from the IIA. SPH's IAD is guided by the International Standards for the Professional Practice of Internal Auditing issued by the IIA and ensures staff competency through the recruitment of suitably qualified and experienced staff, provision of formal and on-the-job training, and appropriate resource allocation in engagement planning.

The Head of Internal Audit reports directly to the Chairman of the ARC in relation to the Manager's and SPH REIT's audit matters. SPH's IAD has unrestricted direct access to all the Manager's and SPH REIT's documents, records, properties and personnel. SPH's IAD's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel and the external auditor. The ARC reviews and approves the annual IA plans and resources to ensure that SPH's IAD has the necessary resources to adequately perform its functions. The ARC is satisfied that SPH's IAD is adequately resourced, effective and independent of the activities it audits.

UNITHOLDER RIGHTS & ENGAGEMENT

UNITHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

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

Engagement with Unitholders

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

Managing Stakeholders Relationships

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

The Manager is committed to treating all Unitholders fairly and equitably and keeping all Unitholders and other stakeholders and analysts informed of the performance of and changes in SPH REIT or its business which would be likely to materially affect the price or value of Units, on a timely and consistent basis, so as to assist Unitholders and investors in their investment decisions. SPH REIT aims to provide sustainable and progressive dividend payouts.

The Manager provides accurate and timely disclosure of material information on SGXNET. Unitholders are notified in advance of the date of release of SPH REIT's financial results through an announcement via SGXNET. The Manager also conducts regular briefings for analysts and media representatives, which will generally coincide with the release of SPH REIT's quarterly (where applicable), half yearly and full year results. During these briefings, Management will review SPH REIT's most recent development and performance as well as discuss the business outlook for SPH REIT. In line with the Manager's objective of transparent communication, briefing materials are simultaneously released through the SGX-ST via SGXNET and also made available at SPH REIT's website.

All Unitholders are entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings. All Unitholders are also informed of the rules, including voting procedures, governing such meetings.

SPH REIT prepares minutes of general meetings, which incorporates comments or queries from Unitholders and responses from the Board and management. These minutes are available on SPH REIT's website through which the Manager communicates and engages with Unitholders.

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

At general meetings, each distinct issue is proposed as a separate resolution. For greater efficiency and transparency, resolutions are put to the vote by electronic poll voting. Independent scrutineers are appointed to conduct the voting process, and verify and tabulate votes after each resolution. The results of the electronic poll voting will be announced immediately after each resolution has been put to a vote, and the number of votes cast for and against and the respective percentages are displayed in real-time at the general meeting. The outcome of the general meeting is promptly announced on SGXNET after the general meeting.

All Directors and senior management are in attendance at the AGM to allow Unitholders the opportunity to air their views and ask Directors or Management questions regarding SPH REIT. The external auditors also attend the AGM to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditors' report.

The Trust Deed does not allow a Unitholder to vote in absentia at general meetings, but allows any Unitholder to appoint proxies during his absence, to attend and vote on his behalf at the general meetings. In addition, Unitholders who hold shares through custodial institutions may attend the general meetings as observers.

In light of the COVID-19 pandemic, SPH REIT's 7th AGM will be held via electronic means. Unitholders will not be able to attend the AGM in person, but they may observe the proceedings of the AGM by audio or audio-visual means. Unitholders may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM. Unitholders may submit questions relating to the business of the meeting in advance. Please refer to the notice of the 7th AGM dated 4 November 2020 for further information.

CORPORATE GOVERNANCE

Additional Information

Interested Person Transactions

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

In particular, the following procedures are in place:

1. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S\$100,000 in value, but below 3.0% of SPH REIT's net tangible assets, will be subject to review and approval by the ARC;
2. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of SPH REIT's net tangible assets, will be subject to the review and approval of the ARC, and SGX announcement requirements under the SGX-ST Listing Manual and Property Funds Appendix;
3. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of SPH REIT's net tangible assets will be subject to review and approval by the ARC which may, as it deems fit, request for advice on the transaction from independent sources or advisors, including the obtaining of valuations from professional valuers, as well as SGX announcement requirements under the SGX-ST Listing Manual and the Property Funds Appendix and such transactions would have to be approved by Unitholders at a meeting of Unitholders; and
4. the ARC's approval shall only be given if the transactions are on normal commercial terms and consistent with terms of similar types of transactions undertaken by the Trustee with third parties which are unrelated to the Manager.

The interested person transactions undertaken by the Manager in FY2020 which are subject to disclosure requirements under the SGX-ST Listing Manual can be found on page 198 of this Annual Report.

Conflicts of interest

The Manager has instituted the following procedures to deal with potential conflicts of interest issues:

- (a) The Manager will not manage any other real estate investment trust ("REIT") which invests in the same types of properties as SPH REIT.
- (b) All key executive officers work exclusively for the Manager and do not hold executive positions in other entities.
- (c) At least one-third of the Board comprises independent directors. The Chairman of the Board is an independent director.
- (d) All resolutions in writing of the Directors in relation to matters concerning SPH REIT must be approved by at least a majority of the Directors, including at least one independent Director.

- (e) In respect of matters in which the Sponsor (SPH) and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the independent directors of the Manager and must exclude nominee directors of the Sponsor and/or its subsidiaries. The Manager and the Property Manager (SPH Retail Property Management Services Pte Ltd) are indirect wholly-owned subsidiaries of the Sponsor.
- (f) There is a separation of the roles of CEO and Chairman to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.
- (g) Directors disclose promptly all interests in a transaction or proposed transaction to fellow Board members.
- (h) The independence of each Director is reviewed upon appointment, and thereafter annually. A Director who has no relationship with the Manager, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment is considered independent.
- (i) The ARC comprises three independent directors. Its Chairman is independent.
- (j) All matters relating to interested person transactions are conducted in accordance with the procedures set out in the section on 'Interested Person Transactions'.

The Trust Deed provides that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of SPH REIT with a related party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of SPH REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager is obliged to pursue the appropriate remedies under such agreement. The Directors of the Manager will have a duty to ensure that the Manager so complies. Notwithstanding the forgoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of SPH REIT with a related party of the Manager, and the Trustee may take such action as it deems necessary to protect the interests of the Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

Fees Payable to the Manager

Pursuant to the Code on Collective Investment Schemes ("CIS") issued by MAS, the Manager is to disclose the methodology and justifications of fees which are payable out of the deposited property of a property fund.

The Manager is entitled to the following fees:

Base Fee

The Base Fee, which is contained in Clause 15.1.1 of the Trust Deed, is recurring and enables the Manager to cover the operational and administrative expenses incurred in the management of the portfolio. The Base Fee is calculated at a percentage of asset value as the asset value provides an appropriate metric to determine the resources for managing the assets.

CORPORATE GOVERNANCE

Performance Fee

The Performance Fee is contained in Clause 15.1.2 of the Trust Deed. It is based on NPI and measures the Manager's ongoing effort on the long-term sustainability of the properties through proactive leasing to retain existing tenants and attract new retailers to optimise tenant mix and rental income, as well as to improve operational efficiencies and manage cost prudently. This aligns the interests of the Manager with Unitholders as the Manager is motivated and incentivised to achieve income stability by ensuring the long-term sustainability of the assets through proactive asset management strategies and asset enhancement initiatives. The focus on sustainability of NPI performance addresses both revenue and cost drivers, and ensures the Manager take a long-term, holistic view in carrying out asset management and asset enhancement strategy, instead of taking excessive risks for short-term gains to the detriment of Unitholders.

Acquisition Fee

The Acquisition Fee, which is contained in Clause 15.2.1(i) of the Trust Deed, seeks to motivate the Manager to continually pursue quality, yield-accretive opportunities that will add value to the portfolio and deliver inorganic growth to Unitholders. These involve rigorous and disciplined assessment taking into consideration the valuation, yields, value enhancement potential, and continuing performance of each available property. In addition, the Acquisition Fee allows the Manager to recover the additional costs and resources incurred by the Manager in the course of seeking out new acquisition opportunities, including but not limited to, due diligence efforts and man hours spent in evaluating the transaction. The Acquisition Fee for non-Related Parties acquisitions is higher than the Acquisition Fee for Related Parties because there is additional work required to be undertaken in terms of sourcing, evaluating and conducting due diligence for a non-Related Party acquisition.

As required by the Property Funds Appendix, where real estate assets are acquired from an interested party, the Acquisition Fee payable to the Manager will be in the form of units which shall not be sold within one year from the date of issuance of the units.

Divestment Fee

The Divestment Fee, which is contained in Clause 15.2.1(ii) of the Trust Deed, seeks to motivate the Manager to review the portfolio for opportunities to unlock the underlying value of its existing properties. The fee compensates the Manager for the time, effort and resources expended in identifying and maximizing the value from potential divestment. The Manager provides these services over and above ongoing management services to enhance the long-term sustainability of existing properties. In addition, the Divestment Fee allows the Manager to recover additional costs and resources incurred by the Manager for the divestment, including but not limited to facilitating due diligence exercises and man hours spent in marketing and maximising the divestment price. The divestment fee is lower than Acquisition Fee to ensure fees are commensurate with the resources utilised to complete the transaction. The acquisition process is generally more time consuming than the divestment process as there are many considerations in an acquisition process such as property specifications, price, underlying tenancies and financial strength of the master lessee which are more complex than carrying out a divestment.

As required by the Property Funds Appendix, where real estate assets are disposed of to an interested party, the Divestment Fee payable to the Manager will be in the form of units which shall not be sold within one year from the date of issuance of the units.

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REPORT OF THE TRUSTEE

For the financial year ended 31 August 2020

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of SPH REIT (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of SPH REIT Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 9 July 2013 supplemented by the First Supplemental Deed on 7 November 2016 and Second Supplemental Deed on 6 January 2017 between the Manager and the Trustee in each annual accounting year and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial year covered by these financial statements, set out on pages 124 to 195 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,

DBS Trustee Limited



Jane Lim

Director

Singapore

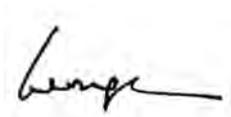
6 October 2020

STATEMENT BY THE MANAGER

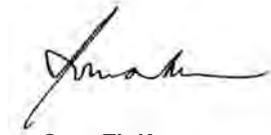
For the financial year ended 31 August 2020

In the opinion of the directors of SPH REIT Management Pte. Ltd., the accompanying financial statements set out on pages 124 to 195, comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Changes in Unitholders' Funds, Consolidated Statement of Cash Flows, Portfolio Statements and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of SPH REIT (the "Trust") and its subsidiaries (the "Group") as at 31 August 2020, the total return, distributable income, changes in Unitholders' funds and cash flows of the Group and the total return, distributable income and changes in Unitholders' funds of the Trust for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Trust will be able to meet its financial obligations as and when they materialise.

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



Leong Horn Kee
Chairman



Soon Tit Koon
Director

Singapore
6 October 2020

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 2020, 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 124 to 195.

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 2020 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 2020.

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

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying 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.

The valuation reports obtained from the external valuers also 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 valuations than would normally be the case. Due to the unknown future impact that the Coronavirus Disease ("COVID-19") pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

INDEPENDENT AUDITORS' REPORT

To the Unitholders of SPH REIT

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

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.

INDEPENDENT AUDITORS' REPORT

To the Unitholders of SPH REIT

[Constituted in the Republic of Singapore pursuant to a Trust Deed dated 9 July 2013]

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.

INDEPENDENT AUDITORS' REPORT

To the Unitholders of SPH REIT

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

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

6 October 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 August 2020

	Note	Group		Trust	
		2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Non-current assets					
Plant and equipment	4	589	630	589	630
Investment properties	5	4,125,447	3,597,756	3,286,200	3,405,800
Subsidiaries	6	-	-	184,410	981
Trade and other receivables	7	-	-	377,876	97,149
Derivative financial instruments	10	-	1,865	-	1,865
		4,126,036	3,600,251	3,849,075	3,506,425
Current assets					
Trade and other receivables	7	32,653	5,494	26,612	2,603
Cash and cash equivalents	8	81,974	342,657	52,770	336,761
		114,627	348,151	79,382	339,364
Total assets		4,240,663	3,948,402	3,928,457	3,845,789
Non-current liabilities					
Borrowings	9	1,083,708	811,514	778,759	713,739
Derivative financial instruments	10	9,398	1,243	6,607	1,243
Trade and other payables	11	34,217	34,764	34,217	34,764
Deferred tax liabilities	12	3,119	-	3,119	-
		1,130,442	847,521	822,702	749,746
Current liabilities					
Borrowings	9	214,877	279,625	214,877	279,625
Derivative financial instruments	10	680	1,561	680	1,561
Trade and other payables	11	79,955	48,258	65,817	45,156
		295,512	329,444	281,374	326,342
Total liabilities		1,425,954	1,176,965	1,104,076	1,076,088
Net assets		2,814,709	2,771,437	2,824,381	2,769,701
Represented by:					
Unitholders' funds		2,503,324	2,458,864	2,526,457	2,471,777
Perpetual securities holders' fund	13	297,924	297,924	297,924	297,924
Non-controlling interests	14	13,461	14,649	-	-
		2,814,709	2,771,437	2,824,381	2,769,701
Units in issue ('000)	15	2,763,122	2,588,701	2,763,122	2,588,701
Net asset value per unit (S\$)		0.91	0.95	0.91	0.95

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

STATEMENTS OF TOTAL RETURN

For the financial year ended 31 August 2020

	Note	Group		Trust	
		2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Gross revenue	17	241,463	228,635	188,080	217,188
Property operating expenses	18	(59,520)	(48,856)	(44,875)	(45,953)
Net property income		181,943	179,779	143,205	171,235
Manager's management fees	19	(19,245)	(17,790)	(19,245)	(17,790)
Investment management fees		(2,143)	(542)	-	-
Trustee's fees		(585)	(520)	(562)	(504)
Trust expenses	20	(1,697)	(1,475)	(6,966)	(3,689)
Impairment loss on trade receivables relating to COVID-19		(8,100)	-	-	-
Dividend income from subsidiaries		-	-	6,958	2,004
Finance income		1,775	765	5,034	725
Finance costs	21	(32,905)	(30,480)	(26,155)	(27,869)
Grant income		24,774	-	24,774	-
Grant expense		(24,774)	-	(24,774)	-
Net income		119,043	129,737	102,269	124,112
Fair value change on investment properties	5	(179,939)	19,443	(126,041)	33,865
Net foreign currency exchange differences		917	-	8,808	3,618
Total (loss)/return for the year before taxes and distribution		(59,979)	149,180	(14,964)	161,595
Less: income tax	22	(4,045)	(359)	(3,425)	(3)
Total (loss)/return for the year after taxes and before distribution		(64,024)	148,821	(18,389)	161,592
Attributable to:					
Unitholders of the Trust		(74,907)	149,898	(30,722)	161,558
Perpetual securities holders	13	12,333	34	12,333	34
Non-controlling interests	14	(1,450)	(1,111)	-	-
		(64,024)	148,821	(18,389)	161,592
Earnings per unit (cents)					
Basic and diluted	23	(2.75)	5.79	(1.13)	6.24

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

DISTRIBUTION STATEMENTS

For the financial year ended 31 August 2020

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Income available for distribution to Unitholders at beginning of the year	40,046	38,785	40,046	38,785
Total (loss)/return attributable to Unitholders	(74,907)	149,898	(30,722)	161,558
(Less)/Add: Net tax adjustments (Note A)	167,133	(4,864)	122,948	(16,524)
Total income available for distribution to Unitholders for the year	132,272	183,819	132,272	183,819
Distribution to Unitholders				
- Distribution of 1.43 cents per unit for the period from 1 June 2018 to 31 August 2018	-	(36,778)	-	(36,778)
- Distribution of 1.34 cents per unit for the period from 1 September 2018 to 30 November 2018	-	(34,602)	-	(34,602)
- Distribution of 1.41 cents per unit for the period from 1 December 2018 to 28 February 2019	-	(36,440)	-	(36,440)
- Distribution of 1.39 cents per unit for the period from 1 March 2019 to 31 May 2019	-	(35,953)	-	(35,953)
- Distribution of 1.46 cents per unit for the period from 1 June 2019 to 31 August 2019	(37,795)	-	(37,795)	-
- Distribution of 1.38 cents per unit for the period from 1 September 2019 to 30 November 2019	(35,859)	-	(35,859)	-
- Distribution of 0.30 cents per unit for the period from 1 December 2019 to 28 February 2020	(8,272)	-	(8,272)	-
- Distribution of 0.50 cents per unit for the period from 1 March 2020 to 31 May 2020	(13,799)	-	(13,799)	-
	(95,725)	(143,773)	(95,725)	(143,773)
Income available for distribution to Unitholders at end of the year	36,547¹	40,046	36,547¹	40,046

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

DISTRIBUTION STATEMENTS

For the financial year ended 31 August 2020

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Note A – Net tax adjustments				
Non-tax deductible items:				
Manager's management fees	19,245	16,791	19,245	16,791
Trustee's fees	585	520	562	504
Amortisation of upfront fee for loan facility	1,125	943	832	908
Fair value change on investment properties	179,939	(21,329)	126,041	(33,865)
Net foreign currency exchange differences	(642)	–	(8,716)	(3,621)
Net income from subsidiaries	(14,529)	(4,134)	(2,521)	(2,004)
Cost incurred to acquire subsidiaries	–	2,096	5,681	4,678
Net adjustment on property tax rebates passed on to tenants	(4,971)	–	(4,971)	–
Straight-line rental adjustments	(1,135)	64	(619)	64
Deferred tax expense	3,119	–	3,119	–
Capital allowances	(15,000)	–	(15,000)	–
Other items	(603)	185	(705)	21
Net tax adjustments	167,133	(4,864)	122,948	(16,524)

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

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 August 2020

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Balance as at beginning of year	2,458,864	2,438,947	2,471,777	2,438,947
Operations				
Total (loss)/return for the year after tax attributable to Unitholders of the Trust	(74,907)	149,898	(30,722)	161,558
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(6,939)	(3,295)	(4,024)	(3,295)
Net change in fair value of cash flow hedge reclassified to Statements of Total Return	3,405	1,549	3,083	1,549
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	23,178	(1,253)	-	-
Exchange differences on monetary item forming part of net investments in foreign operations	13,380	-	-	-
Net gain/(loss) recognised directly in Unitholders' funds	33,024	(2,999)	(941)	(1,746)
Unitholders' transactions				
Distribution to unitholders	(95,725)	(143,773)	(95,725)	(143,773)
Issuance of new units	164,477	-	164,477	-
Issuance costs for the new units	(1,654)	-	(1,654)	-
Manager's fee paid/payable in units	19,245	16,791	19,245	16,791
	86,343	(126,982)	86,343	(126,982)
Balance as at end of year	2,503,324	2,458,864	2,526,457	2,471,777
Perpetual securities holders' funds				
Balance as at beginning of year	297,924	-	297,924	-
Issue of perpetual securities	-	300,000	-	300,000
Issue costs	-	(2,110)	-	(2,110)
Amount reserved for distribution to perpetual securities holders	12,333	34	12,333	34
Distribution to perpetual securities holders	(12,333)	-	(12,333)	-
Balance as at end of year	297,924	297,924	297,924	297,924

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 August 2020

	Group	
	2020 S\$'000	2019 S\$'000
Cash flows from operating activities		
Total (loss)/return for the year	(64,024)	148,821
Adjustments for:		
Fair value change on investment properties	179,939	(19,443)
Manager's fee paid/payable in units	19,245	16,791
Depreciation of plant and equipment	224	187
Finance income	(1,775)	(765)
Finance costs	32,905	30,480
Impairment loss on trade receivables relating to COVID-19	8,100	-
Income tax	3,119	-
Straight-line rental adjustments	(1,135)	64
Operating cash flow before working capital changes	176,598	176,135
Changes in operating assets and liabilities		
Trade and other receivables	(35,880)	(2,468)
Trade and other payables	25,591	6,804
Net cash from operating activities	166,309	180,471
Cash flows from investing activities		
Acquisition of investment property	(627,594)	(207,670)
Additions to investment properties	(9,047)	(7,869)
Purchase of plant and equipment	(183)	(71)
Interest received	1,792	762
Net cash used in investing activities	(635,032)	(214,848)
Cash flows from financing activities		
Payment of transaction costs related to borrowing	(560)	(478)
Perpetual securities	-	300,000
Issue cost of perpetual securities	-	(2,110)
Proceeds from the issuance of new units	164,477	-
Payment of issuance costs for the new units	(1,654)	-
Proceeds from issue of units to non-controlling interests	-	16,834
Proceeds from bank loan (net of transaction costs)	184,469	200,115
Distribution to unitholders	(95,725)	(143,773)
Distributions to non-controlling interests of a subsidiary	(810)	(450)
Distribution to perpetual securities holders	(12,333)	-
Interest paid	(31,872)	(28,879)
Net cash from financing activities	205,992	341,259
Net (decrease)/increase in cash and cash equivalents	(262,731)	306,882
Effect of exchange rate fluctuations on cash and cash equivalents held	2,048	(190)
Cash and cash equivalents at beginning of the year	342,657	35,965
Cash and cash equivalents at end of the year	81,974	342,657

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

PORTFOLIO STATEMENT OF THE GROUP

For the financial year ended 31 August 2020

Description of Property	Location	Tenure of Land	Term of Lease
<u>Investment properties in Singapore</u>			
Paragon	290 Orchard Road, Singapore 238859	Leasehold	99 years, commencing on 24 July 2013 (Listing date)
The Clementi Mall	3155 Commonwealth Avenue West, Singapore 129588	Leasehold	99 years, commencing on 31 August 2010
The Rail Mall	380 to 400 & 422 to 484 (Even Nos) Upper Bukit Timah Road, Singapore 678040 to 678050 & 678051 to 678087	Leasehold	99 years, commencing on 18 March 1947
<u>Investment properties in Australia</u>			
Figtree Grove Shopping Centre	19 & 23 Princes Highway, Figtree, Wollongong, NSW 2525	Freehold	–
Westfield Marion Shopping Centre ¹	293-297 Diagonal Road, Oaklands Park, Adelaide, South Australia, 5046	Freehold	–
Portfolio of investment properties			
Other assets and liabilities (net)			
Net assets of the Group			
Perpetual securities holders' funds			
Non-controlling interests			
Unitholders' funds			

¹ The acquisition of a 50% interest in Westfield Marion Shopping Centre was completed on 6 December 2019.

Remaining Term of Lease 31 August 2020	Occupancy Rate as at 31 August		At Valuation 31 August		Percentage of Unitholders' funds 31 August	
	2020 (%)	2019 (%)	2020 S\$'000	2019 S\$'000	2020 (%)	2019 (%)
92 years	97.8	99.8	2,640,000	2,745,000	106	111
89 years	99.6	100.0	584,000	597,000	23	24
26 years	92.2	84.3	62,200	63,800	2	3
–	99.2	99.2	190,627	191,956	8	8
–	97.4	–	648,620	–	26	–
			4,125,447	3,597,756	165	146
			(1,310,738)	(826,319)	(52)	(33)
			2,814,709	2,771,437	113	113
			(297,924)	(297,924)	(12)	(12)
			(13,461)	(14,649)	(1)	(1)
			2,503,324	2,458,864	100	100

PORTFOLIO STATEMENT OF THE TRUST

For the financial year ended 31 August 2020

Description of Property	Location	Tenure of Land	Term of Lease
<u>Investment properties in Singapore</u>			
Paragon	290 Orchard Road, Singapore 238859	Leasehold	99 years, commencing on 24 July 2013 (Listing date)
The Clementi Mall	3155 Commonwealth Avenue West, Singapore 129588	Leasehold	99 years, commencing on 31 August 2010
The Rail Mall	380 to 400 & 422 to 484 (Even Nos) Upper Bukit Timah Road, Singapore 678040 to 678050 & 678051 to 678087	Leasehold	99 years, commencing on 18 March 1947
Portfolio of investment properties			
Other assets and liabilities (net)			
Net assets of the Trust			
Perpetual securities holders' funds			
Unitholders' funds			

PORTFOLIO DETAILS

Investment properties in Singapore

The carrying amount of the investment properties were based on independent valuations as at 31 August 2020 and 31 August 2019 conducted by Edmund Tie & Company (SEA) Pte Ltd ("ETC"). ETC has appropriate professional qualifications and experience in the locations and category of the properties being valued. The valuations of the investment properties were based on the discounted cash flow and capitalisation methods. The net change in fair value has been recognised in the Statements of Total Return.

Investment properties in Australia

The carrying amount of the investment properties were based on independent valuations as at 31 August 2020 and 31 August 2019 conducted by Jones Lang LaSalle Advisory Services Pty Ltd ("JLL") and M3property Pty Ltd ("M3") respectively, and as at 31 August 2020 conducted by Urbis Valuations Pty Ltd ("Urbis"). JLL and Urbis have appropriate professional qualifications and experience in the locations and category of the properties being valued. The valuations of the investment properties were based on the discounted cash flow and capitalisation methods. The net change in fair value has been recognised in the Statements of Total Return.

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

Remaining Term of Lease 31 August 2020	Occupancy Rate as at 31 August		At Valuation 31 August		Percentage of Unitholders' funds 31 August	
	2020 (%)	2019 (%)	2020 S\$'000	2019 S\$'000	2020 (%)	2019 (%)
92 years	97.8	99.8	2,640,000	2,745,000	105	111
89 years	99.6	100.0	584,000	597,000	23	24
26 years	92.2	84.3	62,200	63,800	2	3
			3,286,200	3,405,800	130	138
			(461,819)	(636,099)	(18)	(26)
			2,824,381	2,769,701	112	112
			(297,924)	(297,924)	(12)	(12)
			2,526,457	2,471,777	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

These notes form an integral part of and should be read in conjunction with the financial statements.

1. GENERAL INFORMATION

SPH REIT (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 9 July 2013 supplemented by the First Supplemental Deed on 7 November 2016 and Second Supplemental Deed on 6 January 2017 (the "Trust Deed") between SPH REIT Management Pte. Ltd. (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 24 July 2013 and was included under the Central Provident Fund ("CPF") Investment Scheme on 17 July 2013.

The principal activity of the Trust and its subsidiaries is to invest, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for retail purposes in Asia-Pacific, as well as real estate-related assets with the primary objective of providing Unitholders with regular and stable distributions and sustainable long-term growth.

The financial statements of the Trust as at and for the year ended 31 August 2020 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Trust has entered into several service agreements in relation to management of the Trust and its property operations. The fee structures for these services are as follows:

(a) Trustee's fees

The Trustee's fee shall not exceed 0.1% per annum of the value of all the assets of the Trust ("Deposited Property") (subject to a minimum of \$15,000 per month) and shall be payable out of the Deposited Property monthly in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

(b) Manager's management fees

The Manager is entitled under the Trust Deed to the following management fees:

- (i) a base fee of 0.25% per annum of the value of Deposited Property; and
- (ii) an annual performance fee of 5.0% per annum of the Net Property Income (as defined in the Trust Deed)

The management fees payable to the Manager will be paid in the form of cash and/or units. The Management fees payable in units will be computed at the volume weighted average price for a unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the Trust Deed) immediately preceding the end date of the relevant financial quarter, to which such fees relate. The base fees are payable quarterly in arrears. The annual performance fees are payable annually in arrears.

For the period from 24 July 2013 (listing date) to 28 February 2017, from 1 September 2017 to 31 May 2019 and from 1 September 2019 to 31 August 2020, the Manager has elected to receive 100% of management fees in units.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

1. GENERAL INFORMATION (CONT'D)

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

The Manager has elected for partial payment of management fees in cash for the half year from 1 March 2017 to 31 August 2017 and for the period from 1 June 2019 to 31 August 2019.

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

(c) Property Manager's management fees

(i) Property management fees

Under the Property Management Agreement, SPH Retail Property Management Services Pte. Ltd. (the "Property Manager") is entitled to receive the following fees:

- 2.0% per annum of Gross Revenue for the relevant property;
- 2.0% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period); and
- 0.5% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents.

The property management fees are payable to the Property Manager in the form of cash and/or units. For the period from 24 July 2013 (listing date) to 31 August 2020, the property management fees are paid in cash.

(ii) Project management fees

The Property Manager is entitled to receive project management fees ranging between 1.25% and 5% of the total construction cost, for the development or redevelopment, the refurbishment, retrofitting and renovation works on or in respect of a property. The project management fees are payable to the Property Manager in the form of cash and/or units.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" revised and issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies adopted to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

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

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

Changes in accounting policies

New standards and amendments

The Group has applied the following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 September 2019:

- FRS 116 *Leases*
- FRS INT 123 *Uncertainty over Income Tax Treatments*
- *Prepayment Features with Negative Compensation* (Amendments to FRS 109)
- *Previously Held Interest in a Joint Operation* (Amendments to FRS 103 and 111)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to FRS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to FRS 23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to FRS 19)
- *Interest Rate Benchmark Reform* (Amendments to FRS 109 and FRS 107)

The application of the above standards did not have a material effect on the financial statements.

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

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 September 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform ("IBOR"). These amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. As IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR, the Group believes the current market structure supports the continuation of hedge accounting as at 31 August 2020. The details of the accounting policies are disclosed in Note 2(h) and Note 25 for related disclosures about the risks and hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Group Accounting

(i) Subsidiaries

- Consolidation

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

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

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

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

- Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Group Accounting (cont'd)

(i) Subsidiaries (cont'd)

- Acquisitions (cont'd)

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

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

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

- Disposals

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

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

- Transactions with non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Group Accounting (cont'd)

(ii) Joint Operations

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are taken to the Statements of Total Return.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

(iii) Translation of Group entities' financial statements

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Currency translation (cont'd)

(iv) Net investment in a foreign operation

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

(d) Investment properties

Investment properties comprise office and retail buildings that are held for long-term rental yields. Investment properties are initially recognised at cost and subsequently measured at fair value. Any gains or losses arising from the changes in their fair values are taken to the Statements of Total Return.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written-off to the Statements of Total Return. The cost of maintenance, repairs and minor improvements is charged to the Statements of Total Return when incurred.

Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code.

On disposal of an investment property, the difference between the net disposal proceeds and its carrying amount is taken to the Statements of Total Return.

(e) Plant and equipment

(i) Measurement

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(ii) Depreciation

Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the expected useful lives of the assets. The estimated useful lives for this purpose are:

Plant and equipment 3 – 10 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the Statements of Total Return when the changes arise.

No depreciation is charged on capital work-in-progress.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Plant and equipment (cont'd)

(iii) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the Statements of Total Return when incurred.

(iv) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the Statements of Total Return.

(f) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

(g) Financial instruments

(i) Recognition and initial measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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

- Financial assets at amortised cost

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

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

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

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

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

Financial assets at amortised cost

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

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

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(iv) Impairment

Financial assets

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

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

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

Simplified approach

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

General approach

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(iv) Impairment (cont'd)

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the Statements of Financial Position

Loss allowances for financial assets measured at amortised cost 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 Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(v) Offsetting

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Derivative financial instruments and hedging activities

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

A derivative is initially recognised at its fair value on the date the derivative contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates its derivatives for hedging purposes as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge), or hedges of highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than twelve months, and as a current asset or liability if the remaining expected life of the hedged item is less than twelve months. The fair value of a trading derivative is presented as a current asset or liability.

Specific policies applicable from 1 September 2019 for hedges directly affected by Interbank Offered Rate ("IBOR") reform

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Cash flow hedge

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of these interest rate swaps are recognised in unitholders' funds and accumulated in the hedging reserve and transferred to the Statements of Total Return in the periods when the interest expense on the borrowings is recognised in the Statements of Total Return. The gain or loss relating to the ineffective portion is recognised immediately in the Statements of Total Return.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

(ii) Derivatives that do not qualify for hedge accounting

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

(i) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices as at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Leases

The Group has applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 and INT FRS 104. The details of accounting policies under FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 September 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, on or after 1 September 2019.

(i) As a lessee

Short-term leases and leases of low-value assets

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

(ii) As a lessor

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

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

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

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

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from FRS 116.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Leases (cont'd)

Leases - Policy applicable before 1 September 2019

For contracts entered into before 1 September 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in the Statement of Total Return on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

Rental income from investment property is recognised as "revenue" on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of non-financial assets

- Plant and equipment

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

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

An impairment loss is recognised when the carrying amount of the asset (or CGU) exceeds the recoverable amount of the asset (or CGU). Recoverable amount of the asset (or CGU) is the higher of the asset's (or CGU's) fair value less cost to sell and value-in-use.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the Statements of Total Return.

(l) Units and unit issuance expenses

Unitholders' funds represent the unitholders' residual interest in the Trust's net assets upon termination and is classified as equity.

Incremental costs directly attributable to the issue of units are recognised as a deduction from unitholders' funds.

(m) Government grants

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

Government grants relating to assets are deducted against the carrying amount of the assets, and released to the Statement of Total Return over the expected useful life of the relevant asset or over the benefits received by the Group related to the assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue recognition

Rental income from operating leases

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

Dividend income

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

Interest income

Interest income is recognised using the effective interest method.

(o) Income taxes

Current tax for current and prior years is recognised at the amount expected to be paid to (or recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except when the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable returns.

Deferred tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Current and deferred taxes are recognised as income or expense in the Statements of Total Return, except to the extent that the tax arises from a transaction which is recognised directly in unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income taxes (cont'd)

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of its taxable income, the Trust will not be assessed for tax on the portion of its taxable income that is distributed to Unitholders. Any portion of taxable income that is not distributed to Unitholders will be taxed at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS. Under the COVID-19 relief measures announced by IRAS, the Trust will have until 31 December 2021 (or any extension allowed) to distribute at least 90% of the annual taxable income derived in the financial year ended 31 August 2020.

The distributions made by the Trust out of its taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions (the "tax transparency ruling"). The Trust is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust except:

- where the beneficial owners are individuals or Qualifying Unitholders, the Trust will make the distributions to such Unitholders without withholding any income tax; and
- where the beneficial owners are foreign non-individual investors or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are foreign non-individual investors, the Trust will withhold tax at a reduced rate of 10% from the distributions.

A "Qualifying Unitholder" is a Unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a body of persons, other than a company or a partnership, incorporated or registered in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club and a trade and industry association); or
- a Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deduction at source in respect of distributions from SPH REIT.

A "Qualifying Non-resident Non-individual Unitholder" is a person who is neither an individual nor a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to Unitholders without having to deduct tax at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Distribution policy

The Trust distribution policy is to distribute at least 90% of its specified taxable income, comprising rental and other property related income from its business of property letting, interest income and top-up payments from income support and after deducting allowable expenses and applicable tax allowances. The actual level of distribution will be determined at the Manager's discretion, taking into consideration the Trust's capital management and funding requirements.

(q) Expenses

(i) Trustee's fees

Trustee's fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(a).

(ii) Manager's management fees

Manager's management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(b).

(iii) Property operating expenses

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are property management fees which are based on the applicable formula stipulated in Note 1(c).

(iv) Finance costs

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

(r) Segment reporting

Segmental information is reported in a manner consistent with the internal reporting provided to the management of the Manager who conducts a regular review for allocation of resources and assessment of performance of the operating segments.

(s) Earnings per unit

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements in conformity with RAP 7 requires the Manager to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

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

4. PLANT AND EQUIPMENT

	Group and Trust	
	2020	2019
	S\$'000	S\$'000
Cost		
Beginning of financial year	1,708	1,573
Additions	183	135
End of financial year	1,891	1,708
Accumulated depreciation		
Beginning of financial year	1,078	891
Depreciation charge	224	187
End of financial year	1,302	1,078
Net book value		
Beginning of financial year	630	682
End of financial year	589	630

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

5. INVESTMENT PROPERTIES

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Beginning of financial year	3,597,756	3,368,300	3,405,800	3,368,300
Acquisition of investment property ^{1, 2}	633,923	211,250	-	-
Additions	9,143	3,845	5,635	3,635
Fair value change	(179,939)	19,443	(126,041)	33,865
Straight-line rental adjustments	1,135	-	806	-
Translation differences	63,429	(5,082)	-	-
End of financial year	4,125,447	3,597,756	3,286,200	3,405,800

1 Includes acquisition fees and acquisition related expenses of S\$11.091 million (2019: S\$14.422 million).

2 On 6 December 2019, SPH REIT, through its indirect wholly-owned subsidiary, Marion Sub Trust, acquired a 50% interest in Westfield Marion Shopping Centre for a total consideration of approximately S\$633.9 million. Westfield Marion Shopping Centre's principal place of business is in Australia. The Group has classified its 50% interest in Westfield Marion Shopping Centre as a joint operation as the shopping centre is held directly and jointly as tenants in common. The shopping centre is consolidated and included as part of the Group's investment properties as at 31 August 2020.

In determining the fair value, the independent external valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The valuation reports are prepared in accordance with recognised appraisal and valuation standards, and included a material valuation uncertainty clause due to the disruption to the market at that date caused by the COVID-19 outbreak. The inclusion of this clause indicates that there is substantially more uncertainty than normal and therefore a higher likelihood that the assumptions upon which the external valuers have based their valuations prove to be inaccurate. The carrying amounts of the Group's investment properties were current as at 31 August 2020 only and may change significantly after the balance sheet date as the impact of the COVID-19 outbreak unfolds.

The independent external valuers have used discounted cash flow analysis and capitalisation approach. The discounted cash flow analysis involves an assessment of the annual net income streams over an assumed investment horizon and discounting these net income streams with an internal rate of return. The capitalisation approach estimates the gross rental income at a mature sustainable basis from which total expenses have been deducted and net income capitalised at an appropriate rate. Details of valuation techniques and inputs used are disclosed in Note 25(h).

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

At 31 August 2020, investment properties with a carrying amount of approximately S\$3,479 million (2019: S\$2,937 million) are mortgaged to banks as security for the term loans (Note 9).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

6. SUBSIDIARIES

	Trust	
	2020 S\$'000	2019 S\$'000
Equity investments, at cost	3,816	981
Loan to a subsidiary – interest bearing	180,594	–
	184,410	981

The loan to a subsidiary is unsecured and the settlement is neither planned nor likely to occur in the foreseeable future.

As at 31 August 2020, the effective interest rate for the loan to a subsidiary is 2.71% per annum.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Effective Interests held by the Group	
		2020 %	2019 %
<i>Held by the Trust</i>			
SPH REIT (Investments) Pte. Ltd. ¹	Singapore	100	100
<i>Held through subsidiaries</i>			
<i>Held by SPH REIT (Investments) Pte. Ltd.</i>			
SPH REIT Australia Trust ²	Australia	100	100
SPH REIT Marion Trust ⁴	Australia	100	–
Marion Advertising Trust ⁴	Australia	100	–
<i>Held by SPH REIT Australia Trust</i>			
SPH REIT Moelis Australia Trust ³	Australia	85	85
<i>Held by SPH REIT Moelis Australia Trust</i>			
Figtree Holding Trust ³	Australia	85	85
<i>Held by Figtree Holding Trust</i>			
Figtree Trust ³	Australia	85	85
<i>Held by SPH REIT Marion Trust</i>			
Marion Sub Trust ⁴	Australia	100	–

1 Audited by KPMG LLP Singapore

2 Exempted from statutory audit

3 Audited by KPMG LLP Australia

4 Audited by Ernst & Young LLP Australia

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

7. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Non-current				
Amount owing by subsidiaries	-	-	377,876	97,149
Current				
Trade receivables	25,927	4,031	13,509	2,232
Impairment loss on trade receivables	(8,517)	-	-	-
	17,410	4,031	13,509	2,232
Amount owing by a subsidiary	-	-	2,342	-
Amount owing by related parties	3	9	3	9
Amount owing by a third party	2,899	-	-	-
Other receivables	1,218	156	-	94
Grant receivable	10,473	-	10,473	-
Deposits	126	125	126	125
Accrued interest	-	17	-	17
Prepayments	524	508	159	126
Other asset	-	648	-	-
	32,653	5,494	26,612	2,603

The amount owing by subsidiaries is non-trade in nature, unsecured, interest free and repayable on demand. The non-current amount is not expected to be repaid in the next 12 months.

The amount owing by related parties is non-trade in nature, unsecured, interest free and repayable on demand.

The amount owing by a third party relates to settlement adjustments due from the previous owner of the 50% interest in Westfield Marion Shopping Centre.

The grant receivable relates to property tax rebates and other cash grants as part of the COVID-19 relief measures as at 31 August 2020.

Credit and market risks, and impairment losses

The Group and the Trust's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

8. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Cash held as fixed bank deposit	-	298,000	-	298,000
Cash and bank balances	81,974	44,657	52,770	38,761
	81,974	342,657	52,770	336,761

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0% to 2.10% (2019: 0% to 2.27%) and 0% to 2.10% (2019: 0% to 2.27%) per annum for the Group and the Trust respectively. During previous financial year, the Group and the Trust's fixed bank deposit was placed for a month with an interest rate of 2.04% per annum.

9. BORROWINGS

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Secured term loans	1,301,007	1,093,112	995,000	995,000
Less: Unamortised transaction costs	(2,422)	(1,973)	(1,364)	(1,636)
	1,298,585	1,091,139	993,636	993,364
Borrowings repayable:				
Within 1 year	214,877	279,625	214,877	279,625
Between 1 – 5 years	1,083,708	811,514	778,759	713,739
	1,298,585	1,091,139	993,636	993,364

The Group and the Trust's secured term loans amounted to S\$1.3 billion (2019: S\$1.1 billion) and S\$995 million (2019: S\$995 million) respectively.

The exposure of the Group and the Trust to liquidity and interest rate risks related to interest-bearing borrowings are disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

9. BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding interest-bearing borrowings are as follows:

	Currency	Weighted average nominal interest rate %	Year to maturity	2020		2019	
				Face value S\$'000	Carrying amount S\$'000	Face value S\$'000	Carrying amount S\$'000
Group							
Fixed rate loans	SGD	2.58	2021 – 2022	185,000	184,861	185,000	184,736
Fixed rate loan	AUD	3.69	2023	85,281	85,097	79,424	79,151
Floating rate loans	SGD	0.82	2021 – 2025	810,000	808,775	810,000	808,628
Floating rate loan	AUD	1.68	2023 – 2025	220,726	219,852	18,688	18,624
Trust							
Fixed rate loans	SGD	2.58	2021 – 2022	185,000	184,861	185,000	184,736
Floating rate loans	SGD	0.82	2021 – 2025	810,000	808,775	810,000	808,628

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

- First legal mortgage on Paragon (Note 5)
- First legal charge over the tenancy account and sales proceeds account for Paragon
- Assignment of certain insurances taken in relation to Paragon

The AUD term loan balance of A\$105 million and A\$200 million is secured by way of mortgage on Figtree Grove Shopping Centre and Westfield Marion Shopping Centre respectively (Note 5).

In respect of bank borrowings, where appropriate, the Group's policy is to manage its interest rate risk exposure by entering into fixed rate loan and/or interest rate swaps over the duration of its borrowing. Accordingly, the Group entered into interest rate swap contracts to swap floating rates for fixed interest rates as part of their interest rate risk management. Under the interest rate swaps, the Group agreed with other parties to pay/receive at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

As at 31 August 2020, the Group and the Trust's fixed rate loan and loans hedged with interest rate swaps amounted to S\$646 million (2019: S\$718 million) and S\$460 million (2019: S\$639million) respectively. The fixed interest rates of the Group and the Trust were from 0.39% to 3.69% (2019: 2.04% to 3.69%) and 0.39% to 3.28% (2019: 2.04% to 3.28%) per annum respectively. The floating rates of SGD term loans are referenced to Singapore dollar swap offer rate and repriced every three months. The floating rate of AUD term loan is referenced to Australian dollar bank bill swap rate and repriced every three months. The effective interest rates of the Group and the Trust as at the reporting date was 2.66% (2019: 2.91%) and 2.62% (2019: 2.86%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

9. BORROWINGS (CONT'D)

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

	Borrowings S\$'000	Interest payable S\$'000	Total S\$'000
Group			
2020			
Beginning of financial year	1,091,139	3,088	1,094,227
Changes from financing cash flows			
Payment of transaction costs related to borrowing	(560)	-	(560)
Proceeds from bank loans (net of transaction costs)	184,469	-	184,469
Interest paid	-	(31,872)	(31,872)
Total changes from financing activities	183,909	(31,872)	152,037
Non-cash changes			
Finance costs	-	31,780	31,780
Amortisation of transaction costs	1,125	-	1,125
Translation differences	22,412	-	22,412
End of financial year	1,298,585	2,996	1,301,581
2019			
Beginning of financial year	893,074	2,509	895,583
Changes from financing cash flows			
Payment of transaction costs related to borrowing	(478)	-	(478)
Proceeds from bank loans (net of transaction costs)	200,115	-	200,115
Interest paid	-	(28,879)	(28,879)
Total changes from financing activities	199,637	(28,879)	170,758
Non-cash changes			
Finance costs	-	29,458	29,458
Amortisation of transaction costs	1,022	-	1,022
Translation differences	(2,594)	-	(2,594)
End of financial year	1,091,139	3,088	1,094,227

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

10. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	Contract notional amount S\$'000	Fair value amount* S\$'000	Contract notional amount S\$'000	Fair value amount* S\$'000
2020				
Non-current liabilities				
Group: Net investment hedge/ Trust: FVTPL				
- Cross currency interest-rate swaps	78,904	(4,402)	78,904	(4,402)
- Cross currency swaps	19,233	(404)	19,233	(404)
	98,137	(4,806)	98,137	(4,806)
Cash flow hedge				
- Interest-rate swaps	250,330	(4,592)	150,000	(1,801)
Current liabilities				
Cash flow hedge				
- Interest-rate swaps	45,000	(680)	45,000	(680)
Group and Trust				
			Contract notional amount S\$'000	Fair value amount* S\$'000
2019				
Non-current assets				
Group: Net investment hedge/ Trust: FVTPL				
Cross currency interest-rate swaps			78,904	910
- Cross currency swaps			19,233	955
			98,137	1,865
Non-current liabilities				
Cash flow hedge				
- Interest-rate swaps			95,000	(1,243)
Current liabilities				
Cash flow hedge				
- Interest-rate swaps			280,000	(1,561)

* The fair values of cross currency interest-rate swaps, cross currency swaps and interest rate swap contracts had been calculated (using rates quoted by the Trust's bankers) assuming the contracts are terminated at the reporting date. These interest rate swaps are contracted with counter-parties which are banks and financial institutions with acceptable credit ratings.

The Cross currency interest-rate swaps and Cross currency swaps will be collectively termed as "Cross currency swaps".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

10. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

The notional principal amounts of the outstanding cross currency interest-rate swaps, cross currency swaps and interest rate swap contracts and their corresponding fair values as at 31 August 2020 are:

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Notional due:				
Within 1 year	45,000	280,000	45,000	280,000
Between 1 – 5 years	348,467	193,137	248,137	193,137
Total	393,467	473,137	293,137	473,137

11. TRADE AND OTHER PAYABLES

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Non-current				
Deposits received	34,217	34,764	34,217	34,764
Current				
Trade payables	3,609	2,074	103	334
Amount owing to ultimate holding company	17	26	17	26
Amount owing to related parties	10,352	3,963	10,352	3,963
Amount owing to non-controlling interests	331	248	-	-
Other payables	2,844	3,674	3,118	3,674
Accrued expense	13,811	8,598	8,214	8,119
Interest payable	2,996	3,088	2,023	3,088
Deposits received	21,398	20,247	21,389	20,247
Collections in advance	15,218	3,600	14,784	3,133
Deferred grant liability	5,556	-	5,556	-
Goods and services tax payable	2,687	2,533	158	2,365
Withholding tax payable	1,136	207	103	207
	79,955	48,258	65,817	45,156

The amount owing to related parties is trade in nature, unsecured, interest-free and repayable on demand. Included in the amount owing to related parties of the Group and the Trust, is an amount of S\$1.0 million of manager's management fee for 2019 that is payable in the form of cash.

The amounts owing to ultimate holding company and non-controlling interests are non-trade in nature, unsecured, interest-free and repayable on demand.

The deferred grant liability relates to Singapore government's property tax rebates and other cash grants as part of the COVID-19 relief measures as at 31 August 2020, which will be passed to the eligible tenants in the form of rental rebates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

12. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group and Trust	
	2020 S\$'000	2019 S\$'000
Investment properties	3,119	-

Movement in temporary differences during the year:

	Group and Trust	
	2020 S\$'000	2019 S\$'000
Investment properties		
Beginning of financial year	-	-
Recognised in the Statements of Total Return	3,119	-
End of financial year	3,119	-

13. PERPETUAL SECURITIES HOLDERS' FUND

On 30 August 2019, the Trust issued S\$300.0 million of subordinated perpetual securities at a rate of 4.10% per annum, with the first distribution rate reset falling on 30 August 2024 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative. Accordingly, the perpetual securities are classified as equity. The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

The perpetual securities are classified as equity instruments and recorded within the Group's and Trust's Statements of Financial Position. As at 31 August 2020, the S\$297.9 million (2019: S\$297.9 million) presented in the Statements of Financial Position represents the carrying value of the S\$300.0 million (2019: S\$300.0 million) perpetual securities issued, net of issue costs and includes the amount reserved for distribution to the perpetual securities holders as at year-end.

14. NON-CONTROLLING INTERESTS

On 21 December 2018, the Group acquired 85% interest in Moelis Australia Trust (refer to Note 6). Accordingly, at the reporting date, the Group only had one subsidiary with non-controlling interest of 15%. The non-controlling interest is not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

15. UNITS IN ISSUE

	Group and Trust	
	2020 S\$'000	2019 S\$'000
<u>Units in issue</u>		
Beginning of financial year	2,588,701	2,571,845
- Issue of new units	156,645	-
- Manager's fee paid in units	17,776	16,856
End of financial year	2,763,122	2,588,701

On 2 December 2019, the Trust has issued 156,645,000 units at an issue price of S\$1.05 per unit.

During the financial year, the Trust issued 17,775,677 (2019: 16,856,043) new units at the issue price range of S\$0.8119 to S\$1.08020 (2019: S\$0.9931 to S\$1.0411 per unit), in respect of the payment of management fees to the Manager in units. The issue prices were determined based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter on which the fees accrued.

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- Attend all Unitholders meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable for indemnifying the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

16. CAPITAL AND OTHER COMMITMENTS

(a) Commitments for capital expenditure

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Authorised and contracted for – investment properties	629	530	624	342

(b) Operating lease commitments – where the Group and the Trust is a lessor

The Group and the Trust leases retail space to third parties under non-cancellable operating lease agreements with varying terms, escalation clauses and renewal rights.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date and excluding prevailing market rent adjustments.

	Group S\$'000	Trust S\$'000
2020 – Operating leases under FRS 116		
Less than one year	233,408	189,086
One to two years	170,002	133,765
Two to three years	105,612	74,071
Three to four years	51,518	26,002
Four to five years	23,265	4,751
More than five years	93,536	323
Total	677,341	427,998
2019 – Operating leases under FRS 17		
Less than one year	194,649	183,490
Between one and five years	203,488	171,727
More than five years	23,374	235
Total	421,511	355,452

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

17. GROSS REVENUE

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Rental income ^{1,2}	223,944	218,532	180,350	209,265
Car park income	5,714	6,417	5,714	6,417
Other income	11,805	3,686	2,016	1,506
	241,463	228,635	188,080	217,188

1 Included rental assistance of approximately S\$31.8 million for eligible tenants to cushion the impact of the COVID-19 pandemic for the year ended 31 August 2020.

2 Includes service charges and advertising and promotion fees of approximately S\$20.5 million (2019: S\$23.4 million).

18. PROPERTY OPERATING EXPENSES

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Property tax	22,578	19,775	19,264	19,477
Maintenance and utilities	20,183	12,614	10,979	11,001
Property management fees	9,324	9,487	7,484	8,849
Marketing	2,481	3,311	2,335	3,210
Reimbursements paid to the Property Manager	4,283	2,894	4,283	2,894
Others	671	775	530	522
	59,520	48,856	44,875	45,953

Reimbursements paid to the Property Manager in respect of agreed employee expenditure incurred by the Property Manager for providing its services as provided for in the Property Management Agreement. There are no employees on the Group's payroll as its daily operations and administrative functions are provided by the Manager and the Property Manager.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

19. MANAGER'S MANAGEMENT FEES

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Base fee	10,295	8,875	10,295	8,875
Performance fee	8,950	8,915	8,950	8,915
	19,245	17,790	19,245	17,790

During previous financial year, the manager's management fees of the Group and the Trust that are paid/payable in the form of cash amounted to S\$1.0 million.

20. TRUST EXPENSES

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Auditor's remuneration				
– audit fees	360	260	248	205
– non-audit fees	73	66	73	66
Valuation expense	111	96	81	96
Consultancy and other professional fees	381	462	6,054	2,796
Other expenses	772	591	510	526
	1,697	1,475	6,966	3,689

21. FINANCE COSTS

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Interest on borrowing	28,337	27,909	22,202	25,377
Amortisation of upfront fee for loan facility	1,125	1,022	832	943
Other financial expenses	38	–	38	–
Cash flow hedges – reclassified from Unitholders' Funds	3,405	1,549	3,083	1,549
	32,905	30,480	26,155	27,869

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

22. INCOME TAX

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Deferred tax expense				
– Origination and reversal of temporary differences	3,119	–	3,119	–
Withholding tax	926	359	306	3
	4,045	359	3,425	3

The income tax expense on (loss)/return for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to total return for the year due to the following factors:

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Total (loss)/return for the year	(59,979)	149,180	(14,964)	161,595
Tax calculated at tax rate of 17% (2019: 17%)	(10,197)	25,361	(2,544)	27,471
Expenses not deductible for tax purposes	37,851	3,409	28,706	3,682
Income not subject to tax due to tax transparency	(18,392)	(24,441)	(18,392)	(24,441)
Other income not subject to tax	(6,143)	(4,329)	(4,651)	(6,712)
Withholding tax	926	359	306	3
	4,045	359	3,425	3

23. EARNINGS PER UNIT

Basic and diluted Earnings per Unit are based on:

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Total (loss)/return for the year after tax (S\$'000)	(74,907)	149,898	(30,772)	161,558
Weighted average number of Units ('000)	2,722,745	2,588,756	2,722,745	2,588,756
Basic and diluted Earnings per Unit (cents)	(2.75)	5.79	(1.13)	6.24

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

24. ACQUISITION

On 6 December 2019, SPH REIT, through its indirect wholly-owned subsidiary, Marion Sub Trust, acquired a 50% interest in Westfield Marion Shopping Centre for a total consideration of approximately S\$633.9 million.

The Group has classified its 50% interest in Westfield Marion Shopping Centre as a joint operation as the interest is under a tenancy in common arrangement. The acquisition was accounted for as an acquisition of assets.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Total S\$'000
Investment property (including capitalised transaction costs)	633,923
Net identifiable assets acquired	633,923
Total consideration	
Less: Consideration not yet paid	(6,329)
Total net cash outflow	627,594

25. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, particularly market risk (including interest rate risk and currency risk), credit risk and liquidity risk. Where appropriate, the Group's risk management policies seek to minimise potential adverse effects of these risks on the financial performance of the Group.

Matters pertaining to risk management strategies and execution require the decision and approval of the Board of Directors of the Manager. This is supported by a sound system of risk management and internal controls to manage the risks to acceptable levels. The Manager regularly reviews the risk management policies and adequacy of risk-mitigating measures to reflect changes in market conditions and the Group's activities.

The policies for managing these risks are summarised below.

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has cash balances placed with reputable banks and financial institutions which generate interest income for the Group. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

The Group's debt comprises mainly bank borrowing to finance the acquisition of its investment properties. Where appropriate, the Group seeks to mitigate its cash flow interest rate risk exposure by entering into fixed rate loan as well as interest rate swap contract to swap floating interest rate for fixed interest rate over the duration of its borrowing. The Group's borrowings are denominated in SGD and AUD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Interest rate risk (cont'd)

Movements in interest rates will therefore have an impact on the Group. If the interest rate change 0.50% (2019: 0.50%) with all other variables being held constant, the annual total return and hedging reserve will change by the amounts shown below as a result of the change in interest expense and fair value of interest rate swaps respectively:

	Statements of Total Return		Hedging Reserve	
	Increase S\$'000	Decrease S\$'000	Increase S\$'000	Decrease S\$'000
Group				
2020				
Borrowings	(3,282)	3,282	-	-
Interest rate swap	-	-	3,859	(3,924)
	(3,282)	3,282	3,859	(3,924)
2019				
Borrowings	(1,873)	1,873	-	-
Interest rate swap	-	-	3,122	(3,168)
	(1,873)	1,873	3,122	(3,168)
Trust				
2020				
Borrowings	(2,680)	2,680	-	-
Interest rate swap	-	-	2,126	(2,156)
	(2,680)	2,680	2,126	(2,156)
2019				
Borrowings	(1,780)	1,780	-	-
Interest rate swap	-	-	3,122	(3,168)
	(1,780)	1,780	3,122	(3,168)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, thereby resulting in financial loss to the Group. For trade receivables, the Group manages its credit risk through prior assessment of business proposition and credit standing of tenants, and monitoring procedures. Where appropriate, the Group obtains collateral in the form of deposits, and bankers'/insurance guarantees from its tenants. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. As such, management has determined the credit quality of the tenants to be of acceptable risk.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the Statements of Financial Position which comprise mainly trade receivables, and cash balances placed with banks. As at the reporting date, the Group has no significant concentration of credit risks. As at 31 August 2020 and 31 August 2019, majority of the trade receivables were backed by bankers'/insurance guarantees and/or deposits from tenants.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Derivative assets (Note 10)				
- Cross currency interest-rate swaps	-	910	-	910
- Cross currency swaps	-	955	-	955
Trade and other receivables, exclude prepayments, grant receivable and other asset (Note 7)	21,656	4,338	393,856	99,626
Cash and cash equivalents	81,974	342,657	52,770	336,761
	103,630	348,860	446,626	438,252

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Impairment losses

Expected credit loss assessment for individual tenants as at 31 August 2019 and 31 August 2020

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprises a very large number of balances.

Loss rates are calculated using a "roll-rate" method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years.

The following table provides information about the exposure to credit risk for trade receivables for individual tenants as at 31 August 2020:

	2020		2019	
	Gross carrying amount S\$'000	Impairment loss allowance S\$'000	Gross carrying amount S\$'000	Impairment loss allowance S\$'000
Group				
Current (not past due)	992	(3)	2,517	-
Past due 1 to 30 days	9,814	(1,610)	1,063	-
Past due 31 to 60 days	588	(261)	63	-
Past due 61 to 90 days	5,647	(1,653)	104	-
Past due over 90 days	8,886	(4,990)	284	-
	25,927	(8,517)	4,031	-
Trust				
Current (not past due)	986	-	1,180	-
Past due 1 to 30 days	7,475	-	902	-
Past due 31 to 60 days	153	-	16	-
Past due 61 to 90 days	3,568	-	77	-
Past due over 90 days	1,327	-	57	-
	13,509	-	2,232	-

Except for the above impairment loss, the Manager believes that no additional allowance for impairment is required in respect of trade receivables as these receivables mainly arose from tenants that have a good track record with the Group, and the Group has sufficient security deposits as collateral, and hence ECL is not material.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Movements in allowance for impairment in respect of trade receivables

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Beginning of financial year	-	-	-	-
Impairment loss recognised	8,100	-	-	-
Translation differences	417	-	-	-
End of financial year	8,517	-	-	-

Non-trade amounts owing by subsidiaries

The Trust has non-trade receivables from its subsidiaries of S\$380,218,000 (2019: S\$97,149,000). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is insignificant.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated A to AA-, based on Standard & Poor's ratings.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. The Group and the Trust held cash and cash equivalents of S\$81,974,000 (2019: S\$342,657,000) and S\$52,770,000 (2019: S\$336,761,000) respectively at 31 August 2020. The cash and cash equivalents are held with bank and financial institution counterparties which are rated A to AA-, based on Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflect the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

(c) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations. As at 31 August 2020, the Group has undrawn and committed long-term revolving credit facilities of up to S\$225 million (2019: S\$Nil) to cover the net current liabilities of the Group of approximately \$180.9 million, as well as cash and cash equivalents of approximately S\$82.0 million (2019: S\$342.7 million).

In addition, the Group also monitors and observes the Property Fund Appendix issued by MAS concerning limits on total borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

The table below analyses the maturity profile of the Group's financial liabilities (including derivative financial instruments) based on contractual undiscounted cash flows.

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
Group				
2020				
Net-settled interest rate swap	(5,296)	(3,372)	(1,764)	-
Cross currency swaps				
– Outflow	(2,794)	(51,510)	(50,596)	-
– Inflow	741	49,313	49,430	-
Trade and other payables*	(55,358)	(12,178)	(21,072)	(967)
Borrowings	(232,605)	(253,249)	(861,744)	-
	(295,312)	(270,996)	(885,746)	(967)
2019				
Net-settled interest rate swap	(3,054)	(1,913)	(1,571)	-
Cross currency swaps				
– Outflow	(2,813)	(2,813)	(95,273)	-
– Inflow	2,437	2,437	100,108	-
Trade and other payables*	(41,918)	(15,508)	(18,868)	(388)
Borrowings	(308,334)	(235,179)	(619,830)	-
	(353,682)	(252,976)	(635,434)	(388)
Trust				
2020				
Net-settled interest rate swap	(4,362)	(2,497)	(558)	-
Cross currency swaps				
– Outflow	(2,794)	(51,510)	(50,596)	-
– Inflow	741	49,313	49,430	-
Trade and other payables*	(45,216)	(12,178)	(21,072)	(967)
Borrowings	(225,930)	(246,574)	(549,869)	-
	(277,561)	(263,446)	(572,665)	(967)
2019				
Net-settled interest rate swap	(3,054)	(1,913)	(1,571)	-
Cross currency swaps				
– Outflow	(2,813)	(2,813)	(95,273)	-
– Inflow	2,437	2,437	100,108	-
Trade and other payables*	(39,451)	(15,508)	(18,868)	(388)
Borrowings	(304,831)	(231,676)	(517,140)	-
	(347,712)	(249,473)	(532,744)	(388)

* Excludes collections in advance, deferred grant liability, Goods and services tax payable and withholding tax payable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Currency risk

The Group is exposed to currency risk on distributions from its Australia operations. In 2020, the Group entered into cross currency swap contracts with a total notional amount of S\$98,137,000 (2019: S\$98,137,000) whereby the Group agreed with counterparties to repay its loan interests and principals in Australian Dollar ("AUD") in exchange of receiving Singapore Dollar in return at specified rates, on specified dates.

At the reporting date, the exposure to currency risk is as follows:

	Group		Trust	
	2020 AUD'000	2019 AUD'000	2020 AUD'000	2019 AUD'000
Loan to a subsidiary (Note 6)	-	-	180,594	-
Trade and other receivables	-	-	2,424	-
Cash and cash equivalents	779	1,251	779	1,251
Statements of Financial Position exposure	779	1,251	183,797	1,251
Add: Effect of cross currency swaps	98,137	98,137	98,137	98,137
Less: Cross currency swaps designated for net investment hedge	(98,137)	(98,137)	-	-
Net exposure	779	1,251	281,934	99,388

Sensitivity analysis

A 5% strengthening (weakening) of the Singapore Dollar against Australian Dollar would increase/(decrease) total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group		Trust	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Statements of Total Return				
5% strengthening	39	63	14,097	4,969
5% weakening	(39)	(63)	(14,097)	(4,969)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Offsetting financial assets and liabilities

The disclosures set out in the tables below include financial instruments that are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the Statements of Financial Position.

	Gross amount of recognised financial instruments S\$'000	Gross amount of recognised financial instruments offset in the Statements of Financial Position S\$'000	Net amount of financial instruments presented in the Statements of Financial Position S\$'000	Related amount not offset in the Statements of Financial Position S\$'000	Net amount S\$'000
2020					
Group					
Financial Liabilities					
Cross currency					
interest-rate swaps	(4,402)	-	(4,402)	-	(4,402)
Cross currency swaps	(404)	-	(404)	-	(404)
Interest rate swaps	(5,272)	-	(5,272)	-	(5,272)
Trust					
Financial Liabilities					
Cross currency					
interest-rate swaps	(4,402)	-	(4,402)	-	(4,402)
Cross currency swaps	(404)	-	(404)	-	(404)
Interest rate swaps	(2,481)	-	(2,481)	-	(2,481)
2019					
Group and Trust					
Financial Assets					
Cross currency					
interest-rate swaps	910	-	910	-	910
Cross currency swaps	955	-	955	-	955
Financial Liabilities					
Interest rate swaps	(2,804)	-	(2,804)	-	(2,804)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting

Cash flow hedges

As at 31 August 2020, the Group and the Trust held the following instruments to hedge exposures to changes in interest rate.

	Within 1 year	Maturity Within 2 to 5 years	More than 5 years
2020			
<u>Group</u>			
Interest rate risk			
Interest rate swaps			
Net exposure (in S\$'000)	45,000	250,330	-
Average fixed interest rate	2.04%	1.01%	-
Cross currency interest rate swaps			
Net exposure (in S\$'000)	-	78,904	-
Average fixed interest rate	-	3.18%	-
<u>Trust</u>			
Interest rate risk			
Interest rate swaps			
Net exposure (in S\$'000)	45,000	150,000	-
Average fixed interest rate	2.04%	0.99%	-
Cross currency interest rate swaps			
Net exposure (in S\$'000)	-	78,904	-
Average fixed interest rate	-	3.18%	-
2019			
<u>Group and Trust</u>			
Interest rate risk			
Interest rate swaps			
Net exposure (in S\$'000)	280,000	95,000	-
Average fixed interest rate	2.28%	2.12%	-
Cross currency interest rate swaps			
Net exposure (in S\$'000)	-	78,904	-
Average fixed interest rate	-	3.18%	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting (cont'd)

Cash flow hedges (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	2020			Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	Carrying amount (liabilities) S\$'000	
Group				
Cross currency interest rate swap	78,904	-	(3,112)	Derivative financial instruments
Interest rate swaps	295,330	-	(5,272)	Derivative financial instruments
Trust				
Cross currency interest rate swap	78,904	-	(3,112)	Derivative financial instruments
Interest rate swaps	195,000	-	(2,481)	Derivative financial instruments
	2019			Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	Carrying amount (liabilities) S\$'000	
Group and Trust				
Cross currency interest rate swap	78,904	-	(1,756)	Derivative financial instruments
Interest rate swaps	375,000	-	(2,804)	Derivative financial instruments

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

During the period – 2020					
Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2020 S\$'000	Hedging (gains) or losses recognised in Unitholder's Fund S\$'000	Hedge ineffectiveness recognised in Statements of Total Return S\$'000	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from Hedging Reserve to Statements of Total Return S\$'000	Line item in profit or loss affected by the reclassification
1,265	1,265	-	Not applicable	-	Not applicable
5,674	5,674	-	Not applicable	(3,405)	Finance costs
1,265	1,265	-	Not applicable	-	Not applicable
2,759	2,759	-	Not applicable	(3,083)	Finance costs
During the period – 2019					
Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2019 S\$'000	Hedging (gains) or losses recognised in Unitholder's Fund S\$'000	Hedge ineffectiveness recognised in Statements of Total Return S\$'000	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from Hedging Reserve to Statements of Total Return S\$'000	Line item in profit or loss affected by the reclassification
1,756	1,756	-	Not applicable	-	Not applicable
1,539	1,539	-	Not applicable	(1,549)	Finance costs

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting (cont'd)

Net investment hedge

A foreign currency exposure arises from the Group's net investment in its subsidiary in Australia that has a AUD functional currency. The risk arises from the fluctuation in spot exchange rates between the AUD and the SGD, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedges is the risk of a weakening AUD against the SGD that will result in a reduction in the carrying amount of the Group's net investment in its subsidiary in Australia.

Part of the Group's net investment is hedged through the use of AUD denominated cross currency interest rate swaps. The Group entered into cross currency interest rate swaps to swap fixed rate SGD loans for fixed rate AUD obligations.

The amounts related to items designated as hedged items were as follows:

	2020			Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	Carrying amount (liabilities) S\$'000	
Group				
Cross currency interest rate swap	98,137	-	(1,694)	Derivative financial instruments
	2019			Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	Carrying amount (liabilities) S\$'000	
Group				
Cross currency interest rate swap	98,137	3,621	-	Derivative financial instruments

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

During the period – 2020					
Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2020 S\$'000	Hedging (gains) or losses recognised in Unitholder's Fund S\$'000	Hedge ineffectiveness recognised in Statements of Total Return S\$'000	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from Hedging Reserve to Statements of Total Return S\$'000	Line item in profit or loss affected by the reclassification
5,315	5,315	-	Not applicable	-	Not applicable
During the period – 2019					
Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2019 S\$'000	Hedging (gains) or losses recognised in Unitholder's Fund S\$'000	Hedge ineffectiveness recognised in Statements of Total Return S\$'000	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from Hedging Reserve to Statements of Total Return S\$'000	Line item in profit or loss affected by the reclassification
(3,621)	(3,621)	-	Not applicable	-	Not applicable

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting (cont'd)

Net investment hedge (cont'd)

The amounts related to items designated as hedged items were as follows:

	2020
	Change in value of the hedged item used for calculating hedge ineffectiveness S\$'000
AUD net investment	(6,732)
	2019
	Change in value of the hedged item used for calculating hedge ineffectiveness S\$'000
AUD net investment	3,682

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

During the period – 2020		Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied S\$'000
Foreign currency translation reserve S\$'000		S\$'000
5,315		–
During the period – 2019		Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied S\$'000
Foreign currency translation reserve S\$'000		S\$'000
(3,621)		–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise unitholders' value. In order to maintain or achieve an optimal capital structure, the Group may issue new units or obtain new borrowings.

The Group is subject to the aggregate leverage limit as defined in the Property Fund Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 50% of the fund's deposited property.

As at reporting date, the Group has a gearing of 30.5% (2019: 27.5%), and is in compliance with the Aggregate Leverage limit of 50% (2019: 45%).

(h) Fair value measurements

Fair value hierarchy

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

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

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group				
2020				
Assets				
Investment properties	-	-	4,125,447	4,125,447
Liabilities				
Derivative financial instruments	-	(10,078)	-	(10,078)
2019				
Assets				
Investment properties	-	-	3,597,756	3,597,756
Derivative financial instruments	-	1,865	-	1,865
Liabilities				
Derivative financial instruments	-	(2,804)	-	(2,804)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(h) Fair value measurements (cont'd)

Fair value hierarchy (cont'd)

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Trust				
2020				
Assets				
Investment properties	-	-	3,268,200	3,286,200
Liabilities				
Derivative financial instruments	-	(7,287)	-	(7,287)
2019				
Assets				
Investment properties	-	-	3,405,800	3,405,800
Derivative financial instruments	-	1,865	-	1,865
Liabilities				
Derivative financial instruments	-	(2,804)	-	(2,804)

Level 2

The fair value of interest rate swap contracts and cross currency swap contracts (which are not traded in an active market) is determined from information provided by financial institutions using valuation techniques with observable inputs that are based on market information existing at each reporting date.

Level 3

The valuation for investment properties is determined by independent professional valuers with appropriate professional qualifications and experience in the locations and category of the properties being valued. The valuation is generally sensitive to the various unobservable inputs tabled below. Management reviews the appropriateness of the valuation methodologies and assumptions adopted and address any significant issues that may arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(h) Fair value measurements (cont'd)

Fair value hierarchy (cont'd)

Description	Valuation technique(s)	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement	
Investment properties	Discounted cash flow	Discount rate 6.50% to 8.00% (2019: 6.50% to 8.00%)	Significant reduction in the capitalisation rate, discount rate and/or terminal yield in isolation would result in a significantly higher fair value of the investment properties.	
		Terminal Yield 4.00% to 6.50% (2019: 4.00% to 6.50%)		
		Market growth -3.00% to 3.37% (2019: 0.00% to 3.37%)		
	Income capitalisation	Capitalisation rate 3.75% to 6.25% (2019: 3.75% to 6.00%)		Significant reduction in the market growth rates and market rent rates in isolation would result in a significantly lower fair value of the investment properties.
		Market rent S\$67.55 psf to S\$223.45 psf (2019: S\$64.02 psf to S\$225.85 psf)		

Key unobservable inputs correspond to:

- Discount rate, based on the risk-free rate for 10-year bonds issued by the Singapore government, adjusted for a risk premium to reflect the increased risk of investing in the asset class;
- Terminal yield reflects the uncertainty, functional/economic obsolescence and the risk associated with the investment properties;
- Market growth rate reflects the expected trend in market rental rates over the period of projection;
- Capitalisation rate correspond to a rate of return on investment properties based on the expected income that the property will generate; and
- Market rent rate reflects the expected income that the property will generate.

Movement in Level 3 financial instruments for the financial year is as shown in investment properties (Note 5).

Fair value

The basis for fair value measurement of financial assets and liabilities is set out above. The fair values of other financial assets and liabilities approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Financial instruments by category

	Fair value – hedging instruments S\$'000	Amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
Group				
2020				
Assets				
Trade and other receivables ¹	-	21,656	-	21,656
Cash and cash equivalents	-	81,974	-	81,974
	-	103,630	-	103,630
Liabilities				
Trade and other payables ²	-	-	(89,575)	(89,575)
Borrowings	-	-	(1,298,585)	(1,298,585)
Derivative financial instruments	(10,078)	-	-	(10,078)
	(10,078)	-	(1,388,160)	(1,398,238)
2019				
Assets				
Derivative financial instruments	1,865	-	-	1,865
Trade and other receivables ¹	-	4,338	-	4,338
Cash and cash equivalents	-	342,657	-	342,657
	1,865	346,995	-	348,860
Liabilities				
Trade and other payables ²	-	-	(76,682)	(76,682)
Borrowings	-	-	(1,091,139)	(1,091,139)
Derivative financial instruments	(2,804)	-	-	(2,804)
	(2,804)	-	(1,167,821)	(1,170,625)

1 Excludes prepayments, other asset and grant receivable

2 Excludes collections in advance, deferred grant liability, Goods and services tax payable and withholding tax payable

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Financial instruments by category (cont'd)

	Fair value – hedging instruments S\$'000	Amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
Trust				
2020				
Assets				
Trade and other receivables ¹	-	393,856	-	393,856
Cash and cash equivalents	-	52,770	-	52,770
	-	446,626	-	446,626
Liabilities				
Trade and other payables ²	-	-	(79,433)	(79,433)
Borrowings	-	-	(993,636)	(993,636)
Derivative financial instruments	(7,287)	-	-	(7,287)
	(7,287)	-	(1,073,069)	(1,080,356)
2019				
Assets				
Derivative financial instruments	1,865	-	-	1,865
Trade and other receivables ¹	-	99,626	-	99,626
Cash and cash equivalents	-	336,761	-	336,761
	1,865	436,387	-	438,252
Liabilities				
Trade and other payables ²	-	-	(74,215)	(74,215)
Borrowings	-	-	(993,364)	(993,364)
Derivative financial instruments	(2,804)	-	-	(2,804)
	(2,804)	-	(1,067,579)	(1,070,383)

1 Excludes prepayments, other asset and grant receivable

2 Excludes collections in advance, deferred grant liability, Goods and services tax payable and withholding tax payable

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

26. RELATED PARTIES TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group is subject to common significant influence. Related parties may be individuals or other entities. The Manager (SPH REIT Management Pte. Ltd.) and the Property Manager (SPH Retail Property Management Services Pte. Ltd.) are subsidiaries of a substantial Unitholder of the Group.

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business:

	Group	
	2020 S\$'000	2019 S\$'000
Manager's management fees paid to a related company	19,245	17,790
Manager's acquisition fees paid to a related company	6,228	1,694
Property management fees paid/payable to a related company	7,484	8,849
Investment management fees paid/payable to non-controlling interests	2,143	542
Trustee's fees paid/payable to the Trustee	585	520
Staff reimbursements paid/payable to a related company	4,283	2,894
Rental and other income received/receivable from related companies	976	758
Other expenses paid/payable to related companies	697	638

27. OPERATING SEGMENTS

For the purpose of making resource allocation decisions and the assessment of segment performance, the management of the Manager reviews internal/management reports of its investment properties. This forms the basis of identifying the operating segments of the Group.

Segment revenue comprises mainly of income generated from each segment's tenants. Segment net property income represents the income earned by each segment after deducting property operating expenses. This is the measure reported to the management for the purpose of assessment of segment performance. In addition, the management monitors the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fees, Group expenses, finance income and finance expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

27. OPERATING SEGMENTS (CONT'D)

	Paragon S\$'000	The Clementi Mall S\$'000	The Rail Mall S\$'000	Figtree Grove ¹ S\$'000	Westfield Marion ² S\$'000	Total S\$'000
2020						
Result						
Gross revenue	146,545	36,557	4,978	15,908	37,475	241,463
Property operating expenses	(33,807)	(9,998)	(1,070)	(3,423)	(11,222)	(59,520)
Segment net property income	112,738	26,559	3,908	12,485	26,253	181,943
Unallocated amounts:						
Manager's management fees						(19,245)
Investment management fees						(2,143)
Trustee's fee						(585)
Impairment on trade receivables relating to COVID-19	-	-	-	(1,742)	(6,358)	(8,100)
Other Group expenses						(1,697)
Finance income						1,775
Finance costs						(32,905)
Grant income						24,774
Grant expense						(24,774)
Net income						119,043
Net foreign currency exchange differences						917
Fair value change on investment properties	(108,968)	(14,575)	(2,498)	(16,057)	(37,841)	(179,939)
Total loss for the year before taxes and distribution						(59,979)
Less: income tax						(4,045)
Total loss for the year after taxes and before distribution						(64,024)
Segment assets	2,640,471	584,118	62,200	190,627	648,620	4,126,036
Segment assets includes:						
- Plant and equipment	471	118	-	-	-	589
- Investment properties	2,640,000	584,000	62,200	190,627	648,620	4,125,447
Unallocated assets						114,627
Total assets						4,240,663
Segment liabilities	42,452	11,771	1,383	-	9	55,615
Unallocated liabilities:						
- Borrowings						1,298,585
- Others						71,754
Total liabilities						1,425,954
Other information						
Additions to:						
- Plant and equipment	117	66	-	-	-	183
- Investment properties	3,467	1,383	785	382	3,126	9,143
Acquisition of investment property	-	-	-	-	633,923	633,923
Depreciation of plant and equipment	172	52	-	-	-	224

1 Figtree Grove Shopping Centre was acquired on 21 December 2018. Total acquisition cost of S\$211.2 million included acquisition fees and acquisition related expenses (Note 5).

2 Westfield Marion Shopping Centre was acquired on 6 December 2019. Total acquisition cost of S\$633.9 million included acquisition fees and acquisition related expenses (Note 5).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

27. OPERATING SEGMENTS (CONT'D)

	Paragon S\$'000	The Clementi Mall S\$'000	The Rail Mall S\$'000	Figtree Grove ¹ S\$'000	Total S\$'000
2019					
Result					
Gross revenue	170,397	41,849	4,942	11,447	228,635
Property operating expenses	(34,373)	(10,509)	(1,071)	(2,903)	(48,856)
Segment net property income	136,024	31,340	3,871	8,544	179,779
Unallocated amounts:					
Manager's management fees					(17,790)
Investment management fees					(542)
Trustee's fee					(520)
Other Group expenses					(1,475)
Finance income					765
Finance costs					(30,480)
Net income					129,737
Fair value change on investment properties	23,395	10,231	239	(14,422)	19,443
Total return for the year before taxes and distribution					149,180
Less: income tax					(359)
Total return for the year after taxes and before distribution					148,821
Segment assets	2,745,527	597,103	63,800	191,956	3,598,386
Segment assets includes:					
- Plant and equipment	527	103	-	-	630
- Investment properties	2,745,000	597,000	63,800	191,956	3,597,756
Unallocated assets					350,016
Total assets					3,948,402
Segment liabilities	43,468	10,385	1,158	-	55,011
Unallocated liabilities:					
- Borrowings					1,091,139
- Others					30,815
Total liabilities					1,176,965
Other information					
Additions to:					
- Plant and equipment	50	85	-	-	135
- Investment properties	2,605	769	261	210	3,845
Acquisition of investment property	-	-	-	211,250	211,250
Depreciation of plant and equipment	(154)	(33)	-	-	(187)

1 Figtree Grove Shopping Centre was acquired on 21 December 2018. Total acquisition cost of S\$211.2 million included acquisition fees and acquisition related expenses (Note 5).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

27. OPERATING SEGMENTS (CONT'D)

Geographical information

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the corresponding investment properties.

	Group	
	2020	2019
	S\$'000	S\$'000
<u>Revenue</u>		
Singapore	188,080	217,188
Australia	53,383	11,447
	241,463	228,635
<u>Non-current assets¹</u>		
Singapore	3,286,789	3,406,430
Australia	839,247	191,956
	4,126,036	3,598,386

1 Non-current assets exclude financial instruments

28. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 September 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Trust's statement of financial position.

- *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)
- *FRS 117 Insurance Contracts*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2020

29. FINANCIAL RATIOS

	Group	
	2020 %	2019 %
Ratio of expenses to weighted average net assets value ¹		
– including performance component of Manager's management fees	0.85	0.78
– excluding performance component of Manager's management fees	0.53	0.44
Total operating expenses to net asset value ²	2.90	2.44
Portfolio turnover rate ³	–	–

1 The annualised ratio is computed in accordance with guidelines of Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses of the Group, excluding property expenses and finance expense.

2 The ratio is computed based on the total property expenses, including all fees and charges paid to the Trustee, the Manager and related parties for the financial year and as a percentage of net asset value as at the end of the financial year.

3 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value. The portfolio turnover rate was nil for the year ended 31 August 2020 and 31 August 2019, as there were no sales of investment properties.

30. SUBSEQUENT EVENT

Subsequent to the reporting date, the Manager announced a distribution of 0.54 cents per unit, for the quarter from 1 June 2020 to 31 August 2020.

The unprecedented COVID-19 pandemic created global economic uncertainty and caused severe business disruptions. Safe management measures and travel restrictions to contain the spread of the pandemic impacted the retail industry adversely, resulting in lower footfall and sales in malls. Uncertainty on its duration, scale and long term impact of the pandemic could further dampen consumer sentiment and economic growth and adversely impact demand for commercial space, relief measures for tenants and rental collections. The Manager will continue to monitor the COVID-19 outbreak in the respective countries the Group operates in, including the guidelines and/or regulations provided by the authorities. Given the fluidity of the COVID-19 pandemic, the full impact of the pandemic to the Group's performance for the year ending 31 August 2021 cannot be ascertained as at the date of this report.

31. AUTHORISATION OF FINANCIAL STATEMENT

The financial statements were authorised for issue by the Manager and the Trustee on 6 October 2020.

STATISTICS OF UNITHOLDINGS

As at 5 October 2020

Issued and Fully Paid-Up Units

2,763,122,035 units (voting rights: vote per unit)

There is only one class of units in SPH REIT.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	6	0.02	98	0.00
100 – 1,000	8,204	27.23	8,070,667	0.29
1,001 – 10,000	17,796	59.07	71,420,923	2.59
10,001 – 1,000,000	4,089	13.57	212,613,574	7.69
1,000,001 and above	34	0.11	2,471,016,773	89.43
TOTAL	30,129	100.00	2,763,122,035	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	TIMES PROPERTIES PRIVATE LIMITED	1,264,679,500	45.77
2	TPR HOLDINGS PTE LTD	486,017,500	17.59
3	DBS NOMINEES (PRIVATE) LIMITED	270,334,623	9.78
4	CITIBANK NOMINEES SINGAPORE PTE LTD	111,978,152	4.05
5	RAFFLES NOMINEES (PTE.) LIMITED	108,488,530	3.93
6	SPH REIT MANAGEMENT PTE LTD	73,189,304	2.65
7	HSBC (SINGAPORE) NOMINEES PTE LTD	51,090,447	1.85
8	DBSN SERVICES PTE. LTD.	17,663,571	0.64
9	LEE FOUNDATION STATES OF MALAYA	17,500,000	0.63
10	OCBC SECURITIES PRIVATE LIMITED	8,940,400	0.32
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,254,000	0.23
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,866,800	0.21
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,793,100	0.17
14	TAN TIANG HIN JERRY	4,457,500	0.16
15	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	4,051,900	0.15
16	GAN JAI CHUAN	3,655,500	0.13
17	UOB KAY HIAN PRIVATE LIMITED	3,451,600	0.12
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,819,915	0.10
19	NG SOO BOON OR NG SOO BOON @LOW SIEW KOON @ LAU SIEW KOON	2,556,000	0.09
20	LOW KIM HONG	2,400,000	0.09
	TOTAL	2,450,188,342	88.66

STATISTICS OF UNITHOLDINGS

As at 5 October 2020

SUBSTANTIAL UNITHOLDERS

No.	Name of Company	Direct Interest	Deemed Interest	% of Total Issued Units
1	Singapore Press Holdings Ltd ¹	-	1,823,886,304	66.008
2	Times Properties Private Limited ²	1,264,679,500	559,206,804	66.008
3	TPR Holdings Pte Ltd	486,017,500	-	17.589

1 Singapore Press Holdings Ltd ("SPH") is deemed to be interested in 1,264,679,500 units held by Times Properties Private Limited, 486,017,500 units held by TPR Holdings Pte Ltd, and 73,189,304 units held by SPH REIT Management Pte Ltd. Times Properties Private Limited is a wholly-owned subsidiary of SPH. TPR Holdings Pte Ltd and SPH REIT Management Pte Ltd are both wholly-owned subsidiaries of Times Properties Private Limited.

2 Times Properties Private Limited is deemed to be interested in 486,017,500 units held by TPR Holdings Pte Ltd and 73,189,304 units held by SPH REIT Management Pte Ltd. TPR Holdings Pte Ltd and SPH REIT Management Pte Ltd are both wholly-owned subsidiaries of Times Properties Private Limited.

DIRECTORS' UNITHOLDINGS IN SPH REIT

(As at 21 September 2020)

No.	Name of Director	Direct Interest	Deemed Interest
1.	SOON TIT KOON	100,000	-
2.	CHIA CHAY POH DAVID	150,000	-
3.	LIM MAY LING GINNEY	200,000	-

FREE FLOAT

Approximately 33.96% of the units in SPH REIT is held by the public and Rule 723 of SGX Listing Manual has been complied with.

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year ended 31 August 2020, which fall under the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST") and Appendix 6 of the Code on Collective Investment Schemes (the "Property Funds Appendix") (excluding transactions of less than \$100,000 each), are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the period under review (excluding transactions of less than \$100,000 each) \$'000	
	Year Ended 31 August 2020	Year Ended 31 August 2019
Singapore Press Holdings Ltd and its subsidiaries or associates		
- Manager's management fees	19,245	17,790
- Manager's acquisition fees	6,228	1,694
- Property management/project management fees and reimbursable	11,810	12,287
- Rental income	218	409
- Other income	627	207
DBS Trustee Limited		
- Trustee's fees	585	520

Save as disclosed above, there were no additional interested person transactions (excluding transactions of less than \$100,000 each) entered into during the period under review.

As set out in SPH REIT's Prospectus dated 17 July 2013, related party transactions in relation to the fees and charges payable by SPH REIT to the Manager under the Trust Deed and to the Property Manager under the Property Management Agreement, and receivable under the Deed of Income Support, are deemed to have been specifically approved by the Unitholders upon purchase of the units and are therefore not subject to Rules 905 and 906 of the Listing Manual of the SGX-ST to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will affect SPH REIT. However, the renewal of such agreements will be subject to Rules 905 and 906 of the Listing Manual of the SGX-ST.

Please also see significant related party transactions on Note 26 in the financial statements.

SUBSCRIPTION OF SPH REIT UNITS

During the financial year ended 31 August 2020, SPH REIT issued 17,775,688 new units as payment of management fees.

NOTICE OF ANNUAL GENERAL MEETING

SPH REIT

(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 9 JULY 2013 (AS AMENDED))

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the holders of units of SPH REIT (the “**SPH REIT**”, and the holders of units of SPH REIT, “**Unitholders**”) will be convened and held by way of electronic means on Thursday, 26 November 2020 at 2.30 p.m. (Singapore time) for the following business:

ORDINARY BUSINESS

1. To receive and adopt the Report of DBS Trustee Limited, as trustee of SPH REIT (the “**Trustee**”), the statement by SPH REIT Management Pte. Ltd., as manager of SPH REIT (the “**Manager**”), and the Audited Financial Statements of SPH REIT for the financial year ended 31 August 2020 together with the Auditors’ Report thereon. *(Ordinary Resolution 1)*
2. To re-appoint KPMG LLP as the Auditors of SPH REIT to hold office until the conclusion of the next Annual General Meeting of SPH REIT, and to authorise the Manager to fix their remuneration. *(Ordinary Resolution 2)*

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions:

3. That pursuant to Clause 5 of the trust deed constituting SPH REIT (as amended) (the “**Trust Deed**”) and the listing rules of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), authority be and is hereby given to the Manager to:
 - (a) (i) issue units in SPH REIT (“**Units**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instruments made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (A) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);
- (B) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
 - (i) any new Units arising from the conversion or exercise of any Instruments which were issued and are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of Units;

NOTICE OF ANNUAL GENERAL MEETING

- (C) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (D) unless revoked or varied by Unitholders in a general meeting of Unitholders, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of SPH REIT or (ii) the date by which the next Annual General Meeting of SPH REIT is required by applicable regulations to be held, whichever is earlier;
- (E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (F) the Manager, any director of the Manager, and the Trustee, be and are hereby severally authorised to complete and to do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, or, as the case may be, the Trustee may consider expedient or necessary or in the interest of SPH REIT to give effect to the authority conferred by this Resolution. *(Ordinary Resolution 3)*

(Please see Explanatory Note 1)

By Order of the Board
SPH REIT MANAGEMENT PTE. LTD.
as manager of SPH REIT

Sheryl Cher Ya Li
Company Secretary

Singapore,
4 November 2020

EXPLANATORY NOTES:

1. **Ordinary Resolution 3**

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this Annual General Meeting until (i) the conclusion of the next Annual General Meeting of SPH REIT or (ii) the date by which the next Annual General Meeting of SPH REIT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding fifty per cent. (50%) of the total number of issued Units, with a sub-limit of twenty per cent. (20%) for issues other than on a pro rata basis to existing Unitholders (in each case, excluding treasury Units, if any).

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time Ordinary Resolution 3 is passed, after adjusting for (i) new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and (ii) any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

NOTICE OF ANNUAL GENERAL MEETING

NOTES

1. This Annual General Meeting (“**AGM**”) is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to Unitholders (but will be made available on request). Instead, this Notice will be sent to Unitholders by electronic means via publication on SPH REIT’s website at <http://sphreit.listedcompany.com/agm2020.html> and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>. Please refer to paragraph 10 below on how to make a request for a printed copy of this Notice.
2. **Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the AGM in person.** Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions before or at the AGM, and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying announcement of the Manager dated 4 November 2020. This announcement may be accessed at SPH REIT’s website at the URL <http://sphreit.listedcompany.com/agm2020.html> and at the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Any reference to a time of day is made by reference to Singapore time.
3. Unitholders and CPF and SRS investors will be able to observe and/or listen to the AGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, Unitholders and CPF and SRS investors must pre-register at SPH REIT’s website at <http://sphreit.listedcompany.com/agm2020.html> from now until 2.30 p.m. on **Monday, 23 November 2020** to enable the Manager to verify their status as Unitholders. Please refer to the Manager’s announcement dated 4 November 2020 for more details.
4. Unitholders may also submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM. In order to do so, their questions must be submitted in the following manner by **2.30 p.m. on 23 November 2020**:
 - (a) if submitted electronically:
 - (i) be submitted via email to the Manager at ir@sphreit.com.sg (with subject title “AGM Questions”); or
 - (ii) be submitted via the website at <http://sphreit.listedcompany.com/agm2020.html>;
 - (b) if submitted by post, be deposited at the office of the Manager at 1000 Toa Payoh North, News Centre, Singapore 318994. Please address and attention the letter as follows:

SPH REIT Management Pte Ltd
1000 Toa Payoh North
News Centre
Singapore 318994
Attention: Investor Relations Department (SPH REIT AGM 2020)
5. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The Proxy Form is available on SPH REIT’s website at <http://sphreit.listedcompany.com/agm2020.html> and on the SGX website at <https://www.sgx.com/securities/company-announcements>. Printed copies of the Proxy Form will not be sent to Unitholders. However, printed copies of the Proxy Form are available upon request by Unitholders. Please refer to paragraph 10 below on how to make a request.

In appointing the Chairman of the AGM as proxy, a Unitholder must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

6. The Proxy Form appointing the Chairman of the AGM as proxy must be submitted to SPH REIT in the following manner:

- (a) if submitted by post, be lodged at the office of SPH REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623;
- (b) if submitted electronically:
 - (i) be submitted via email to SPH REIT's Unit Registrar at sphreitagm2020@boardroomlimited.com; or
 - (ii) be uploaded onto the website at <http://sphreit.listedcompany.com/agm2020.html>,

in each case, by **2.30 p.m. on 23 November 2020**, being 72 hours before the time fixed for the AGM.

A Unitholder who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above or uploading it onto the website at the URL provided above.

In view of the COVID-19 restriction orders in Singapore and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email or the website at the URL provided above.

- 7. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on 17 November 2020**.
- 8. The Chairman of the AGM, as proxy, need not be a Unitholder.
- 9. The Annual Report of SPH REIT for the financial year ended 31 August 2020 may be accessed at SPH REIT's website at <http://sphreit.listedcompany.com/agm2020.html>. Printed copies of the Annual Report of SPH REIT for the financial year ended 31 August 2020 are available upon request by Unitholders. Please refer to paragraph 10 below on how to make a request.
- 10. Any Unitholder may request a printed copy of this Notice, the Proxy Form and/or the Annual Report of SPH REIT for the financial year ended 31 August 2020 by sending a written request (the "**Request**") to SPH REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., via email to sphreitagm2020@boardroomlimited.com or via post to 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623. To be a valid Request, the Request must:
 - (a) be addressed to SPH REIT Management Pte Ltd c/o SPH REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd.;
 - (b) state the following:
 - (i) the document(s) requested (i.e. Notice of AGM, Proxy Form, Annual Report or any combination of the aforesaid documents);
 - (ii) full name of Unitholder (as per NRIC / Passport);
 - (iii) NRIC / Passport No.;
 - (iv) address; and
 - (v) whether the Units are held through CDP Securities Account or CPFIS Account; and
 - (c) be received by SPH REIT's Unit Registrar no later than 12 November 2020.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents or service providers) for the purpose of the processing and administration by the Manager and the Trustee (or their agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

SPH REIT

A REAL ESTATE INVESTMENT TRUST CONSTITUTED UNDER THE LAWS OF THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 9 JULY 2013 (AS AMENDED))

PROXY FORM ANNUAL GENERAL MEETING

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

IMPORTANT

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Printed copies of the Notice of Annual General Meeting will not be sent to Unitholders (but will be made available on request).** Instead, the Notice of Annual General Meeting will be sent to Unitholders by electronic means via publication on SPH REIT's website at the URL <http://sphreit.listedcompany.com/agm2020.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Please refer to paragraph 10 of the Notes to the Notice of Annual General Meeting on how to make a request for a printed copy of the Notice of Annual General Meeting.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at or before the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in SPH REIT's announcement dated 4 November 2020. This announcement may be accessed at SPH REIT's website at the URL <http://sphreit.listedcompany.com/agm2020.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, a Unitholder will not be able to attend the Annual General Meeting in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such Unitholder wishes to exercise his/her/its voting rights at the Annual General Meeting.**
4. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on 17 November 2020**.
5. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a Unitholder's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.**

Personal data privacy

By submitting an instrument appointing the Chairman of the Meeting as proxy, the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 November 2020.

I/We _____ of
(Name and identification number)

(Address)

being a unitholder/unitholders of SPH REIT, hereby appoint the Chairman of the Meeting as my/our proxy/ proxies to vote for me/us on my/our behalf at the Seventh Annual General Meeting (the "**Meeting**") of Unitholders of SPH REIT to be convened and held by way of electronic means on Thursday, 26 November 2020 at 2.30 p.m. (Singapore time) and at any adjournment thereof. I/We direct the Chairman of the Meeting as my/our proxy to vote for or against or to abstain from voting on the Resolutions proposed at the Meeting as indicated hereunder.

Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to vote all your units "For" or "Against" the relevant resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please insert the relevant number of units "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please insert the relevant number of units in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

No.	Resolutions relating to:	For	Against	Abstain
1.	To receive and adopt the Report of DBS Trustee Limited, as trustee of SPH REIT (the " Trustee "), the statement by SPH REIT Management Pte. Ltd., as manager of SPH REIT (the " Manager "), and the Audited Financial Statements of SPH REIT for the financial year ended 31 August 2020 together with the Auditors' Report thereon. (Ordinary Resolution 1)			
2.	To re-appoint KPMG LLP as the Auditors of SPH REIT to hold office until the conclusion of the next Annual General Meeting of SPH REIT, and to authorise the Manager to fix their remuneration. (Ordinary Resolution 2)			
3.	To authorise the Manager to issue Units and to make or grant convertible instruments. (Ordinary Resolution 3)			

Dated this _____ day of _____ 2020

Signature(s) of Unitholder(s) /
Common Seal of Corporate Unitholder

Total number of Units held

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW



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Postage will be
paid by
addressee.

For posting in
Singapore only.

**BUSINESS REPLY SERVICE
PERMIT NO. 09059**



SPH REIT Management Pte. Ltd.
(as Manager of SPH REIT)
c/o Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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Notes:

1. Please insert the total number of units in SPH REIT ("Units") held by you. If you have Units entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders, you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing the Chairman of the Meeting as proxy shall be deemed to relate to all the Units held by you.
2. **Due to the current COVID-19 situation in Singapore, a Unitholder will not be able to attend the Annual General Meeting in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such Unitholder wishes to exercise his/her/its voting rights at the Meeting.** This proxy form may be downloaded from SPH REIT's website at the URL <http://sphreit.listedcompany.com/agm2020.html> and from the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of this proxy form will be made available to Unitholders upon request. Please refer to paragraph 10 of the Notes to the Notice of Annual General Meeting on how to make a request. Where a Unitholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the instrument appointing a proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. CPF and SRS investors who wish to appoint the Chairman of the Meeting as their proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on 17 November 2020**.
4. The Chairman of the Meeting, as proxy, need not be a Unitholder of SPH REIT.
5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to SPH REIT in the following manner:
 - (a) if submitted by post, be lodged at the office of SPH REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) if submitted electronically:
 - (i) be submitted via email to SPH REIT's Unit Registrar at sphreitagm2020@boardroomlimited.com; or
 - (ii) be uploaded onto the website at <http://sphreit.listedcompany.com/agm2020.html>,

in each case, by **2.30 p.m. on 23 November 2020**, being 72 hours before the time fixed for the Meeting.

A Unitholder who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above or uploading it onto the website at the URL provided above.

Due to the current COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit completed proxy forms electronically via email or the website at the URL provided above.

6. The instrument appointing the Chairman of the Meeting as proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with SPH REIT), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email or the website at the URL provided above, be emailed or submitted via the website at the URL provided above with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Manager shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy. In addition, in the case of Units entered in the Depository Register, the Manager may reject any instrument appointing the Chairman of the Meeting as proxy lodged or submitted if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Manager.

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CORPORATE DIRECTORY

MANAGER

SPH REIT Management Pte. Ltd.

1000 Toa Payoh North,
News Centre
Singapore 318994
Telephone : +65 6319 3380
Facsimile : +65 6319 8149
Email : ir@sphreit.com.sg

DIRECTORS OF THE MANAGER

Dr Leong Horn Kee

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

Mr Soon Tit Koon

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

Mr David Chia Chay Poh

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

Ms Hoo Sheau Farn

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

Mr Ng Yat Chung

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

Mr Chua Hwee Song

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

Ms Ginney Lim May Ling

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

AUDIT & RISK COMMITTEE

Mr Soon Tit Koon

(Chairman)

Mr David Chia Chay Poh

Ms Hoo Sheau Farn

NOMINATING & REMUNERATION COMMITTEE

Mr David Chia Chay Poh

(Chairman)

Dr Leong Horn Kee

Mr Soon Tit Koon

Ms Hoo Sheau Farn

Mr Ng Yat Chung

Mr Chua Hwee Song

Ms Ginney Lim May Ling

MANAGEMENT

Ms Susan Leng Mee Yin

Chief Executive Officer

Mr Benjamin Kuah Hsien Yiao

Chief Financial Officer & Head,
Investor Relations

Ms Belinda Zheng Qinyin

Investment Manager

COMPANY SECRETARY

Ms Sheryl Cher Ya Li

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone : +65 6536 5355
Facsimile : +65 6438 8710

TRUSTEE

DBS Trustee Limited

12 Marina Boulevard
Level 44 DBS Asia Central
Marina Bay Financial Centre
Singapore 018982
Telephone : +65 6878 8888
Facsimile : +65 6878 3977

AUDITORS

KPMG LLP

16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Mr Lim Jek
(With effect from financial year
ended 31 August 2019)

SPH REIT MANAGEMENT PTE. LTD.

(As Manager of SPH REIT)

1000 Toa Payoh North,
News Centre
Singapore 318994

www.sphreit.com.sg
Co. Reg. No. 201305497E