

CIRCULAR DATED 27 MAY 2022

THIS CIRCULAR IS ISSUED BY THE SPH REIT MANAGER (AS DEFINED HEREIN). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF PRIMEPARTNERS CORPORATE FINANCE PTE. LTD. (AS THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS). THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your SPH REIT Units (as defined herein) held through CDP (as defined herein), you do not need to forward this Circular to the purchaser or the transferee, as arrangements will be made by CDP for a separate Circular to be electronically disseminated to the purchaser or transferee. If you have sold or transferred all your SPH REIT Units which are not deposited with CDP, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has not been examined or approved by the SGX-ST (as defined herein). The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.



SPH REIT

(constituted in the Republic of Singapore pursuant to a trust deed dated 9 July 2013,
the first supplemental deed on 7 November 2016 and the second supplemental deed on 6 January 2017)

Managed by

SPH REIT MANAGEMENT PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201305497E)

CIRCULAR TO UNITHOLDERS

in relation to the

MANDATORY CASH OFFER

by

MORGAN STANLEY ASIA (SINGAPORE) PTE.

(Incorporated in the Republic of Singapore)
(Company Registration No: 199206298Z)

for and on behalf of

CUSCADEN PEAK PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 202135018H)

to acquire all the issued and outstanding units in SPH REIT other than those already owned,
controlled or agreed to be acquired by the Offeror Concert Parties

*Independent Financial Adviser to the Independent Directors of
SPH REIT Management Pte. Ltd.*



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200207389D)

UNITHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE CHAIN OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 16 JUNE 2022 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

UNITHOLDERS WHO WISH TO ACCEPT THE CHAIN OFFER MUST DO SO BY 5.30 P.M. (SINGAPORE TIME) ON 16 JUNE 2022 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

TABLE OF CONTENTS

| Contents | Page |
|---|------|
| DEFINITIONS | 2 |
| LETTER TO UNITHOLDERS | 8 |
| 1. INTRODUCTION | 8 |
| 2. THE OFFER | 9 |
| 3. INFORMATION ON THE OFFEROR | 12 |
| 4. RATIONALE FOR THE CHAIN OFFER AND THE OFFEROR'S FUTURE PLANS FOR SPH REIT | 14 |
| 5. COMPULSORY ACQUISITION AND LISTING STATUS | 14 |
| 6. FINANCIAL ASPECTS OF THE CHAIN OFFER | 16 |
| 7. CONFIRMATION OF FINANCIAL RESOURCES | 16 |
| 8. ADVICE OF THE IFA | 17 |
| 9. RECOMMENDATION OF THE INDEPENDENT DIRECTORS | 20 |
| 10. OVERSEAS UNITHOLDERS | 20 |
| 11. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS | 22 |
| 12. ACTION TO BE TAKEN BY UNITHOLDERS | 23 |
| 13. RESPONSIBILITY STATEMENT | 23 |
| APPENDIX A : LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE CHAIN OFFER | A-1 |
| APPENDIX B : ADDITIONAL INFORMATION ON SPH REIT | B-1 |
| APPENDIX C : INFORMATION ON THE OFFEROR | C-1 |
| APPENDIX D : AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SPH REIT GROUP FOR FY2021 | D-1 |
| APPENDIX E : UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SPH REIT GROUP FOR 1HFY2022 | E-1 |
| APPENDIX F : RELEVANT PROVISIONS OF THE SPH REIT TRUST DEED ... | F-1 |
| APPENDIX G : VALUATION REPORTS | G-1 |
| APPENDIX H : ANNOUNCEMENT ISSUED BY THE SPH REIT MANAGER IN RESPECT OF THE 1QFY2022 DISTRIBUTION | H-1 |

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

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| “1HFY2022” | : | The first half year period of FY2022 in respect of SPH REIT, ended 28 February 2022 |
| “1HFY2022 Financial Statements” | : | The unaudited consolidated financial statements of the SPH REIT Group for 1HFY2022 |
| “1QFY2022 Distribution” | : | The cash distribution of S\$0.0124 per SPH REIT Unit announced by the SPH REIT Manager on 9 February 2022 and paid to the Unitholders on 28 February 2022 |
| “2QFY2022 Distribution” | : | The cash distribution of S\$0.0144 per SPH REIT Unit announced by the SPH REIT Manager on 1 April 2022 and paid to the Unitholders on 20 May 2022 |
| “Acceptance Forms” | : | The FAA and the FAT collectively or any one of them, as the case may be |
| “Annual Report” | : | The annual report of SPH REIT |
| “APL” | : | Adenium Pte. Ltd., a wholly-owned subsidiary of CLA and an Offeror Concert Party |
| “Awards” | : | The outstanding awards granted under the PUA Scheme |
| “CDP” | : | The Central Depository (Pte) Limited |
| “Chain Offer” | : | The mandatory cash offer by the Offeror Financial Adviser, for and on behalf of the Offeror, to acquire the Offer Units, on the terms and subject to the conditions set out in the Offer Document and the Acceptance Forms |
| “Circular” | : | This circular to Unitholders dated 27 May 2022 from the SPH REIT Manager containing the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in relation to the Chain Offer |
| “CLA” | : | CLA Real Estate Holdings Pte. Ltd., the holding company of APL and an Offeror Concert Party |
| “Closing Date” | : | 5.30 p.m. (Singapore time) on 16 June 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Chain Offer |
| “Code” | : | The Singapore Code on Take-overs and Mergers |
| “Companies Act” | : | Companies Act 1967 of Singapore |

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| “CPF” | : | The Central Provident Fund |
| “CPF Agent Banks” | : | Agent banks included under the CPFIS |
| “CPFIS” | : | Central Provident Fund Investment Scheme |
| “CPFIS Investors” | : | Investors who have purchased SPH REIT Units using their CPF contributions pursuant to the CPFIS |
| “Cuscaden Composite Document” | : | The scheme document dated 28 February 2022 issued by SPH to its shareholders in relation to the Cuscaden Scheme |
| “Cuscaden Scheme” | : | The scheme of arrangement under Section 210 of the Companies Act dated 28 February 2022, in relation to the proposed acquisition by the Offeror of all the issued and paid-up ordinary shares in the capital of SPH (excluding treasury shares) from all shareholders of SPH as at 5.00 p.m. (Singapore time) on 11 April 2022 which became effective and binding in accordance with its terms on the Effective Date |
| “Cuscaden Scheme Joint Announcement Date” | : | 15 November 2021 (being the date of the joint announcement by SPH and the Offeror in relation to, <i>inter alia</i> , the Cuscaden Scheme) |
| “Directors” | : | The directors of the SPH REIT Manager as at the Latest Practicable Date |
| “Distributions” | : | Collectively, any distribution or return of capital in respect of the SPH REIT Units |
| “FAA” | : | Form of Acceptance and Authorisation for Offer Units, which forms part of the Offer Document and which is issued to Unitholders whose Offer Units are deposited with CDP |
| “FAT” | : | Form of Acceptance and Transfer for Offer Units, which forms part of the Offer Document and which is issued to Unitholders whose Offer Units are not deposited with CDP |
| “FY” | : | Financial year ended or ending 31 August |
| “FY2021 Distribution” | : | The cash distribution of S\$0.0158 per SPH REIT Unit for the period from 1 June 2021 to 31 August 2021 announced by the SPH REIT Manager on 4 October 2021 and paid on 19 November 2021 |
| “HPL” | : | Hotel Properties Limited, the holding company of TSPL and an Offeror Concert Party |
| “IFA” | : | PrimePartners Corporate Finance Pte. Ltd., the independent financial adviser to the Independent Directors |

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| “IFA Letter” | : | Shall have the meaning ascribed to it in paragraph 8.1 of this Circular |
| “Independent Directors” | : | The directors of the SPH REIT Manager who are considered independent for the purpose of making a recommendation to Unitholders in respect of the Chain Offer, namely Dr Leong Horn Kee, Ms Hoo Sheau Farn, Mr Bernard Phang and Mr Ray Ferguson |
| “Independent Valuers” | : | Savills Valuation and Professional Services (S) Pte Ltd and CBRE Valuations Pty Limited |
| “Initial Announcement Date” | : | 29 October 2021, being the date of the announcement by the Offeror in relation to the Offeror’s proposal to acquire all the SPH Shares (excluding treasury shares) first submitted to the board of directors of SPH on 28 October 2021 |
| “Latest Practicable Date” | : | 19 May 2022, being the latest practicable date prior to the printing of this Circular |
| “Listing Manual” | : | The SGX-ST Listing Manual |
| “Mapletree” | : | Mapletree Investments Pte Ltd, the holding company of MFPL and an Offeror Concert Party |
| “Market Day” | : | A day on which the SGX-ST is open for the trading of securities |
| “MFPL” | : | Mapletree Fortress Pte. Ltd., an indirect wholly-owned subsidiary of Mapletree and an Offeror Concert Party |
| “Minimum Acceptance Condition” | : | Shall have the meaning ascribed to it in paragraph 2.5.1 of this Circular |
| “Minimum Chain Offer Price” | : | Shall have the meaning ascribed to it in paragraph 2.2.1 of this Circular |
| “Offer Announcement” | : | The announcement in connection with the Chain Offer released by the Offeror Financial Adviser, for and on behalf of the Offeror, on the Offer Announcement Date |
| “Offer Announcement Date” | : | 29 April 2022, being the date of the Offer Announcement |
| “Offer Document” | : | The document dated 19 May 2022, including the Acceptance Forms and any other document(s) which may be issued for and on behalf of the Offeror to amend, revise, supplement or update the document from time to time |

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| “Offer Document Despatch Date” | : | 19 May 2022, being the date of despatch of the notification of electronic dissemination of the Offer Document and its related documents dated 19 May 2022 and the Acceptance Forms, and the electronic dissemination of the Offer Document and any related documents |
| “Offer Settlement Date” | : | The settlement date in respect of the Offer Units tendered in acceptance of the Chain Offer |
| “Offeror” | : | Cuscaden Peak Pte. Ltd. |
| “Offeror Concert Parties” | : | The Offeror and its concert parties |
| “Offeror Convertible Securities” | : | Convertible securities, warrants, options and derivatives in respect of the Offeror Shares or the Offeror Securities |
| “Offeror Financial Adviser” | : | Morgan Stanley Asia (Singapore) Pte. |
| “Offeror Shares” | : | Equity share capital in the Offeror |
| “Offeror Securities” | : | Securities in the Offeror which carry substantially the same rights as any to be issued as consideration for the Chain Offer |
| “Offer Price” | : | Shall have the meaning ascribed to it in paragraph 2.2 of this Circular |
| “Offer Units” | : | Shall have the meaning ascribed to it in paragraph 2.1 of this Circular |
| “Overseas Unitholder” | : | A Unitholder whose address is outside Singapore as shown in the Register or in the Depository Register (as the case may be) |
| “PUA Scheme” | : | The SPH REIT Performance Unit Award scheme |
| “Record Date” | : | In relation to any Distribution, the date on which Unitholders must be registered with the SPH REIT Manager or with CDP, as the case may be, in order to participate in such Distribution |
| “Register” | : | The register of holders of the SPH REIT Units, as maintained by the Registrar |
| “Registrar” | : | Boardroom Corporate & Advisory Services Pte. Ltd., in its capacity as the unit registrar of SPH REIT |
| “SFA” | : | Securities and Futures Act 2001 of Singapore |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |

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| “SIC” | : | The Securities Industry Council |
| “SPH” | : | Singapore Press Holdings Limited |
| “SPH REIT” | : | SPH REIT, a real estate investment trust constituted in the Republic of Singapore pursuant to the SPH REIT Trust Deed |
| “SPH REIT Convertible Securities” | : | Convertible securities, warrants, options and derivatives in respect of SPH REIT Securities |
| “SPH REIT Group” | : | SPH REIT and its subsidiaries |
| “SPH REIT Manager” | : | SPH REIT Management Pte. Ltd., as the manager of SPH REIT |
| “SPH REIT Securities” | : | Securities in SPH REIT which are being offered for or which carry voting rights |
| “SPH REIT Trust Deed” | : | The trust deed constituting SPH REIT dated 9 July 2013, as amended and supplemented by the first supplemental deed on 7 November 2016 and the second supplemental deed on 6 January 2017 |
| “SPH REIT Units” | : | Units in SPH REIT |
| “SRS” | : | Supplementary Retirement Scheme |
| “SRS Agent Banks” | : | Agent banks included under the SRS |
| “SRS Investors” | : | Investors who purchase SPH REIT Units pursuant to the SRS |
| “Subject Properties” | : | The properties owned by SPH REIT as set out and more particularly described in Appendix G of this Circular |
| “S\$” | : | Singapore dollars, being the lawful currency of Singapore |
| “TSPL” | : | Tiga Stars Pte. Ltd., a subsidiary of HPL and an Offeror Concert Party |
| “Unitholders” | : | Persons who are registered as holders of the SPH REIT Units in the Register and Depositors who have SPH REIT Units entered against their names in the Depository Register |
| “Valuation Reports” | : | The valuation reports from the Independent Valuers in respect of the Subject Properties, extracts or certificates of which are as set out in Appendix G to this Circular |

“VWAP” : Volume-weighted average price

“%” or “per cent.” : Per centum or percentage

Unless otherwise defined, the term “**acting in concert**” and “**associated companies**” shall have the meaning ascribed to it in the Code.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code, the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning assigned to it under the Act, the Code, the Listing Manual or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively unless otherwise stated.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the SPH REIT Manager’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Unitholders of SPH REIT should not place undue reliance on such forward-looking statements, and neither the SPH REIT Manager nor the IFA undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO UNITHOLDERS

SPH REIT MANAGEMENT PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201305497E)

Directors of the Manager

Dr Leong Horn Kee, Chairman, Non-Executive and Independent Director
Mr Soon Tit Koon, Non-Executive and Independent Director
Mrs Trina Loh Soh Yong, Non-Executive and Independent Director
Ms Hoo Sheau Farn, Non-Executive and Independent Director
Mr Bernard Phang, Non-Executive and Independent Director
Mr Ray Ferguson, Non-Executive and Independent Director
Mr Ng Yat Chung, Non-Executive and Non-Independent Director
Mr Chua Hwee Song, Non-Executive and Non-Independent Director
Ms Ginney Lim May Ling, Non-Executive and Non-Independent Director

Registered Address

1000 Toa Payoh North
News Centre Singapore
318994

27 May 2022

To: The Unitholders

Dear Sir/Madam

MANDATORY CASH OFFER FOR THE OFFER UNITS PURSUANT TO THE CHAIN PRINCIPLE IN NOTE 7 ON RULE 14.1 OF THE CODE

1. INTRODUCTION

1.1 Offer Announcement. On 29 April 2022, the Offeror Financial Adviser announced, for and on behalf of the Offeror, that in compliance with the chain principle set out in Note 7 on Rule 14.1 of the Code, the Offeror intends to make the Chain Offer for all the SPH REIT Units, other than those already owned, controlled or agreed to be acquired by the Offeror Concert Parties. The Chain Offer arises as a result of the Cuscaden Scheme, whereby an aggregate of 732,297,185 SPH REIT Units, representing approximately 26.1 per cent. of the total number of issued SPH REIT Units, was transferred to the Offeror, with the Offeror Concert Parties owning approximately 47.3 per cent. of the issued and outstanding units in SPH REIT after the completion of the Cuscaden Scheme.

A copy of the Offer Announcement is available on the website of the SGX-ST at <https://www.sgx.com>.

1.2 Offer Document. The Offer Document has been electronically disseminated to Unitholders by the Offeror Financial Adviser, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Chain Offer. The principal terms and conditions of the Chain Offer are set out in Section 2 and Appendix 1 of the Offer Document. Unitholders are advised to read the terms and conditions contained therein carefully.

1.3 Independent Financial Adviser. The SPH REIT Manager has appointed PrimePartners Corporate Finance Pte. Ltd. as the independent financial adviser to advise the Independent Directors in respect of the Chain Offer.

- 1.4 Circular.** The purpose of this Circular is to provide Unitholders with relevant information pertaining to SPH REIT and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors with regard to the Chain Offer.

2. THE OFFER

- 2.1 Offer Units.** Based on the Offer Document, the Offeror Financial Adviser, for and on behalf of the Offeror, has made the Chain Offer to acquire all the Offer Units in accordance with Rule 14 of the Code and on the terms and subject to the conditions set out in the Offer Document and the Acceptance Forms for:

2.1.1 all the SPH REIT Units other than those already owned, controlled or agreed to be acquired by the Offeror Concert Parties as at the Offer Announcement Date; and

2.1.2 all new SPH REIT Units unconditionally issued or to be issued, prior to the Closing Date pursuant to the valid vesting and release of any Awards granted under the PUA Scheme,

(collectively, the “**Offer Units**” and each, an “**Offer Unit**”).

- 2.2 Offer Price.** As set out in the Offer Document, the Offer Price is as follows:

For each Offer Unit: S\$0.9372 in cash (the “**Offer Price**”).

According to the Offer Document:

2.2.1 based on the SIC’s confirmation that the minimum offer price for the Chain Offer shall be the simple average of the daily VWAP of the SPH REIT Units on the SGX-ST on either the latest 20 trading days prior to 29 October 2021 (being the Initial Announcement Date) or whatever number of trading days there were within the 30 calendar days prior to the Initial Announcement Date, the minimum offer price for the Chain Offer is S\$0.964 per SPH REIT Unit (the “**Minimum Chain Offer Price**”);

2.2.2 if any distribution or return of capital is announced, declared, paid or made by the SPH REIT Manager in respect of the SPH REIT Units on or after the Cuscaden Scheme Joint Announcement Date, the Offeror reserves the right to reduce the Minimum Chain Offer Price by an amount equivalent to such distribution or return of capital. The Minimum Chain Offer Price will not be reduced or otherwise adjusted for the FY2021 Distribution; and

2.2.3 in connection with the foregoing, the Offeror is entitled to reduce the Minimum Chain Offer Price by an amount equivalent to the aggregate of the following:

(i) the 1QFY2022 Distribution; and

(ii) the 2QFY2022 Distribution; and

- 2.2.4 the Offeror intends to exercise its right to reduce the Minimum Chain Offer Price by the aggregate of the 1QFY2022 Distribution and the 2QFY2022 Distribution.** The offer price for each Offer Unit for the Chain Offer on an ex-1QFY2022 Distribution and ex-2QFY2022 Distribution basis will be as follows:

| | S\$ per SPH REIT Unit |
|--------------------------------------|----------------------------------|
| Minimum Chain Offer Price | 0.9640 |
| Adjustment for 1QFY2022 Distribution | (0.0124) |
| Adjustment for 2QFY2022 Distribution | (0.0144) |
| Offer Price | 0.9372 |

- 2.3 No Encumbrances.** Based on the Offer Document, the Offer Units are to be acquired, and a Unitholder who tenders his/her/its Offer Units in acceptance of the Chain Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he/she/it sells such Offer Units as or on behalf of the beneficial owner(s) thereof:

2.3.1 fully-paid;

2.3.2 free from all charges, claims, hypothecations, liens, caveats, debentures, pledges, mortgages, power of sale, retention of title or security interest of any kind over and in respect of the SPH REIT Units and any right of pre-emption, first offer, first refusal, tag-along or drag-along of any kind to which the SPH REIT Units are subject or any right or option for the sale or purchase of such SPH REIT Units, and any other third party rights and inserts of any nature whatsoever or an agreement, arrangement or obligation to create any of the foregoing; and

2.3.3 together with all rights, benefits and entitlements attaching thereto as at the Cuscaden Scheme Joint Announcement Date, and thereafter attaching thereto, including the right to receive and retain all rights and other distributions declared, made or paid by the SPH REIT Manager on or after the Cuscaden Scheme Joint Announcement Date (including, *inter alia*, the 1QFY2022 Distribution and the 2QFY2022 Distribution) other than the FY2021 Distribution.

- 2.4 Adjustments for Distributions.** As set out in the Offer Document and without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Units will be acquired with the right to receive any Distributions that may be announced, declared, paid or made by the SPH REIT Manager in respect of the SPH REIT Units on or after the Cuscaden Scheme Joint Announcement Date (including, without limitation, the 1QFY2022 Distribution and the 2QFY2022 Distribution, but excluding the payment of the FY2021 Distribution). In the event of any such Distribution, the Offer Price payable to a Unitholder who validly accepts or has validly accepted the Chain Offer shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the Offer Settlement Date falls:

2.4.1 if the Offer Settlement Date falls on or before the Record Date, the Offeror will pay the relevant accepting Unitholders the unadjusted Offer Price for each Offer Unit, as the Offeror will receive the Distribution in respect of such Offer Units; and

2.4.2 if the Offer Settlement Date falls after the Record Date, the Offer Price payable for such Offer Units tendered in acceptance shall be reduced by an amount which is equal to the Distribution in respect of such Offer Units, as the Offeror will not receive such Distribution.

2.5 Condition. As set out in the Offer Document:

- 2.5.1** the Chain Offer will be conditional upon the Offeror having received, by the close of the Chain Offer, valid acceptances in respect of such number of Offer Units which, when taken together with the SPH REIT Units owned, controlled or agreed to be acquired by the Offeror Concert Parties (either before or during the Chain Offer and pursuant to the Chain Offer or otherwise), will result in the Offeror Concert Parties holding in aggregate such number of SPH REIT Units carrying more than 50 per cent. of the total voting rights attributable to the issued SPH REIT Units as at the close of the Chain Offer (including any SPH REIT Units which may be unconditionally issued pursuant to the valid vesting and release of the Awards prior to the Closing Date) (the **“Minimum Acceptance Condition”**);
- 2.5.2** the Chain Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Chain Offer, unless at any time prior to the close of the Chain Offer, the Offeror has received valid acceptances in respect of such number of Offer Units which, when taken together with the SPH REIT Units owned, controlled or agreed to be acquired by the Offeror Concert Parties before or during the Chain Offer, will result in the Offeror Concert Parties holding in aggregate more than 50 per cent. of the maximum potential issued SPH REIT Units as at the Closing Date. For this purpose, the **“maximum potential issued SPH REIT Units”** means the total number of issued SPH REIT Units had all the SPH REIT Units under the Awards been issued as at the date of such declaration; and
- 2.5.3** save for the Minimum Acceptance Condition, the Chain Offer is unconditional in all other respects.

2.6 Revision of Terms of the Chain Offer. As set out in the Offer Document, the Offeror reserves the right to revise the terms of the Chain Offer in accordance with the Code.

2.7 No Awards Offer. At the Latest Practicable Date, SPH REIT has outstanding Awards in respect of 1,936,400 SPH REIT Units granted under the PUA Scheme. Pursuant to the PUA Scheme, a maximum of 2,904,600 SPH REIT Units may be issued to eligible employees of the SPH REIT Manager and SPH Retail Property Management Services Pte. Ltd. (subject to final achievement factor and fulfilment of the terms and conditions set out in the PUA Scheme). Under the rules of the PUA Scheme, the Awards are personal to the holder of the Awards and are not transferable. Accordingly, the Offeror will not make an offer to acquire the outstanding Awards.

As set out in the Offer Document and for the avoidance of doubt, the Chain Offer will be extended to all new SPH REIT Units unconditionally issued or to be issued pursuant to the valid vesting and release of any outstanding Awards prior to the Closing Date.

2.8 Closing Date. As set out in the Offer Document, the Chain Offer is open for acceptance by Unitholders for the period commencing on the Offer Document Despatch Date and ending on the Closing Date, being the day falling at least 28 days after the Offer Document Despatch Date¹. **Accordingly, the Chain Offer will close at 5.30 p.m. (Singapore time) on 16 June 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

2.9 Further Details of the Chain Offer. Further details of the Chain Offer are set out on Appendix 1 to the Offer Document including details on (a) the duration of the Chain Offer; (b) the settlement of the consideration for the Chain Offer, (c) the requirements relating to

¹ The Chain Offer will remain open for acceptance for such period unless the Chain Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.

the announcement(s) of the level of acceptances of the Chain Offer, and (d) the right of withdrawal of acceptances of the Chain Offer.

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

3. INFORMATION ON THE OFFEROR

The Offer Document sets out information on the Offeror, which has been extracted therefrom and is reproduced in *italics* below (as amended by the corrigendum to the Offer Document dated 19 May 2022 announced by the Offeror Financial Adviser for and on behalf of the Offeror). Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"5 INFORMATION ON THE OFFEROR

5.1 **The Offeror.** *The Offeror is a company formed by the Consortium comprising TSPL (a subsidiary of HPL), APL (a wholly-owned subsidiary of CLA) and MFPL (an indirect wholly-owned subsidiary of Mapletree) for the purposes of the Acquisition, the Cuscaden Scheme and the Chain Offer. The Offeror was incorporated on 7 October 2021.*

5.2 **Business.** *The Offeror is a company incorporated under the laws of Singapore and has not traded since incorporation, nor has it entered into any obligations, other than those incidental to its formation or in connection with the Acquisition, the Cuscaden Scheme and the Chain Offer.*

5.3 **Cuscaden Two.** *The Offeror had on 25 April 2022 incorporated a wholly-owned subsidiary, Cuscaden Two, which is the intended owner of all SPH REIT Units acquired pursuant to the Chain Offer. Cuscaden Two is a company incorporated under the laws of Singapore with an issued and paid-up share capital of S\$100, comprising 100 ordinary shares and has not traded since incorporation, nor has it entered into any obligations, other than those incidental to its formation or in connection with the Chain Offer. The board of directors of Cuscaden Two is identical to that of the Offeror (as set out in Section 5.4 of this Letter to Unitholders below). The Offeror will direct that all Offer Units tendered in acceptance of the Chain Offer by Unitholders be tendered to Cuscaden Two.*

5.4 **Board.** *As at the Latest Practicable Date, the Directors are:*

- (a) Lim Tien Lock, Christopher;*
- (b) Chin Yean Cheng;*
- (c) Yong Choon Miao Gerald (alternate director to Chin Yean Cheng);*
- (d) Chua Tiow Chye; and*
- (e) Ling Sze Chi (alternate director to Chua Tiow Chye).*

5.5 Consortium

TSPL is an investment holding company that is 70% owned by HPL and the remaining 30% held by Como Holdings Inc which is ultimately owned by Mr Ong Beng Seng. HPL is a Singapore-incorporated company listed on the Mainboard of the SGX-ST that engages in hotel ownership, management and operation, property development, and investment holding. The HPL group has interests in 39 hotels across 15 countries under prestigious hospitality brands and also manages its own portfolio of hotels under well-established brands. In addition, HPL also has established a distinctive track record in developing quality and premium residential and commercial properties in local and overseas markets including Australia, Japan, Thailand, the United Kingdom and the United States. Mr Ong Beng Seng is the Managing Director and deemed majority shareholder of HPL.

APL is a wholly-owned subsidiary of CLA. CLA's portfolio includes 100% shareholding in CapitaLand Group Pte. Ltd. (formerly known as CapitaLand Limited) and investments in the life sciences sector. CapitaLand Group Pte. Ltd. is a diversified real estate group that is headquartered in Singapore. It engages in real estate development and investment, and holds a majority stake in the Singapore Mainboard-listed CapitaLand Investment Limited. CLA is an independently managed portfolio company of Temasek Holdings (Private) Limited.

MFPL is an indirect, wholly-owned subsidiary of Mapletree. Mapletree is a Singapore-incorporated company which engages in real estate development, investment, capital and property management. As at 31 March 2021, it owns and manages S\$66.3 billion of office, retail, logistics, industrial, data centre, residential, and lodging properties. The Mapletree group currently manages four Singapore-listed REITs and seven private equity real estate funds. Mapletree is an independently managed portfolio company of Temasek Holdings (Private) Limited.

5.6 **Consortium Arrangements.** The Consortium Members had on 28 October 2021 entered into a consortium term sheet to regulate the conduct of the Consortium for the purposes of the Acquisition and to regulate their relationship inter se as shareholders of the Offeror. On the Offer Announcement Date, each of the Consortium Members had entered into a subscription and shareholders' agreement with the Offeror to, inter alia, regulate the relations between the Consortium Members as shareholders of the Offeror and governance arrangements in respect of the Offeror and its subsidiaries. The Consortium had further agreed pursuant to the terms of the subscription and shareholders' agreement on a list of reserved matters which shall not be undertaken by the Offeror without the affirmative vote of all the Directors.

5.7 **Shareholding in the Offeror.** As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$100, comprising 100 ordinary shares. The shareholding proportion of TSPL, APL and MFPL in the Offeror is 40%, 30% and 30% respectively.

5.8 **The Offeror Concert Parties.** Based on the latest information available to the Offeror as at the Latest Practicable Date, the Offeror Concert Parties hold in aggregate 1,327,566,861 SPH REIT Units as at the Latest Practicable Date, representing approximately 47.3% of the total number of issued SPH REIT Units and approximately 47.3% of the maximum potential issued SPH REIT Units³.

5.9 **Additional Information.** Additional information on the Offeror is set out in Appendix 3 to this Offer Document.

Fn 3: For the purposed of this Offer Document, the "maximum potential issued SPH REIT Units" means 2,808,058,604 SPH REIT Units on the basis of outstanding Awards in respect of a maximum of 2,904,600 SPH REIT Units as at the Latest Practicable Date, based on the latest information available to the Offeror."

4. RATIONALE FOR THE CHAIN OFFER AND THE OFFEROR'S FUTURE PLANS FOR SPH REIT

The full text of the rationale for the Chain Offer and the Offeror's intentions relating to SPH REIT has been extracted from the Offer Document and is set out in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. Unitholders are advised to read the extract below carefully.

"7. RATIONALE FOR THE CHAIN OFFER

- 7.1 *As stated in Section 1.2 of this Letter to Unitholders, the Offeror is making the Chain Offer in compliance with the requirements of Note 7 on Rule 14.1 of the Code.*
- 7.2 *In connection with the Cuscaden Scheme and as a result of the election by the Eligible Shareholders in respect of the Cuscaden Scheme Consideration, the Offeror Concert Parties own approximately 47.3% of the total issued SPH REIT Units (including those SPH REIT Units held by SPH after completion of the DIS) and accordingly, the Offeror incurred an obligation under Note 7 on Rule 14.1 of the Code to make the Chain Offer on the Effective Date.*

8. THE OFFEROR'S INTENTION IN RELATION TO SPH REIT

- 8.1 *It is the current intention of the Offeror that SPH REIT continues with its existing activities and there are presently no plans to make any material changes to SPH REIT's existing business, re-deploy its fixed assets or to initiate any major changes to the investment policy of SPH REIT, except in the ordinary course of business (which in the case of SPH REIT would include the investment, directly or indirectly, in a portfolio of income-producing real estate that is used primarily for retail purposes in Asia-Pacific, as well as real estate-related assets).*
- 8.2 *The Offeror however retains the discretion and flexibility to conduct a review of the operations of SPH REIT and to consider any options or opportunities which may present themselves and which it regards to be in the interests of SPH REIT and the Unitholders following the close of the Chain Offer."*

5. COMPULSORY ACQUISITION AND LISTING STATUS

The Offer Document sets out the intentions of the Offeror relating to the listing status of SPH REIT and its rights of compulsory acquisition in respect of SPH REIT. The relevant paragraphs have been extracted from the Offer Document and are reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"9. LISTING STATUS AND COMPULSORY ACQUISITION

9.1 Listing Status

- (a) *Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Chain Offer that brings the holdings owned by the Offeror Concert Parties to above 90% of the total issued SPH REIT Units, the SGX-ST may suspend the trading of the SPH REIT Units on the SGX-ST until such time it is satisfied that at least 10% of the total issued SPH REIT Units are held by at least 500 Unitholders who*

are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total issued SPH REIT Units, thus causing the percentage of the total number of issued SPH REIT Units held in public hands to fall below 10%, the SGX-ST will suspend trading of the SPH REIT Units only at the close of the Chain Offer.

- (b) Rule 723 of the Listing Manual requires SPH REIT to ensure that at least 10% of the total number of issued SPH REIT Units is at all times held by the public ("**Free Float Requirement**"). In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued SPH REIT Units held in public hands falls below 10%, SPH REIT must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the SPH REIT Units on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow SPH REIT a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of SPH REIT Units in public hands to at least 10%, failing which SPH REIT may be delisted from the SGX-ST.
- (c) The Offeror does not have any present intention to actively pursue the delisting of SPH REIT from the Mainboard of the SGX-ST. However, in the event that the Free Float Requirement is not satisfied at the close of the Chain Offer, and the trading of SPH REIT Units on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted. The Offeror reserves the right and discretion, if such event arises, to assess the options available at such time and there is no assurance that the current intention will be carried into effect.

9.2 **Compulsory Acquisition**

- (a) Pursuant to Section 295A(1) of the SFA, if the Offeror receives valid acceptances pursuant to the Chain Offer (or otherwise acquires SPH REIT Units during the period when the Chain Offer is open for acceptance), in respect of not less than 90% of the Offer Units, the Offeror will be entitled to exercise the right to compulsorily acquire all the SPH REIT Units of the Unitholders who have not accepted the Chain Offer on the same terms as those offered under the Chain Offer ("**Dissenting Unitholders**").

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Units not acquired under the Chain Offer. The Offeror will then proceed to delist SPH REIT from SGX-ST. The Offeror reserves the right and discretion, if such event arises, to assess the options available and there is no assurance that the current intention will be carried into effect.

- (b) Dissenting Unitholders have the right under and subject to Section 295A(4) of the SFA to require the Offeror to acquire their SPH REIT Units at the Offer Price in the event that the Offeror or its nominees acquire, pursuant to the Chain Offer, such number of SPH REIT Units which, together with the SPH REIT Units held by the Offeror, its related corporations and/or their respective nominees, comprise 90% or more of the total number of SPH REIT Units in issue. Dissenting Unitholders who wish to exercise such rights are advised to seek their own independent legal advice."

6. FINANCIAL ASPECTS OF THE CHAIN OFFER

The Offer Document sets out the financial aspects of the Chain Offer, which have been extracted therefrom and are reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“10. FINANCIAL ASPECTS OF THE CHAIN OFFER

The Offer Price represents the following (discounts) over certain historical market prices of the SPH REIT Units as set out below:

| <i>Description</i> | <i>SPH REIT Unit Price (S\$)⁽¹⁾</i> | <i>(Discount) over SPH REIT Unit Price (%)⁽²⁾</i> |
|--|--|--|
| <i>(a) Simple average of the daily VWAP for the 20 trading days period up to and including 28 October 2021, being the last trading date prior to the Initial Announcement Date</i> | <i>0.964</i> | <i>(2.8)</i> |
| <i>(b) Last traded price of the SPH REIT Units on the SGX-ST on 28 April 2022, being the last market day prior to the Offer Announcement Date (the “Last Trading Day”)</i> | <i>0.975</i> | <i>(3.9)</i> |
| <i>(c) VWAP for the one (1)-month period up to and including the Last Trading Day</i> | <i>0.964</i> | <i>(2.8)</i> |
| <i>(d) VWAP for the three (3)-month period up to and including the Last Trading Day</i> | <i>0.961</i> | <i>(2.5)</i> |
| <i>(e) VWAP for the six (6)-month period up to and including the Last Trading Day</i> | <i>0.976</i> | <i>(4.0)</i> |

Notes:

(1) The historical market prices of the SPH REIT Units (rounded to the nearest three (3) decimal places) are based on data extracted from Bloomberg L.P. on the Last Trading Day.

(2) Rounded to the nearest one (1) decimal place.”

7. CONFIRMATION OF FINANCIAL RESOURCES

The Offer Document sets out the full text of the confirmation of financial resources by the Offeror Financial Adviser, which has been extracted therefrom and is reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“12. CONFIRMATION OF FINANCIAL RESOURCES

Morgan Stanley, as the financial adviser to the Offeror in connection with the Chain Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Chain Offer by the holders of the Offer Units on the basis of the Offer Price.”

8. ADVICE OF THE IFA

8.1 IFA. PrimePartners Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Chain Offer. Unitholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether to accept or reject the Chain Offer. The IFA's advice is set out in its letter dated 27 May 2022, which is set out in Appendix A to this Circular (the "IFA Letter").

8.2 Key Factors Taken into Consideration by the IFA. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as those defined in the IFA Letter.

In arriving at its advice, the IFA has relied on the following key considerations (an extract of which is set out below and which should be read in conjunction with, and in the context of, the full text of the IFA Letter):

"Factors in favour of the Offer Price:

- (i) *The Offer Price of S\$0.9372 represents premia of 3.2%, 4.7%, 2.0% and 0.6% over the VWAP of the Units for the 2-year, 1-year, 6-month and 3-month periods prior to the announcement of the Possible Chain Offer respectively;*
- (ii) *During the 2-year Lookback Period, the Units were traded every day SPH REIT was open for trading on the SGX-ST but the average daily traded volume of the Units for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Possible Chain Offer was low, representing 0.26%, 0.22%, 0.31%, 0.45% and 0.25% of the free float of the Units respectively;*
- (iii) *The Units had underperformed the rebased FSSTI over the 2-year Lookback Period up till the Latest Practicable Date, having decreased by 15.9% as compared to a decrease of 0.2% in the rebased FSSTI since the beginning of the 2-year Lookback Period;*
- (iv) *The Units had also underperformed the rebased iEDGE S-REIT Index over the 2-year Lookback Period up till the Latest Practicable Date, having decreased by 15.9% as compared to a decrease of 11.8% in the rebased iEDGE S-REIT Index since the beginning of the 2-year Lookback Period;*
- (v) *Based on the Group's NAV per Unit, the Offer Price represents a slight premium of 1.9% over the NAV per Unit and the P/NAV ratio of the Group as implied by the Offer Price of 1.02 times;*
- (vi) *Based on the Group's Ex-cash NAV per Unit, the Offer Price as adjusted for cash and cash equivalents, represents a slight premium of 2.0% over the Ex-cash NAV per Unit;*
- (vii) *For the 6-month, 1-year and 2-year periods prior to the trading halt and announcement of the Possible Chain Offer, the implied P/NAV of 1.02 times is above the average historical trailing P/NAV of the Units of 1.00 times, 0.96 times and 0.97 times respectively;*

- (viii) *In respect of the Comparable REITs, the P/NAV as implied by the Offer Price of SPH REIT of 1.02 times is above the mean P/NAV ratio of the Comparable REITs of 0.97 times and the mean 1-year median P/NAV ratio of the Comparable REITs of 1.00 times;*
- (ix) *In respect of the Precedent Acquisition Transactions, SPH REIT's implied P/NAV ratio of 1.02 times is higher than the median P/NAV ratio of 1.01 times;*
- (x) *In respect of the Precedent Privatisation Transactions, SPH REIT's implied P/NAV ratio of 1.02 times is higher than the mean and median P/NAV ratios of 0.68 times and 0.70 times respectively;*
- (xi) *The Offer Price of S\$0.9372 is within our estimated valuation range for the Units of between S\$0.8918 and S\$0.952;*
- (xii) *We note that the Group is in an uncertain and challenging business environment arising from the COVID-19 pandemic and the geopolitical tensions as commented by the Group in its unaudited financial results announcement for 1HFY2022;*
- (xiii) *The Offeror has expressed its intention to exercise its right to compulsorily acquire all the Offer Units not acquired under the Offer should the opportunity arise, and similarly, if the Free Float Requirement is not met at the close of the Offer, it does not have any intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted; and*
- (xiv) *As at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal similar to or in competition with the Offer has been received by SPH REIT.*

Factors against the Offer Price:

- (i) *The Offer Price of S\$0.9372 represents a discount of 2.3% to the VWAP of the Units for the 1-month period prior to the announcement of the Possible Chain Offer;*
- (ii) *The Offer Price represents discounts of 3.9% and 8.1% to the closing price of the Units on the Last Undisturbed Traded Day and on the day after the Cuscaden Scheme Joint Announcement Date respectively;*
- (iii) *After the announcement of the Possible Chain Offer up to the Last Traded Day, the Units had traded above the Offer Price and the Offer Price represents a discount of 3.9% to the closing price of the Units of S\$0.975 on the Last Traded Day;*
- (iv) *After the Offer Announcement Date up to and including the Latest Practicable Date, the Units had traded slightly above the Offer Price and were last transacted at S\$0.950 on the Latest Practicable Date;*
- (v) *For the 1-month period prior to the trading halt and announcement of the Possible Chain Offer, during the Possible Chain Offer period and for the period after the Announcement Date up to and including the Latest Practicable Date, the implied P/NAV of 1.02 times is below the average historical trailing P/NAV of the Units of 1.06 times, 1.07 times and 1.03 times respectively;*
- (vi) *In respect of the Comparable REITs, the LTM Distribution Yield as implied by the Offer Price of SPH REIT of 6.0% is slightly above the mean and median LTM Distribution Yield of the Comparable REITs of 5.9% and 5.8% respectively;*

(vii) *In respect of the Precedent Acquisition Transactions:*

- *SPH REIT's implied P/NAV ratio of 1.02 times is lower than the mean P/NAV ratio of 1.07 times; and*
- *SPH REIT's implied LTM Distribution Yield of 6.0% is higher than the mean and median LTM Distribution Yield of 5.6% and 5.4% respectively;*

(viii) *In respect of the Precedent Privatisation Transactions:*

- *the discount implied by the Offer Price to the last transacted price of 3.9% is significantly below the mean and median premia over the last transacted prices of 61.2% and 42.9% respectively; and*
- *the discount implied by the Offer Price to the VWAP for the 1-month period of 2.3% and the slight premium implied by the Offer Price over the VWAP for the 3-month and 6-month periods of 0.6% and 2.0% are significantly below the mean and median premia over the VWAP for the respective periods for the Precedent Privatisation Transactions;*

(ix) *The Offer Price of S\$0.9372 represents a discount of 1.6% to the mean target price of S\$0.952 of the latest broker research reports; and*

(x) *We note that the S-REIT ETF as an alternative equity instrument provided a lower distribution yield in the latest 12 months, which suggests that a Unitholder who does not accept the Offer may potentially experience higher dividend income as opposed to reinvesting the proceeds from the Offer in the shares of the S-REIT ETF."*

8.3 Advice of the IFA. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as those defined in the IFA Letter.

After carefully considering all available information and based on the IFA's assessment of the financial terms of the Chain Offer, the IFA has advised the Independent Directors to make the following recommendation to Unitholders in relation to the Chain Offer:

"Having considered as at Latest Practicable Date the aforementioned factors set out in this letter and summarised in this section, we are of the opinion that the financial terms of the Offer are fair and reasonable. Based on our opinion, we advise the Independent Directors to recommend that Unitholders accept the Offer, unless Unitholders are able to obtain a price higher than the Offer Price on the open market, taking into account all the brokerage commissions or transactions costs in connection with open market transactions.

The Independent Directors should also note that any trades or transactions in the Units after the Latest Practicable Date are subject to possible market fluctuations and accordingly, our opinion on the Offer does not and cannot take into account the future transactions or price levels that may be established for the Units since these are governed by factors beyond the ambit of our review."

Unitholders should read the extracts in paragraphs **8.2** and **8.3** above in conjunction with, and in the context of, the full text of the IFA Letter which is set out at Appendix A to this Circular.

9. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

9.1 Exemptions by SIC. The SIC has ruled that the following directors of the SPH REIT Manager, namely Mr Soon Tit Koon, Mrs Trina Loh Soh Yong, Mr Ng Yat Chung, Mr Chua Hwee Song, and Ms Ginney Lim May Ling (the “**Relevant Directors**”) are exempted from the requirement to make a recommendation on the Chain Offer as they face irreconcilable conflicts of interest as a result of certain roles and appointments in relation to entities which are regarded to be acting in concert with the Offeror. Nevertheless, the Relevant Directors will remain responsible for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the SPH REIT Manager in connection with the Chain Offer.

9.2 Recommendation of Independent Directors. The Independent Directors, having considered as at Latest Practicable Date the factors set out in the IFA Letter and the advice given by the IFA, concur with the advice given by the IFA in respect of the Chain Offer. Accordingly, the Independent Directors recommend that Unitholders ACCEPT the Chain Offer, unless Unitholders are able to obtain a price higher than the Offer Price on the open market, taking into account all the brokerage commissions or transactions costs in connection with open market transactions.

Unitholders should be aware that any trades or transactions in the SPH REIT Units after the Latest Practicable Date are subject to possible market fluctuations and accordingly, the recommendation of the Independent Directors on the Chain Offer does not and cannot take into account the future transactions or price levels that may be established for the SPH REIT Units since these are governed by factors beyond the ambit of the recommendation of the Independent Directors.

UNITHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT AT APPENDIX A TO THIS CIRCULAR CAREFULLY.

9.3 No Regard to Specific Objectives. In making their recommendation, the Independent Directors have not had regard to the specific objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Unitholder. Accordingly, the Independent Directors recommend that any individual Unitholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

10. OVERSEAS UNITHOLDERS

The Offer Document sets out information in relation to Overseas Unitholders, which has been extracted therefrom and is reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“13.1 Overseas Jurisdictions. *This Offer Document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law.*

The release, publication or distribution of this Offer Document, the Notification, the relevant Acceptance Forms and any other formal documentation in relation to the Chain Offer (the “Offer Documentation”) in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which the Offer Documentation is released, published or distributed should inform themselves about and observe such restrictions.

*Copies of the Offer Documentation relating to the Chain Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Chain Offer would violate the laws of that jurisdiction ("**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

The Chain Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Chain Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

- 13.2 **Overseas Unitholders.** *The availability of the Chain Offer to Overseas Unitholders may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Unitholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions.*

For the avoidance of doubt, the Chain Offer will be open to all Unitholders, including those to whom the Notification (containing the address and instructions for the electronic retrieval of the Offer Document and its related documents) and the relevant Acceptance Forms has not been, or will not be sent.

It is the responsibility of Overseas Unitholders who wish to accept the Chain Offer to satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Unitholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, Morgan Stanley, CDP, the Registrar and/or any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Unitholders for any such taxes, imposts, duties or other requisite payments as the Offeror, Morgan Stanley, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In accepting the Chain Offer, each Overseas Unitholder represents and warrants to the Offeror, Morgan Stanley, CDP, the Registrar and/or any person acting on their behalf that he/she/it is in full observance of the laws of the relevant jurisdiction in that connection and that he/she/it is in full compliance with all necessary formalities or legal requirements.

Any Overseas Unitholder who is in doubt about his/her/its position should consult his/her/its professional adviser in the relevant jurisdiction.

- 13.3 **Copies of the Notification and the Relevant Acceptance Forms.** *Where there are potential restrictions on sending the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents) and the relevant Acceptance Forms to any overseas jurisdiction, the Offeror and Morgan Stanley each reserve the right not to send these documents to Overseas Unitholders in such overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Unitholder may, nonetheless, attend in person and obtain a copy of the Notification (containing the address and*

instructions for the electronic retrieval of this Offer Document and its related documents), the relevant Acceptance Forms and any related documents during normal business hours and up to the Closing Date, from (a) CDP (in the case of a Unitholder whose Offer Units are deposited with CDP) by submitting a request to CDP via CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or email CDP at asksgx@sgx.com; or (b) the Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (in the case of a Unitholder whose Offer Units are not deposited with CDP) at its office located at 1 Harbourfront Ave, #14-07 Keppel Bay Tower, Singapore 098632.

Alternatively, an Overseas Unitholder may, subject to compliance with applicable laws, write to (i) Cuscaden Peak Pte. Ltd. c/o The Central Depository (Pte) Limited (in the case of a Unitholder whose Offer Units are deposited with CDP) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or (ii) Cuscaden Peak Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd. (in the case of a Unitholder whose Offer Units are not deposited with CDP) at the above-stated address of the Registrar to request for the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the relevant Acceptance Forms (with no Unitholder details printed on the relevant Acceptance Forms) and any related documents to be sent to an address in Singapore by ordinary post at his/her/its own risk, up to five (5) Market Days prior to the Closing Date.

- 13.4 **Notice.** *The Offeror, Morgan Stanley, CDP, the Registrar and/or any person acting on their behalf each reserve the right to notify any matter, including the fact that the Chain Offer has been made, to any or all Unitholders (including Overseas Unitholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Unitholder to receive or see such announcement or advertisement."*

11. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

As stated in paragraph 14 of the Offer Document, CPFIS Investors and SRS Investors will receive further information on how to accept the Chain Offer from their respective CPF Agent Banks and SRS Agent Banks directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Chain Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. Subject to the Chain Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who accept the Chain Offer will receive the Offer Price in respect of their Offer Units validly tendered in acceptance of the Chain Offer in their respective CPF investment accounts and SRS investment accounts.

12. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders who do not wish to accept the Chain Offer need not take any further action in respect of the Offer Document and/or the Acceptance Form which have been sent to them.

Unitholders who wish to accept the Chain Offer must do so not later than 5.30 p.m. (Singapore time) on 16 June 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror. The Directors would like to draw the attention of Unitholders who wish to accept the Chain Offer to the “Procedures for Acceptance” as set out on Appendix 2 to the Offer Document.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received by CDP (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, not later than 5.30 p.m. (Singapore time) on 16 June 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

13. RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those facts stated or opinions expressed by the Offeror Concert Parties and the IFA) are fair and accurate and that no material facts have been omitted from this Circular, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or publicly available sources (including the Offer Announcement and the Offer Document), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the SPH REIT Group are fair and accurate.

Yours faithfully
For and on behalf of the Board of Directors of
SPH REIT Management Pte. Ltd.
as manager of SPH REIT

APPENDIX A

LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE CHAIN OFFER

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

27 May 2022

To: The Independent Directors of **SPH REIT Management Pte. Ltd.**
(deemed to be independent in respect of the Offer)
(as manager of SPH REIT) (the “**Manager**”)
1000 Toa Payoh North,
News Centre,
Singapore 318994

DBS Trustee Limited (as trustee of SPH REIT)
c/o SPH REIT Management Pte. Ltd.
1000 Toa Payoh North,
News Centre,
Singapore 318994

Dear Sirs

INDEPENDENT FINANCIAL ADVICE TO THE DIRECTORS DEEMED INDEPENDENT IN RESPECT OF THE MANDATORY CASH OFFER BY MORGAN STANLEY ASIA (SINGAPORE) PTE., FOR AND ON BEHALF OF CUSCADEN PEAK PTE. LTD. (“CUSCADEN” OR THE “OFFEROR”), TO ACQUIRE ALL THE ISSUED AND OUTSTANDING UNITS IN SPH REIT (“SPH REIT” OR THE “TRUST”) OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR CONCERT PARTIES

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular issued by SPH REIT dated 27 May 2022 (the “**Circular**”) shall have the same meaning herein.*

1 INTRODUCTION

On 29 October 2021 (“**Possible Chain Offer Announcement Date**”), Cuscaden announced its intention and proposal to acquire all the issued and paid-up ordinary shares in the capital of Singapore Press Holdings Limited (“**SPH**”) with a proposed cash consideration of S\$2.10 in cash for each SPH share via a scheme of arrangement pursuant to Section 210 of the Companies Act, Chapter 50 of Singapore (“**Possible Chain Offer**”).

On 15 November 2021 (“**Cuscaden Scheme Joint Announcement Date**”), Cuscaden jointly announced with SPH that they have entered into an implementation agreement (“**Cuscaden Scheme**”) wherein Cuscaden proposed to acquire all the shares of SPH via a scheme of arrangement pursuant to Section 210 of the Companies Act, Chapter 50 of Singapore, and for SPH to undertake a distribution *in specie* (“**DIS**”) of the SPH REIT units it holds. One of the options for the Cuscaden Scheme consideration is an all-cash consideration of S\$2.360 for each SPH share. If sufficient shareholders elect to take the all-cash consideration, resulting in Cuscaden increasing its unitholding interest in SPH REIT to more than 30.0% post the DIS, such completion of the Cuscaden Scheme may result in a possible chain offer for the SPH REIT units pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”).

The minimum price of S\$0.964 in cash per Unit was determined by a ruling from the Securities Industry Council (“**SIC**”) to be, *inter alia*, the simple average of the daily volume weighted average price (“**VWAP**”) of SPH REIT on the latest 20 trading days prior to the Possible Chain

Offer Announcement Date. The minimum price is subject to, *inter alia*, any distributions made by SPH REIT after the Cuscaden Scheme Joint Announcement Date.

On 29 April 2022, SPH announced that the Cuscaden Scheme was effected and completed.

Upon completion of the Cuscaden Scheme, Cuscaden and its concert parties ("**Offeror Concert Parties**") had increased its unitholding interests in SPH REIT to above 30% (including the Units held by SPH after completion of the DIS) and accordingly, Morgan Stanley Asia (Singapore) Pte. (the "**Financial Adviser**") had on 29 April 2022 (the "**Offer Announcement Date**") announced that it had, for and on behalf of the Offeror, made a mandatory cash offer for all the issued and outstanding units (the "**Units**") in SPH REIT other than those already owned, controlled or agreed to be acquired by the Offeror Concert Parties as at the Offer Announcement Date and all new Units ("**Award Units**") unconditionally issued or to be issued, prior to the final closing date of the Offer ("**Closing Date**") pursuant to the valid vesting and release of any outstanding awards ("**Awards**") granted under SPH REIT's performance unit scheme (collectively, the "**Offer Units**"), at S\$0.9372 in cash for each Offer Unit ("**Offer Price**") under Rule 14 of the Code after adjusting for distributions made by SPH REIT after the Cuscaden Scheme Joint Announcement Date.

The Offeror is a company incorporated in Singapore on 7 October 2021 and has not traded since its incorporation, nor has it entered into any obligations, other than those incidental to its formation or in connection with the proposed acquisition of all the SPH shares (excluding treasury shares) (the "**Acquisition**"), the Cuscaden Scheme and the Offer. It is a company formed by a consortium for the purposes of the Acquisition, the Cuscaden Scheme and the Offer comprising:

- (i) Tiga Stars Pte. Ltd. (a 70%-subsidiary of Hotel Properties Limited and the remaining 30% is ultimately owned by Mr Ong Beng Seng) owning 40%;
- (ii) Adenium Pte. Ltd. (a wholly-owned subsidiary of CLA Real Estate Holdings Pte Ltd) owning 30%; and
- (iii) Mapletree Fortress Pte. Ltd. (an indirect, wholly-owned subsidiary of Mapletree Investments Pte Ltd) owning 30%.

The Offeror has on 25 April 2022 incorporated a wholly-owned subsidiary, Cuscaden Peak Two Pte. Ltd. ("**Cuscaden Two**"), which is the intended owner of all Units acquired pursuant to the Offer. Cuscaden Two is a company incorporated under the laws of Singapore with an issued and paid-up share capital of S\$100, comprising 100 ordinary shares and has not traded since incorporation, nor has it entered into any obligations, other than those incidental to its formation or in connection with the Offer. The Offeror will direct that all Offer Units tendered in acceptance of the Offer by Unitholders be tendered to Cuscaden Two.

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Units which, when taken together with the Units owned, controlled or agreed to be acquired by the Offeror Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror Concert Parties holding in aggregate such number of Units carrying more than 50% of the total voting rights attributable to the issued Units as at the close of the Offer (including any Award Units which may be unconditionally issued prior to the Closing Date) (the "**Minimum Acceptance Condition**").

As at 13 May 2022, the Offeror Concert Parties hold in aggregate 1,327,566,861 Units, representing approximately 47.3% of the total Units.

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Units which, when taken together with the Units owned, controlled or agreed to be acquired by the Offeror Concert Parties before or during the Offer, will result in the Offeror Concert Parties meeting the Minimum Acceptance Condition.

Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

In connection with the Offer, PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) has been appointed by the Manager as independent financial adviser (“**IFA**”) to advise directors of the Manager who are deemed independent in respect of the Offer (the “**Independent Directors**”) for the purpose of making their recommendation to the Unitholders in relation to the Offer. This letter sets out, *inter alia*, our views and evaluation of the financial terms of the Offer and our opinion thereon and forms part of the Circular providing, *inter alia*, details of the Offer and the recommendation of the Independent Directors.

2 TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offer in compliance with the provisions of the Singapore Code on Take-overs and Mergers (the “**Code**”). We have confined our evaluation to the financial terms of the Offer and have not taken into account the commercial risks and/or commercial merits of the Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long-term merits of the Offer or on the future prospects of SPH REIT and its subsidiaries (the “**Group**”) or the method and terms by which the Offer is made or any other alternative methods by which the Offer may be made. We have not relied on any financial projections or forecasts in respect of the Group in our evaluation to the financial terms of the Offer. We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of SPH REIT or the Group. We are also not expressing any view herein as to the prices at which the Units may trade after the close of the Offer. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

We are not authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Units. We are therefore not addressing the relative merits of the Offer as compared to any alternative transaction that may be available to the Manager, SPH REIT (or the Unitholders), or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to SPH REIT. We have also relied to a considerable extent on information provided and representations made, including relevant financial analyses and estimates, by the management of the Manager (the “**Management**”), the Directors, the Group’s solicitors and auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such reasonable enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors that upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer and SPH REIT has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to SPH REIT stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

Our analysis and opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 19 May 2022 (the “**Latest Practicable Date**”). Such conditions may change significantly over a

relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Unitholders should further take note of any announcement(s) relevant to their consideration of the Offer which may be released by the Manager and/or the Offeror after the Latest Practicable Date.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, plant and equipment and investment properties ("**Investment Properties**")) of SPH REIT or the Group. In connection with the Group's half-yearly reporting, the Manager has commissioned Savills Valuation and Professional Services (S) Pte Ltd and CBRE Valuations Pty Limited (the "**Valuers**") to carry out independent valuations of the Investment Properties held by the Group in Singapore and Australia respectively. Copies of the valuation summary and certificates ("**Valuation Certificates**") of the Investment Properties of the Group are attached in Appendix G to the Circular.

We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the independent valuations conducted by the Valuers for such appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuation contained in their Valuation Certificates or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements and professional standards including the Code and the International Valuation Standards.

In rendering our opinion, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Unitholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Offer.

The Manager has been separately advised by its own advisers in the preparation of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this letter).

Our opinion in respect of the Offer, as set out in paragraph 9 of this letter, should be considered in the context of the entirety of this letter and the Circular.

3 THE OFFER

Unitholders should by now have received a copy of the offer document dated 19 May 2022 (the "**Offer Document**"), setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in paragraph 2 of the Offer Document. **Unitholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

3.1 Offer Units

The Offer is extended to all the Units other than those already owned, controlled or agreed to be acquired by the Offeror Concert Parties as at the Offer Announcement Date and all Award Units unconditionally issued or to be issued prior to the Closing Date.

3.2 Offer Price

As stated in paragraph 2.3 of the Offer Document, the consideration for the Offer is:

For each Offer Unit: S\$0.9372 in cash.

3.3 No Encumbrances

The Offer Units are to be acquired (i) fully paid, (ii) free from all charges, claims, hypothecations, liens, caveats, debentures, pledges, mortgages, power of sale, retention of title or security interest of any kind over and in respect of the Units and any right of pre-emption, first offer, first refusal, tag-along or drag-along of any kind to which the Units are subject or any right or option for the sale or purchase of such Units, and any other third party rights and inserts of any nature whatsoever or an agreement, arrangement or obligation to create any of the foregoing ("**Encumbrances**"), and (iii) together with all rights, benefits and entitlements attaching thereto as at the Cuscaden Scheme Joint Announcement Date, and thereafter attaching thereto, including the right to receive and retain all rights and other distributions declared, made or paid by the Manager on or after the Cuscaden Scheme Joint Announcement Date including, *inter alia*, the 1QFY2022 Distribution (as defined herein) and 2QFY2022 Distribution (as defined herein) (collectively, "**Distributions**"), other than the distribution for the financial year ended 31 August 2021 ("**FY2021 Distribution**").

3.4 Adjustment for Distributions

SPH REIT had announced on 9 February 2022 and paid to Unitholders on 28 February 2022 a distribution of S\$0.0124 per Unit for the first quarter ("**1QFY2022 Distribution**") of the financial year ending 31 August 2022 ("**FY2022**") and further announced on 1 April 2022 and paid to Unitholders on 20 May 2022 a distribution of S\$0.0144 per Unit for the second quarter ("**2QFY2022 Distribution**") of FY2022.

The Offer Price has been determined on the basis that the Offer Units will be acquired with the right to receive any distribution or return of capital, that may be announced, declared, paid or made by the Manager in respect of the Units on or after the Cuscaden Scheme Joint Announcement Date (including, without limitation, the 1QFY2022 Distribution and the 2QFY2022 Distribution, but excluding the payment of the FY2021 Distribution). In the event of any such Distribution, the Offer Price payable to a Unitholder who validly accepts or has validly accepted the Offer shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Offer Units tendered in acceptance of the Offer ("**Settlement Date**") falls:

- (a) if the Settlement Date falls on or before the record date of such Distribution, being the date on which the transfer books and register of Unitholders of SPH REIT will be closed in order to determine the entitlements of the Unitholders to the relevant Distribution ("**Record Date**"), the Offeror will pay the relevant accepting Unitholders the unadjusted Offer Price for each Offer Units, as the Offeror will receive the Distribution in respect of such Offer Units; and
- (b) if the Settlement Date falls after the Record Date, the Offer Price payable for such Offer Units tendered in acceptance shall be reduced by an amount which is equal to the Distribution in respect of such Offer Units, as the Offeror will not receive such Distribution.

As stated in the Offer Document, the Offeror has exercised its right to reduce the minimum offer price of S\$0.964 per Offer Unit by the aggregate of the 1QFY2022 Distribution and 2QFY2022 Distribution to arrive at the Offer Price of S\$0.9372 for each Offer Unit.

3.5 Conditional Offer

As stated in paragraph 2.6 of the Offer Document, the Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Units which, when taken together with the Units owned, controlled or agreed to be acquired by the Offeror Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror Concert Parties holding in aggregate such number of Units carrying more than 50% of the total voting rights attributable to the issued Units as at the close of the Offer (including any Award Units), being the Minimum Acceptance Condition.

The Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Units which, when taken together with the Units owned, controlled or agreed to be acquired by the Offeror Concert Parties before or during the Offer, will result in the Offeror Concert Parties holding in aggregate more than 50% of the maximum potential issued Offer Units as at the Closing Date. For this purpose, the “**maximum potential issued Offer Units**” means the total number of issued Offer Units had all the Award Units been issued as at the date of such declaration.

Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

3.6 Further details of the Offer

Further details of the Offer are set out in Appendix 1 to the Offer Document, including details on (i) the duration of the Offer; (ii) the settlement of the consideration for the Offer; (iii) the requirements relating to the announcement(s) of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer.

3.7 Revision of terms of the Offer

As stated in paragraph 2.7 of the Offer Document, the Offeror reserves the right to revise the terms of the Offer in accordance with the Code.

3.8 No Awards Offer

As stated in paragraph 2.8 of the Offer Document, based on the latest information available to the Offeror, SPH REIT has, at 13 May 2022, 1,936,400 outstanding Awards in respect of a maximum of 2,904,600 Units granted under the SPH performance unit award scheme. These Awards are personal to the holders of the Awards and are not transferable. Accordingly, the Offeror will not make an offer to acquire the outstanding Awards. For the avoidance of doubt, the Offer will be extended to any Award Units unconditionally issued or to be issued pursuant to the valid vesting and release of the outstanding Awards prior to the Closing Date.

3.9 Duration of the Offer

The Offer is open for acceptance by Unitholders for the period commencing on 19 May 2022, being the date on which the Offer Document is despatched (“**Despatch Date**”) and ending on the Closing Date, being the day falling at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 16 June 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3.10 Warranty

As stated in paragraph 2.10 of the Offer Document, a Unitholder who tenders his/her/its Offer Units in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he/she/it sells such Offer Units as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.

4 INFORMATION ON SPH REIT AND THE GROUP

SPH REIT is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 9 July 2013 (as supplemented by the first supplemental deed on 7 November 2016 and the second supplemental deed on 6 January 2017 between the Manager and the Trustee) which

is governed by the laws of Singapore. The Trustee is under a duty to take into custody and hold the assets of SPH REIT held by it in trust for the Unitholders. SPH REIT was listed on the Mainboard of the SGX-ST on 24 July 2013 and included under the Central Provident Fund Investment Scheme on 17 July 2013.

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.

As at the Latest Practicable Date, SPH REIT's portfolio comprises five (5) commercial properties in Singapore and Australia. The three (3) wholly-owned properties in Singapore are Paragon, The Clementi Mall and The Rail Mall, with a total up to 962,955 sq ft net lettable area ("NLA") with an aggregate market value of S\$3.3 billion as at 28 February 2022. The two (2) properties in Australia, being Westfield Marion Shopping Centre and Figtree Grove Shopping Centre, are respectively 50%-owned and 85%-owned as to SPH REIT and have an aggregate gross lettable area of 1,721,801 sq ft, and an aggregate market value of A\$842.5 million as at 28 February 2022.

The board of directors of the Manager comprises the following:

- (a) Leong Horn Kee (Chairman, Non-Executive and Independent Director);
- (b) Soon Tit Koon (Non-Executive and Independent Director);
- (c) Trina Loh Soh Yong (Non-Executive and Independent Director);
- (d) Hoo Sheau Farn (Non-Executive and Independent Director);
- (e) Ng Yat Chung (Non-Executive and Non-Independent Director);
- (f) Chua Hwee Song (Non-Executive and Non-Independent Director);
- (g) Ginney Lim May Ling (Non-Executive and Non-Independent Director);
- (h) Ray Ferguson (Non-Executive and Independent Director); and
- (i) Bernard Phang (Non-Executive and Independent Director).

As at the Latest Practicable Date, SPH REIT has 2,805,154,004 Units outstanding, and 1,936,400 Awards, pursuant to which a maximum of 2,904,600 Award Units may be issued to eligible employees of, *inter alia*, the Manager. There are no other outstanding instruments convertible into, rights to subscribe for, and options in respect of Units of any other securities which carry voting rights in SPH REIT.

Further information on SPH REIT and the Manager can be found in Appendix 4 to the Offer Document and Appendix B to the Circular.

5 INFORMATION ON THE OFFEROR

The information on the Offeror as set out below in italics have been extracted from paragraph 5 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"5. INFORMATION ON THE OFFEROR

- 5.1 **The Offeror.** *The Offeror is a company formed by the Consortium comprising TSPL (a subsidiary of HPL), APL (a wholly-owned subsidiary of CLA) and MFPL (an indirect wholly-owned subsidiary of Mapletree) for the purposes of the Acquisition, the Cuscaden Scheme and the Chain Offer. The Offeror was incorporated on 7 October 2021.*
- 5.2 **Business.** *The Offeror is a company incorporated under the laws of Singapore and has not traded since incorporation, nor has it entered into any obligations, other than those incidental to its formation or in connection with the Acquisition, the Cuscaden Scheme and the Chain Offer.*
- 5.3 **Cuscaden Two.** *The Offeror had on 25 April 2022 incorporated a wholly-owned subsidiary, Cuscaden Two, which is the intended owner of all SPH REIT Units acquired pursuant to the Chain Offer. Cuscaden Two is a company incorporated under the laws of Singapore*

with an issued and paid-up share capital of S\$100, comprising 100 ordinary shares and has not traded since incorporation, nor has it entered into any obligations, other than those incidental to its formation or in connection with the Chain Offer. The board of directors of Cuscaden Two is identical to that of the Offeror (as set out in Section 5.4 of this Letter to Unitholders below). The Offeror will direct that all Offer Units tendered in acceptance of the Chain Offer by Unitholders be tendered to Cuscaden Two.

5.4 Board. As at the Latest Practicable Date, the Directors are:

- (a) Lim Tien Lock, Christopher;
- (b) Chin Yean Cheng;
- (c) Yong Choon Miao Gerald (alternate director to Chin Yean Cheng);
- (d) Chua Tiow Chye; and
- (e) Ling Sze Chi (alternate director to Chua Tiow Chye).

5.5 Consortium

TSPL is an investment holding company that is 70% owned by HPL and the remaining 30% held by Como Holdings Inc which is ultimately owned by Mr Ong Beng Seng. HPL is a Singapore-incorporated company listed on the Mainboard of the SGX-ST that engages in hotel ownership, management and operation, property development, and investment holding. The HPL group has interests in 39 hotels across 15 countries under prestigious hospitality brands and also manages its own portfolio of hotels under well-established brands. In addition, HPL also has established a distinctive track record in developing quality and premium residential and commercial properties in local and overseas markets including Australia, Japan, Thailand, the United Kingdom and the United States. Mr Ong Beng Seng is the Managing Director and deemed majority shareholder of HPL.

APL is a wholly-owned subsidiary of CLA. CLA's portfolio includes 100% shareholding in CapitaLand Group Pte. Ltd. (formerly known as CapitaLand Limited) and investments in the life sciences sector. CapitaLand Group Pte. Ltd. is a diversified real estate group that is headquartered in Singapore. It engages in real estate development and investment, and holds a majority stake in the Singapore Mainboard-listed CapitaLand Investment Limited. CLA is an independently managed portfolio company of Temasek Holdings (Private) Limited.

MFPL is an indirect, wholly-owned subsidiary of Mapletree. Mapletree is a Singapore-incorporated company which engages in real estate development, investment, capital and property management. As at 31 March 2021, it owns and manages S\$66.3 billion of office, retail, logistics, industrial, data centre, residential, and lodging properties. The Mapletree group currently manages four Singapore-listed REITs and seven private equity real estate funds. Mapletree is an independently managed portfolio company of Temasek Holdings (Private) Limited.

5.6 Consortium Arrangements. The Consortium Members had on 28 October 2021 entered into a consortium term sheet to regulate the conduct of the Consortium for the purposes of the Acquisition and to regulate their relationship inter se as shareholders of the Offeror. On the Offer Announcement Date, each of the Consortium Members had entered into a subscription and shareholders' agreement with the Offeror to, inter alia, regulate the relations between the Consortium Members as shareholders of the Offeror and governance arrangements in respect of the Offeror and its subsidiaries. The Consortium had further agreed pursuant to the terms of the subscription and shareholders' agreement on a list of reserved matters which shall not be undertaken by the Offeror without the affirmative vote of all the Directors.

5.7 Shareholding in the Offeror. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$100, comprising 100 ordinary shares. The shareholding proportion of TSPL, APL and MFPL in the Offeror is 40%, 30% and 30% respectively.

5.8 The Offeror Concert Parties. Based on the latest information available to the Offeror as at the Latest Practicable Date, the Offeror Concert Parties hold in aggregate 1,327,603,618 SPH REIT Units as at the Latest Practicable Date, representing approximately 47.3% of the total number of issued SPH REIT Units and approximately 47.3% of the maximum potential issued SPH REIT Units³.

5.9 Additional Information. Additional information on the Offeror is set out in Appendix 3 to this Offer Document.

³ For the purposes of this Offer Document, the “maximum potential issued SPH REIT Units” means 2,808,058,604 SPH REIT Units on the basis of outstanding Awards in respect of a maximum of 2,904,600 SPH REIT Units as at the Latest Practicable Date, based on the latest information available to the Offeror.”

The Offeror had further clarified in a minor corrigendum announcement on 19 May 2022 on the unitholdings of the Offeror Concert Parties as replicated in italics below.

“2. CORRIGENDUM TO THE OFFER DOCUMENT

2.1 Morgan Stanley wishes to clarify, for and on behalf of the Offeror, that upon further clarification from certain Additional Offeror Concert Parties:

(a) the number and percentage of SPH REIT Units held by the Additional Offeror Concert Parties reflected in Paragraph 1 of Appendix 5 to the Offer Document should be:

(i) a direct interest in 1,557,064 SPH REIT Units, representing approximately 0.056% of the total issued SPH REIT Units¹ (instead of 1,593,821 SPH REIT Units, representing approximately 0.057% of the total issued SPH REIT Units as previously disclosed in Paragraph 1 to Appendix 5 of the Offer Document);

(ii) a deemed interest of 206,000 SPH REIT Units, representing approximately 0.007% of the total issued SPH REIT Units; and

(iii) a total interest of 1,763,064 SPH REIT Units, representing approximately 0.063% of the total issued SPH REIT Units (instead of 1,799,821 SPH REIT Units, representing approximately 0.064% of the total issued SPH REIT Units as previously disclosed in Paragraph 1 to Appendix 5 of the Offer Document); and

(b) accordingly, as at the Latest Practicable Date, the Offeror Concert Parties hold in aggregate 1,327,566,861 SPH REIT Units (instead of 1,327,603,618 SPH REIT Units as previously disclosed in Section 5.8 of the Letter to Unitholders in the Offer Document), representing approximately 47.3% of the total issued SPH REIT Units and approximately 47.3% of the maximum potential issued SPH REIT Units.

2.2 For the avoidance of doubt in the event of any conflicts or inconsistencies between the Offer Document and the corrections and disclosures in this paragraph 2, the corrections and disclosures set out in this Announcement shall prevail.

⁴ All references to percentage unitholding of the issued SPH REIT Units in paragraph 2.1 of this Announcement are based on a total of 2,805,154,004 SPH REIT Units in issue and outstanding as at the Latest Practicable Date (based on information provided by the SPH REIT Manager).”

Further information on the Offeror can be found in Appendix 3 to the Offer Document and Appendix C to the Circular.

6 RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR SPH REIT AND ITS LISTING STATUS

6.1 Rationale for the Offer and the Offeror's intentions for SPH REIT

The information on the rationale of the Offer and the Offeror's intentions for SPH REIT as set out below in italics have been extracted from paragraphs 7 and 8 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"7. RATIONALE FOR THE CHAIN OFFER

7.1 As stated in Section 1.2 of this Letter to Unitholders, the Offeror is making the Chain Offer in compliance with the requirements of Note 7 on Rule 14.1 of the Code.

7.2 In connection with the Cuscaden Scheme and as a result of the election by the Eligible Shareholders in respect of the Cuscaden Scheme Consideration, the Offeror Concert Parties own approximately 47.3% of the total issued SPH REIT Units (including those SPH REIT Units held by SPH after completion of the DIS) and accordingly, the Offeror incurred an obligation under Note 7 on Rule 14.1 of the Code to make the Chain Offer on the Effective Date.

8. THE OFFEROR'S INTENTIONS RELATING TO SPH REIT

8.1 It is the current intention of the Offeror that SPH REIT continues with its existing activities and there are presently no plans to make any material changes to SPH REIT's existing business, re-deploy its fixed assets or to initiate any major changes to the investment policy of SPH REIT, except in the ordinary course of business (which in the case of SPH REIT would include the investment, directly or indirectly, in a portfolio of income-producing real estate that is used primarily for retail purposes in Asia-Pacific, as well as real estate-related assets).

8.2 The Offeror however retains the discretion and flexibility to conduct a review of the operations of SPH REIT and to consider any options or opportunities which may present themselves and which it regards to be in the interests of SPH REIT and the Unitholders following the close of the Chain Offer."

6.2 Compulsory acquisition and listing status

The information on Compulsory Acquisition and listing status as set out below in italics has been extracted from paragraph 9 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"9. LISTING STATUS AND COMPULSORY ACQUISITION

9.1 Listing Status

- (a) Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Chain Offer that brings the holdings owned by the Offeror Concert Parties to above 90% of the total issued SPH REIT Units, the SGX-ST may suspend the trading of the SPH REIT Units on the SGX-ST until such time it is satisfied that at least 10% of the total issued SPH REIT Units are held by at least 500 Unitholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total issued SPH REIT Units, thus causing the percentage of the total number of issued SPH REIT Units held in public hands to fall below 10%, the SGX-ST will suspend trading of the SPH REIT Units only at the close of the Chain Offer.*

- (b) Rule 723 of the Listing Manual requires SPH REIT to ensure that at least 10% of the total number of issued SPH REIT Units is at all times held by the public ("**Free Float Requirement**"). In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued SPH REIT Units held in public hands falls below 10%, SPH REIT must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the SPH REIT Units on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow SPH REIT a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of SPH REIT Units in public hands to at least 10%, failing which SPH REIT may be delisted from the SGX-ST.
- (c) The Offeror does not have any present intention to actively pursue the delisting of SPH REIT from the Mainboard of the SGX-ST. However, in the event that the Free Float Requirement is not satisfied at the close of the Chain Offer, and the trading of SPH REIT Units on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted. The Offeror reserves the right and discretion, if such event arises, to assess the options available at such time and there is no assurance that the current intention will be carried into effect.

9.2 Compulsory Acquisition

- (a) Pursuant to Section 295A(1) of the SFA, if the Offeror receives valid acceptances pursuant to the Chain Offer (or otherwise acquires SPH REIT Units during the period when the Chain Offer is open for acceptance), in respect of not less than 90% of the Offer Units, the Offeror will be entitled to exercise the right to compulsorily acquire all the SPH REIT Units of the Unitholders who have not accepted the Chain Offer on the same terms as those offered under the Chain Offer ("**Dissenting Unitholders**").

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Units not acquired under the Chain Offer. The Offeror will then proceed to delist SPH REIT from SGX-ST. The Offeror reserves the right and discretion, if such event arises, to assess the options available and there is no assurance that the current intention will be carried into effect.

- (b) Dissenting Unitholders have the right under and subject to Section 295A(4) of the SFA to require the Offeror to acquire their SPH REIT Units at the Offer Price in the event that the Offeror or its nominees acquire, pursuant to the Chain Offer, such number of SPH REIT Units which, together with the SPH REIT Units held by the Offeror, its related corporations and/or their respective nominees, comprise 90% or more of the total number of SPH REIT Units in issue. Dissenting Unitholders who wish to exercise such rights are advised to seek their own independent legal advice."

7 ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In assessing the fairness and reasonableness of the financial terms of the Offer, we have considered the following factors which we consider to be pertinent and to have a significant bearing on our assessment of the Offer:

- (i) Historical market price performance and trading activity of the Units;
- (ii) Unit price performance relative to market index;
- (iii) Financial information of the Group;
- (iv) Net asset value ("**NAV**") per Unit and Ex-cash NAV per Unit;
- (v) Historical trailing price-to-NAV ("**P/NAV**") ratio of the Units;

- (vi) Valuation ratios of selected listed REITs broadly comparable to the Group;
- (vii) Precedent Acquisition Transactions of REITs involving Singapore-based acquirers or targets;
- (viii) Precedent privatisation and delisting transactions in Singapore;
- (ix) Analysts' estimates and price targets for SPH REIT;
- (x) Estimated valuation of the Units; and
- (xi) Distribution track record of SPH REIT.

We have also considered other relevant considerations which have a significant bearing on our assessment as set out in paragraph 8 of this letter.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from S&P Capital IQ, Bloomberg L.P., Monetary Authority of Singapore ("MAS"), SGXNet and other public filings as at the Latest Practicable Date or as provided by SPH REIT where relevant. PPCF makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

7.1 Historical market price performance and trading activity of the Units

The Units were last transacted on 28 October 2021 ("**Last Undisturbed Traded Day**") prior to the trading halt announced before trading hours on 29 October 2021 and the subsequent release of the Possible Chain Offer announcement on the same day, being the Possible Chain Offer Announcement Date. The trading halt was subsequently lifted and SPH REIT's trading resumed on 1 November 2021.

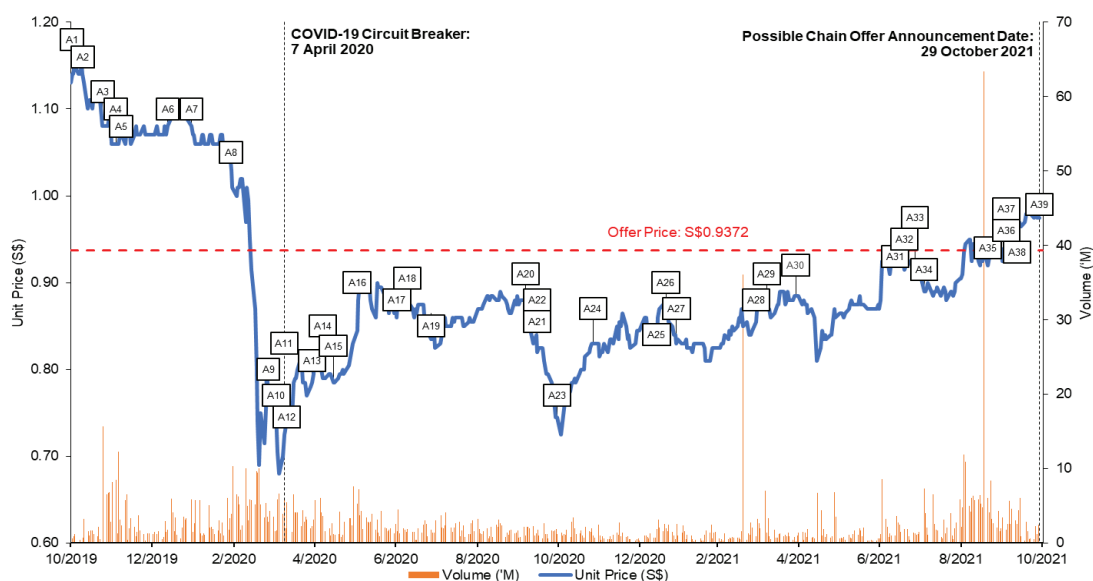
On 15 November 2021, Cuscaden jointly announced with SPH that they have entered into an implementation agreement, being the Cuscaden Scheme, which may result in the Possible Chain Offer for the Units, subject to, *inter alia*, the number of SPH shareholders who have elected to take the cash consideration offered under the Cuscaden Scheme.

The Units were last transacted on 28 April 2022 ("**Last Traded Day**") prior to the announcement after market hours stating that the Cuscaden Scheme was effected and completed. The Offer was subsequently announced on 29 April 2022 during a full-day trading halt.

For the purpose of our analysis, we have compared the Offer Price against the historical market price performance of the Units and considered the historical trading volume of the Units from 29 October 2019 to 28 October 2021, being the 2-year period prior to the trading halt and to the Last Undisturbed Traded Day (the "**2-year Lookback Period**"), and after the Last Undisturbed Traded Day to the Offer Announcement Date and up to and including the Latest Practicable Date.

We set out below the daily closing price and daily trading volume of the Units for the 2-year Lookback Period. We have also marked certain dates in the chart where significant events have occurred.

Daily closing price and daily trading volume of the Units for the 2-year Lookback Period



Source: S&P Capital IQ and SPH REIT's announcements on the SGXNet

Significant events or announcements:

- A1. **30 October 2019.** SPH REIT issued 9,784,989 Units to the Manager as payment of management fees.
- A2. **7 November 2019.** SPH REIT announced the acquisition of a 50.0% interest in the Westfield Marion Shopping Centre, located in Adelaide, South Australia for a purchase consideration of A\$670.0 million (approximately S\$636.5 million).
- A3. **21 November 2019.** SPH REIT announced the launch of a private placement of 156,645,000 new Units in SPH REIT at an issue price of between S\$1.031 and S\$1.075 per new Unit so as to raise gross proceeds of no less than S\$161.5 million. SPH REIT also announced a cumulative distribution from 1 September 2019 to 1 December 2019, being the day prior to the issuance of the new Units pursuant to the private placement, for existing Unitholders.
- A4. **2 December 2019.** Ex-date of the cumulative distribution. SPH REIT also announced that 156,645,000 new Units will be issued pursuant to the private placement.
- A5. **6 December 2019.** SPH REIT announced the completion of a acquisition of a 50.0% interest in Westfield Marion Shopping Centre.
- A6. **10 January 2020.** SPH REIT announced its financial results for the first quarter FY2020 ("1QFY2020") where gross revenue increased by 11.8% year-on-year ("y-o-y") to S\$60.1 million and portfolio occupancy rate was 99.3%. SPH REIT also announced the actual cumulative distribution of 1.38 cents per Unit for 1QFY2020.
- A7. **28 January 2020.** SPH REIT issued 2,089,874 Units to the Manager as payment of management fees.
- A8. **27 February 2020.** SPH REIT announced that it will be rolling out a tenants' assistance scheme to help mitigate the impact of COVID-19 on the performance of its tenants in its Singapore assets.
- A9. **26 March 2020.** SPH REIT announced that it will pass on fully the property tax rebate granted by the Singapore Government to tenants adversely impacted by COVID-19.
- A10. **1 April 2020.** SPH REIT announced its financial results for the second quarter FY2020 ("2QFY2020") where gross revenue increased by 26.1% y-o-y to S\$73.3 million and portfolio occupancy rate was 98.9%. SPH REIT also announced a distribution of 0.30 cents per Unit for 2QFY2020.
- A11. **7 April 2020.** Start of circuit breaker measures by the Singapore Government to curb the spread of COVID-19.

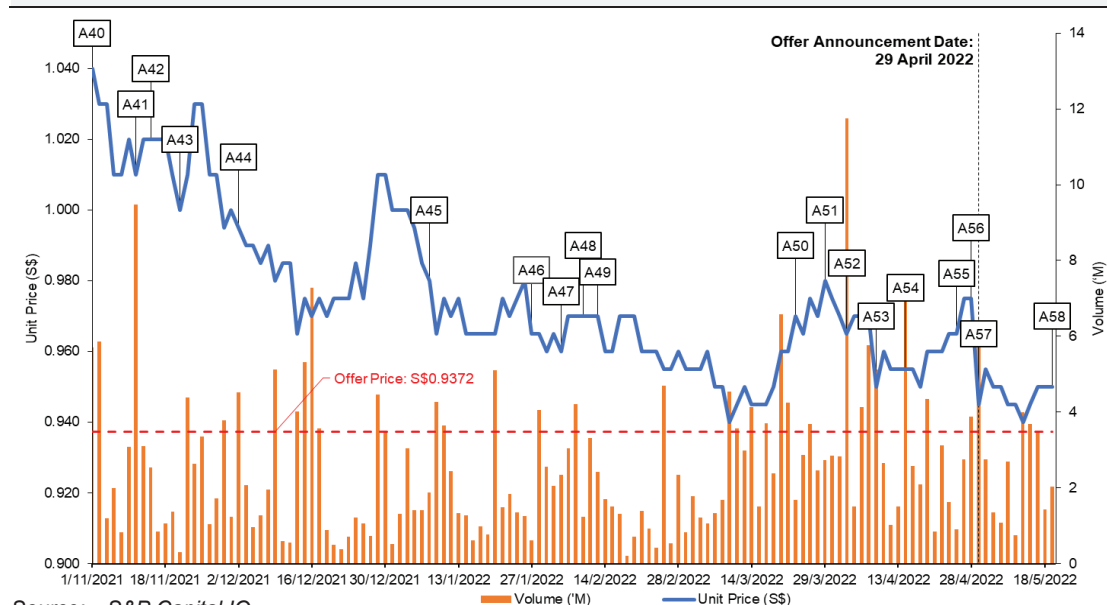
- A12. **10 April 2020.** Ex-date of the 2QFY2020 distribution.
- A13. **28 April 2020.** SPH REIT issued 2,547,367 Units to the Manager as payment of management fees.
- A14. **6 May 2020.** SPH REIT announced that it will be granting full rental waiver for April and May 2020 for eligible non-trading retail and medical tenants.
- A15. **14 May 2020.** SPH REIT announced that it will adopt the practice of announcing financial statements on a half-yearly basis.
- A16. **1 June 2020.** End of circuit breaker measures by the Singapore Government and gradual reopening and rollback of restrictions.
- A17. **1 July 2020.** SPH REIT announced its key business and operational updates for the third quarter FY2020 ("**3QFY2020**") where portfolio occupancy rate was 98.8% despite challenging retail environment due to COVID-19. SPH REIT also announced a distribution of 0.50 cents per Unit for 3QFY2020.
- A18. **10 July 2020.** Ex-date of the 3QFY2020 distribution.
- A19. **27 July 2020.** SPH REIT issued 3,353,447 Units to the Manager as payment of management fees.
- A20. **6 October 2020.** SPH REIT announced its FY2020 results where gross revenue increased by 5.6% and net income decreased by 8.2%. SPH REIT also announced a distribution of 0.54 cents per Unit for the fourth quarter of FY2020 ("**4QFY2020**").
- A21. **6 October 2020.** SPH REIT announced the latest valuation amount as at 31 August 2020 of Paragon, The Clementi Mall, The Rail Mall, Westfield Marion and Figtree Grove being S\$2.64 billion, S\$584 million, S\$62.2 million, A\$646.5 million (representing SPH REIT's 50% interest) and A\$190 million respectively.
- A22. **15 October 2020.** Ex-date of the 4QFY2020 distribution.
- A23. **30 October 2020.** SPH REIT issued 12,457,033 Units to the Manager as payment of management fees.
- A24. **26 November 2020.** Annual General Meeting of SPH REIT. All resolutions relating to the matters set out in the Notice of AGM dated 4 November 2020 were duly passed.
- A25. **13 January 2021.** SPH REIT announced its key business and operational updates for the first quarter FY2021 ("**1QFY2021**") where gross revenue increased by 10.8% year-on-year ("**y-o-y**") to S\$66.6 million and portfolio occupancy rate was 97.9%. SPH REIT also announced a distribution of 1.20 cents per Unit for 1QFY2021.
- A26. **20 January 2021.** Ex-date of the 1QFY2021 distribution.
- A27. **28 January 2021.** SPH REIT issued 3,217,646 Units to the Manager as payment of management fees.
- A28. **29 March 2021.** SPH REIT announced its financial results for 1HFY2021, where its DPU increased by 3.3% from 1QFY2021, gross revenue increased by 4.9% y-o-y and a portfolio occupancy of 98.0% was achieved. SPH REIT also announced a distribution of 1.24 cents per Unit for the second quarter of FY2021 ("**2QFY2021**").
- A29. **6 April 2021.** Ex-date of the 2QFY2021 distribution.
- A30. **28 April 2021.** SPH REIT issued 3,195,164 Units to the Manager as payment of management fees.
- A31. **12 July 2021.** SPH REIT announced its key business and operational updates for the third quarter FY2021 ("**3QFY2021**"), where its gross revenue increased 22.2% to S\$209.6 million, DPU increased to 1.38 cents which reflected a 11.3 % increase as compared to 2QFY2021 and a portfolio occupancy rate of 98.4%. SPH REIT also announced a distribution of 1.38 cents per Unit for 3QFY2021.
- A32. **19 July 2021.** Ex-date of the 3QFY2021 distribution.

- A33. **27 July 2021.** SPH REIT issued 3,172,194 Units to the Manager as payment of management fees.
- A34. **2 August 2021.** A full day trading halt was called as SPH released an announcement relating to, *inter alia*, the DIS of all the Units held by SPH and a scheme of arrangement where Keppel Pegasus Pte. Ltd. will acquire all the shares of SPH ("**Keppel Scheme**").
- A35. **20 September 2021.** With effect from 20 September 2021, SPH REIT had been included in the FTSE EPRA Nareit Global Real Estate Index (Global Developed Index) which tracks the performance of listed real estate companies and REITs worldwide and is seen as the leading benchmark for listed real estate investments.
- A36. **4 October 2021.** SPH REIT announced its FY2021 results where gross revenue increased by 14.8% and net income increased by 26.5%. SPH REIT also announced a distribution of 1.58 cents per Unit for the fourth quarter of FY2021 ("**4QFY2021**").
- A37. **4 October 2021.** SPH REIT announced the latest valuation amount as at 31 August 2021 of Paragon, The Clementi Mall, The Rail Mall, Westfield Marion and Figtree Grove being S\$2.64 billion, S\$594 million, S\$62.2 million, A\$640.5 million (representing SPH REIT's 50% interest) and A\$200 million respectively.
- A38. **12 October 2021.** Ex-date of the 4QFY2021 distribution.
- A39. **29 October 2021.** A full day trading halt was called as SPH had received an unsolicited proposal from Cuscaden to acquire all the shares of SPH by way of a scheme of arrangement, being the Cuscaden Scheme, which may result in the Possible Chain Offer for SPH REIT. SPH REIT also issued 14,659,366 Units to the Manager as payment of management fees.

Based on the chart above, we note that in the 2-year Lookback Period, the Units had traded above the Offer Price until the World Health Organisation declaration of COVID-19 as a global pandemic in March 2020, but have since traded below the Offer Price until around August 2021. The Offer Price represents a discount of 3.9% to the last transacted Unit price of S\$0.975 on the Last Undisturbed Traded Day.

We set out below the daily closing price and daily trading volume of the Units for the period after the Last Undisturbed Traded Day to the Offer Announcement Date and up to and including the Latest Practicable Date.

Daily closing price and daily trading volume of the Units for the period after the Last Undisturbed Traded Day to the Offer Announcement Date and up to and including the Latest Practicable Date



Significant events or announcements:

- A40. **1 November 2021.** A clarificatory announcement was released by Cuscaden with regard to the Possible Chain Offer price being S\$0.964 per Unit pursuant to a ruling from the SIC if and when made.
- A41. **10 November 2021.** A full day trading halt was called as SPH released an announcement stating that the consideration for the Keppel Scheme had been increased to a final price.
- A42. **15 November 2021.** A full day trading halt was called as SPH released an announcement stating that SPH and Cuscaden had formally entered into an implementation agreement which may result in a Possible Chain Offer for SPH REIT under Rule 14 of the Code.
- A43. **21 November 2021.** Cuscaden announced that it has received regulatory approvals from MAS and Info-Communications Media Development Authority regarding the Cuscaden Scheme.
- A44. **2 December 2021.** Cuscaden announced that it has received the final outstanding regulatory approval from the Foreign Investment Review Board under the Australian Foreign Acquisitions and Takeovers Act 1975 regarding the Cuscaden Scheme and has further entered into a supplemental letter with SPH to waive a scheme condition of no material adverse effect. The announcement stated Cuscaden's strong commitment to provide transaction certainty to SPH shareholders to convene the Cuscaden Scheme meeting as soon as possible.
- A45. **7 January 2022.** SPH REIT announced its key business and operational updates for 1QFY2022.
- A46. **27 January 2022.** SPH REIT issued 2,582,163 Units to the Manager as payment of management fees.
- A47. **4 February 2022.** SPH REIT announced the appointment of PPCF as IFA to advise the directors of the Manager who are considered independent for the purposes of the Possible Chain Offer.
- A48. **9 February 2022.** SPH REIT announced a distribution of 1.24 cents per Unit for 1QFY2022 and the change in valuation amount of two of its properties as at 30 November 2021 being Paragon and The Clementi Mall, to S\$2.67 billion and S\$597.5 million respectively.
- A49. **11 February 2022.** Ex-date of the 1QFY2022 distribution.
- A50. **22 March 2022.** A full day trading halt was called and SPH announced that the Cuscaden Scheme resolutions had been passed at the SPH extraordinary general meeting in relation to the Cuscaden Scheme.
- A51. **29 March 2022.** Easing of COVID-19 community and border measures in Singapore such as mask wearing in outdoor places, group size restrictions of 5 people, work from home guidelines and travel restrictions.
- A52. **1 April 2022.** A full day trading halt was called as SPH announced the court sanction of the Cuscaden Scheme. SPH REIT announced its financial results for 1HFY2022, where gross revenue increased by 1.2% y-o-y and maintained a high occupancy rate of 98.4%. SPH REIT also announced a distribution of 1.44 cents per Unit for the second quarter of FY2022 ("2QFY2022"). SPH REIT also announced the latest valuation amount as at 28 February 2022 of Paragon, The Clementi Mall, The Rail Mall, Westfield Marion and Figtree Grove being S\$2.67 billion, S\$597.5 million, S\$62.2 million, A\$642.5 million (representing SPH REIT's 50% interest) and A\$200 million respectively.
- A53. **8 April 2022.** Ex-date of the 2QFY2022 distribution.
- A54. **14 April 2022.** Cuscaden announced a clarification on its right to adjust the Possible Chain Offer price for SPH REIT's 1QFY2022 Distribution and 2QFY2022 Distribution.
- A55. **26 April 2022.** Further easing of COVID-19 community and border measures in Singapore such as removal of group size restrictions, work from home guidelines, safe distancing and event capacity limits.
- A56. **28 April 2022.** SPH REIT issued 2,748,403 Units to the Manager as payment of management fees. Cuscaden announced that the results of election under the Cuscaden Scheme and that the Offeror Concert Parties will own approximately 47.2% of the total issued Units (including those

Units held by SPH after completion of the DIS) and will accordingly announce its intention to make the Offer on the effective date of the Cuscaden Scheme, being 29 April 2022.

- A57. **29 April 2022.** A full day trading halt was called as the Financial Adviser announced for and on behalf of Cuscaden, the Offeror's firm intention to make the Offer in accordance with Rule 14 of the Code at the Offer Price.
- A58. **19 May 2022.** The Offer Document was electronically despatched and a corrigendum announcement in relation to the Offer Document was also made on SGXNet.

Subsequent to the Possible Chain Offer announcement to the Last Traded Day, the Units had traded above the Offer Price of S\$0.9372. Subsequent to the Offer Announcement Date and up to and including the Latest Practicable Date, the Units had traded comparatively lower but still remained slightly above the Offer Price of S\$0.9372.

We have also set out below the premium/(discount) implied by the Offer Price over/(to) the historical VWAP and historical trading volume of the Units from 29 October 2019 (being the beginning of the 2-year Lookback Period) up to and including the Latest Practicable Date.

| Premium/(Discount) implied by the Offer Price over/(to) VWAP⁽¹⁾ | | | | | | | |
|--|-----------------------|--|---|--|---|--|--|
| | VWAP (S\$) | Premium/ (Discount) of Offer Price over/(to) VWAP | Highest traded price (S\$) | Lowest traded price (S\$) | No. of Traded Days⁽²⁾ | Average daily traded volume ⁽³⁾ (‘000) | Average daily traded volume⁽³⁾ as a percentage of free float⁽⁴⁾ |
| Periods up to and including the Last Undisturbed Traded Day | | | | | | | |
| 2-year | 0.908 | 3.2% | 1.150 | 0.670 | 503 | 2,409 | 0.26% |
| 1-year | 0.895 | 4.7% | 0.985 | 0.725 | 252 | 2,079 | 0.22% |
| 6-month | 0.919 | 2.0% | 0.985 | 0.800 | 126 | 2,924 | 0.31% |
| 3-month | 0.932 | 0.6% | 0.985 | 0.875 | 64 | 4,271 | 0.45% |
| 1-month | 0.959 | (2.3)% | 0.985 | 0.925 | 22 | 2,368 | 0.25% |
| 28 October 2021, being the Last Undisturbed Traded Day prior to the trading halt and announcement of the Possible Chain Offer | 0.975 ⁽⁵⁾ | (3.9)% | 0.980 | 0.970 | 1 | 533 | 0.06% |
| During the Possible Chain Offer period (1 November 2021 to 28 April 2022) | | | | | | | |
| 16 November 2021, being the day after the Cuscaden Scheme Joint Announcement Date and a Possible Chain Offer based on a minimum price of S\$0.964 in cash per Unit before Distributions ⁽⁶⁾ | 1.020 ⁽⁵⁾ | (8.1)% | 1.030 | 1.010 | 1 | 2,538 | 0.27% |
| During the Possible Chain Offer period | 0.977 | (4.1)% | 1.060 | 0.935 | 121 | 2,477 | 0.26% |
| 28 April 2022, being the Last | 0.975 ⁽⁵⁾ | (3.9)% | 0.990 | 0.970 | 1 | 3,879 | 0.41% |

Premium/(Discount) implied by the Offer Price over/(to) VWAP⁽¹⁾

| | VWAP (S\$) | Premium/ (Discount) of Offer Price over/(to) VWAP | Highest traded price (S\$) | Lowest traded price (S\$) | No. of Traded Days ⁽²⁾ | Average daily traded volume ⁽³⁾ (‘000) | Average daily traded volume ⁽³⁾ as a percentage of free float ⁽⁴⁾ |
|--|----------------------|---|-------------------------------------|------------------------------------|---|---|---|
| Traded Day prior to the Offer Announcement Date | | | | | | | |
| 4 May 2022 to the Latest Practicable Date | | | | | | | |
| 4 May up to and including the Latest Practicable Date | 0.946 | (0.9)% | 0.955 | 0.935 | 11 | 2,665 | 0.28% |
| Latest Practicable Date | 0.950 ⁽⁵⁾ | (1.3)% | 0.950 | 0.940 | 1 | 2,033 | 0.22% |

Source: Bloomberg L.P.

Notes:

- (1) VWAP is calculated based on the aggregate daily turnover value of the Units and aggregate daily traded volume of the Units for the relevant trading days for each relevant period as obtained from Bloomberg L.P., excluding off-market transactions.
- (2) Traded days refer to the number of days on which the Units were traded on the SGX-ST during that relevant period.
- (3) The average daily traded volume of the Units is calculated based on the total volume of Units traded during the relevant periods, divided by the number of market days (excluding days with full day trading halts on the Units) during that relevant period.
- (4) Free float refers to approximately 944,410,688 Units based on the free float of approximately 33.70% as disclosed in the annual report of SPH REIT for FY2021.
- (5) The price shown refers to the closing price.
- (6) The minimum price of S\$0.964 in cash per Unit was determined by a ruling from the SIC to be, *inter alia*, the simple average of the daily VWAP of SPH REIT on the latest 20 trading days prior to the Possible Chain Offer Announcement Date. The minimum price is subject to, *inter alia*, any distributions made by SPH REIT after the Cuscaden Scheme Joint Announcement Date.

Based on the above, we note the following:

- (i) The Offer Price of S\$0.9372 represents premia of 3.2%, 4.7%, 2.0% and 0.6% over the VWAP of the Units for the 2-year, 1-year, 6-month and 3-month periods prior to the announcement of the Possible Chain Offer respectively, and represents a discount of 2.3% to the VWAP of the Units for the 1-month period prior to the announcement of the Possible Chain Offer;
- (ii) The Offer Price represents a discount of 3.9% to the closing price of the Units of S\$0.975 on the Last Undisturbed Traded Day;
- (iii) On the Cuscaden Scheme Joint Announcement Date, during a trading halt in the Possible Chain Offer period, the details of the Cuscaden Scheme was announced (including the minimum price for the Units in the event that a chain offer would be made for SPH REIT). The Offer Price represents a discount of 8.1% to the closing price of the Units of S\$1.020 on the day after the Cuscaden Scheme Joint Announcement Date.
- (iv) After the announcement of the Possible Chain Offer up to the Last Traded Day, the Units had traded above the Offer Price;
- (v) The Offer Price represents a discount of 3.9% to the closing price of the Units of S\$0.975 on the Last Traded Day;

- (vi) After the Offer Announcement Date up to and including the Latest Practicable Date, the Units had traded slightly above the Offer Price and were last transacted at S\$0.950 on the Latest Practicable Date;
- (vii) During the 2-year Lookback Period, the Units were traded every day SPH REIT was open for trading on the SGX-ST but the average daily traded volume of the Units for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Possible Chain Offer was low, representing 0.26%, 0.22%, 0.31%, 0.45% and 0.25% of the free float of the Units respectively; and
- (viii) Subsequent to the Possible Chain Offer announcement and up to and including the Latest Practicable Date, the trading liquidity of the Units stabilised at an average daily traded volume of 2.5 million to 2.7 million Units, representing approximately 0.26% to 0.28% of SPH REIT's free float.

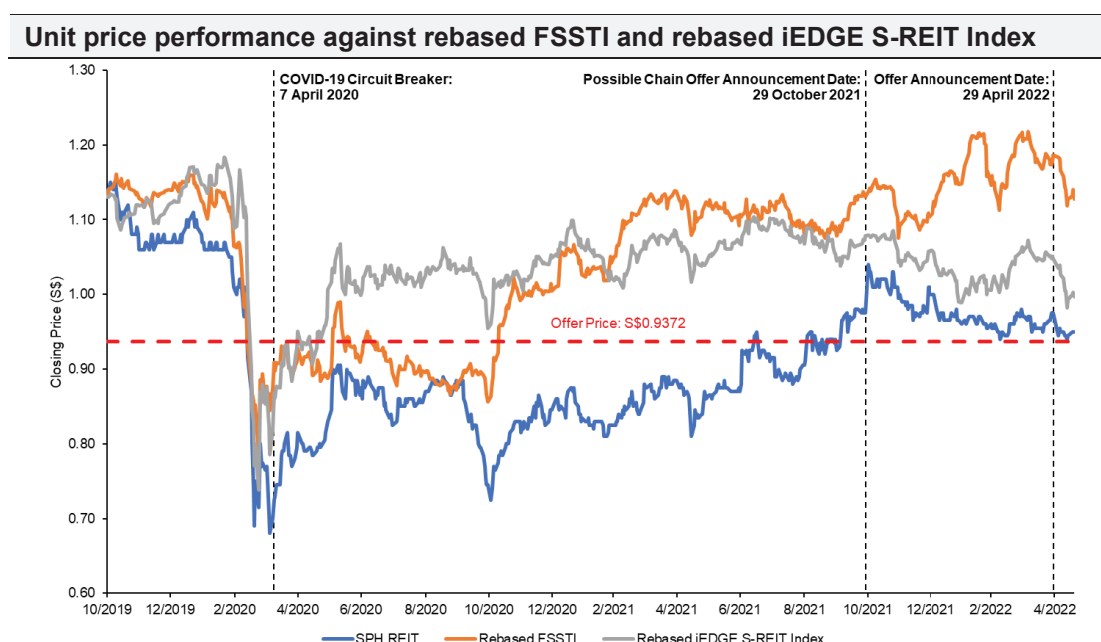
Unitholders should note that the Offer will not become or be capable of being declared unconditional until the Minimum Acceptance Condition is met. As such, there is no assurance that the market price and trading volume of the Units will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer.

Unitholders are advised that the historical trading performance of the Units should not, in any way, be relied upon as an indication or a promise of its future trading performance.

7.2 Unit price performance relative to market index

To gauge the market price performance of the Units relative to the general share price performance of the Singapore equity market, we have compared the market price movement of the Units against the FTSE Straits Times Index (the "FSSTI"), which is a market capitalisation weighted index based on stocks of 30 representative companies listed on the Mainboard of the SGX-ST and the iEDGE S-REIT Index, which is a free-float market capitalisation weighted index that is widely regarded as Singapore's S-REIT benchmark.

The FSSTI and the iEDGE S-REIT Index have both been rebased to the closing price of SPH REIT as at the beginning of the 2-year Lookback Period (being 29 October 2019) prior to the trading halt and release of the Offer Announcement (being S\$1.130). The market price performance of the Units relative to the rebased FSSTI and rebased iEDGE S-REIT Index for the period from 29 October 2019 up to and including the Latest Practicable Date, is illustrated below.



We have also set out in the table below the movements in the last transacted prices as compared to the start of the 2-year Lookback Period of the Units, the rebased FSSTI and the rebased iEDGE S-REIT Index between the Last Undisturbed Traded Day, Last Traded Day and the Latest Practicable Date:

| | As at the Last Undisturbed Traded Day (S\$) | As at Last Traded Day (S\$) | As at the Latest Practicable Date (S\$) |
|-----------------------------------|---|-----------------------------------|---|
| SPH REIT Units | 0.975 (-13.7%) | 0.975 (-13.7%) | 0.950 (-15.9%) |
| Rebased FSSTI | 1.132 (+0.2%) | 1.179 (+4.3%) | 1.128 (-0.2%) |
| Rebased iEDGE S- REIT Index | 1.073 (-5.1%) | 1.051 (-7.0%) | 0.997 (-11.8%) |

Source: S&P Capital IQ, Bloomberg L.P.

Based on the above, we note the following:

- (i) The Units had underperformed the rebased FSSTI over the 2-year Lookback Period up till the Latest Practicable Date, having decreased by 15.9% as compared to a decrease of 0.2% in the rebased FSSTI since the beginning of the 2-year Lookback Period; and
- (ii) The Units had also underperformed the rebased iEDGE S-REIT Index over the 2-year Lookback Period up till the Latest Practicable Date, having decreased by 15.9% as compared to a decrease of 11.8% in the rebased iEDGE S-REIT Index since the beginning of the 2-year Lookback Period.

Unitholders should note that the Offer will not become or be capable of being declared unconditional until the Minimum Acceptance Condition is met. As such, there is no assurance that the market price of the Units will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer.

7.3 Financial information of the Group

7.3.1 Financial performance of the Group

For the purpose of evaluating the financial terms of the Offer, we have considered the Group's audited financial statements for the financial years ended 31 August 2020 and 2021 and the half-year financial statements ("1H") for the periods ended 28 February 2021 and 2022.

A summary of the statement of total return and distribution statement of SPH REIT for FY2020, FY2021, 1HFY2021 and 1HFY2022 is set out in the table below. The following summary statement of total return and distribution statement should be read in conjunction with the full text of the annual reports and the results announcement of the Group in respect of the relevant financial years including the notes thereto.

| Selected items from statements of total return and distribution statements (S\$'000) | FY2020 (Audited) | FY2021 (Audited) | 1HFY2021 (Unaudited) | 1HFY2022 (Unaudited) |
|---|---------------------|---------------------|-------------------------|-------------------------|
| Gross revenue | 241,463 | 277,179 | 139,958 | 141,636 |
| Net property income | 181,943 | 202,627 | 104,854 | 105,273 |
| <i>Net property income margin (%)</i> | <i>75.4%</i> | <i>73.1%</i> | <i>74.9%</i> | <i>74.3%</i> |

| Selected items from statements of total return and distribution statements (S\$'000) | FY2020 (Audited) | FY2021 (Audited) | 1HFY2021 (Unaudited) | 1HFY2022 (Unaudited) |
|---|-------------------------|-------------------------|-----------------------------|-----------------------------|
| Manager's management fees | (19,245) | (20,434) | (10,433) | (10,446) |
| Finance costs | (32,905) | (23,994) | (11,856) | (10,706) |
| Net income | 119,043 | 150,631 | 78,053 | 80,057 |
| <i>Net income margin (%)</i> | <i>49.3%</i> | <i>54.3%</i> | <i>55.8%</i> | <i>56.5%</i> |
| Fair value change on investment properties | (179,939) | 3,421 | (8,438) | 32,078 |
| Total (loss)/return after taxes and before distribution | (64,024) | 152,088 | 69,728 | 111,971 |
| Attributable to: | | | | |
| - Unitholders of the trust | (74,907) | 137,348 | 63,108 | 105,545 |
| - Perpetual securities holders | 12,333 | 12,300 | 6,098 | 6,099 |
| - Non-controlling interests | (1,450) | 2,440 | 522 | 327 |
| Total distributions to Unitholders for the period (S\$'000) | 95,725 | 121,075 | 48,228 | 78,756 |

Source: SPH REIT's unaudited financial results announcement for 1HFY2021 and 1HFY2022 and annual reports for FY2020 and FY2021.

Review of operating results

1HFY2022 as compared to 1HFY2021

SPH REIT reported gross revenue of S\$141.6 million in 1HFY2022, which was a slight increase of S\$1.7 million or 1.2% as compared to S\$140.0 million in 1HFY2021 due mainly to gradual market recovery. SPH REIT also reported net property income of S\$105.3 million in 1HFY2022, which was a slight increase of S\$0.4 million or 0.4% as compared to S\$104.9 million in 1HFY2021. The increase in net property income was partially dampened by the increase in electricity rates.

The net income of SPH REIT increased slightly by S\$2.0 million or 2.6% from S\$78.1 million in 1HFY2021 to S\$80.1 million in 1HFY2022 and was due mainly to a slight decrease in finance costs of S\$1.2 million or 9.7% from S\$11.9 million in 1HFY2021 to S\$10.7 million in 1HFY2022.

Accordingly, the total return after taxes and before distribution for SPH REIT attributable to Unitholders increased by S\$42.4 million or 67.2% from S\$63.1 million in 1HFY2021 to S\$105.5 million in 1HFY2022.

The total distributions increased by S\$30.5 million or 63.3% from S\$48.2 million in 1HFY2021 to S\$78.8 million in 1HFY2022.

FY2021 as compared to FY2020

SPH REIT reported gross revenue of S\$277.2 million in FY2021, which was an increase of S\$35.7 million or 14.8% as compared to S\$241.5 million in FY2020. The increase was due mainly to the first full year contribution from the 50%-interest Westfield Marion Shopping Centre that was acquired on 6 December 2019 and gradual market recovery of the assets. SPH REIT also reported net property income of S\$202.6 million in FY2021 which was an increase of S\$20.7 million or 11.4% as compared to S\$181.9 million in FY2020.

The net income of SPH REIT increased by S\$31.6 million or 26.5% from S\$119.0 million in FY2020 to S\$150.6 million in FY2021.

Accordingly, the total return before taxes and after distribution for SPH REIT attributable to Unitholders increased by S\$212.3 million or 283.4% from a negative return of S\$74.9 million in FY2020 to S\$137.3 million in FY2021.

The total distributions increased by S\$25.4 million or 26.5% from S\$95.7 million in FY2020 to S\$121.1 million in FY2021.

7.3.2 Financial position of SPH REIT

The statement of financial position of SPH REIT as at 28 February 2022 is set out in the table below. The following statement of financial position of SPH REIT should be read in conjunction with the full text of the financial results announcement of SPH REIT.

| Statement of Financial Position (S\$'000) | As at 28 February 2022 (Unaudited) |
|--|---|
| Non-current assets | |
| Plant and equipment | 463 |
| Investment properties | 4,158,804 |
| Derivative financial instruments | 2,302 |
| | <u>4,161,569</u> |
| Current assets | |
| Trade and other receivables | 8,704 |
| Cash and cash equivalents | 109,609 |
| Derivative financial instruments | 776 |
| | <u>119,089</u> |
| Total assets | <u>4,280,658</u> |
| Non-current liabilities | |
| Borrowings | 956,679 |
| Trade and other payables | 38,280 |
| Derivative financial instruments | 577 |
| Deferred tax liabilities | 2,206 |
| | <u>997,742</u> |
| Current liabilities | |
| Borrowings | 336,806 |
| Trade and other payables | 54,004 |
| Derivative financial instruments | 576 |
| | <u>391,386</u> |
| Total liabilities | <u>1,389,128</u> |

| Statement of Financial Position (S\$'000) | As at 28 February 2022 (Unaudited) |
|--|---|
| Net assets | 2,891,530 |
| Represented by: | |
| Unitholders' funds | 2,578,970 |
| Perpetual securities holders' fund | 297,890 |
| Non-controlling interests | 14,670 |
| | 2,891,530 |
| Units in issue as at the Latest Practicable Date | 2,805,154,004 |
| NAV as represented by Unitholders' funds per Unit (S\$) | 0.9194 |

Source: SPH REIT's financial results announcement for 1HFY2022.

Assets

As at 28 February 2022, SPH REIT has total assets of S\$4.3 billion comprising non-current assets of S\$4.2 billion and current assets of S\$119.1 million, representing 97.2% and 2.8% of total assets respectively.

The non-current assets of SPH REIT comprised mainly Investment Properties of S\$4.2 billion representing 97.2% of total assets. The Investment Properties relate to the retail assets in Singapore and Australia namely, Paragon, The Clementi Mall, The Rail Mall, Westfield Marion Shopping Centre and Figtree Grove Shopping Centre. The Investment Properties were carried at market value as at 28 February 2022 based on independent valuations conducted by the Valuers.

The current assets of SPH REIT comprised mainly cash and cash equivalents of S\$109.6 million, representing 2.6% of total assets.

SPH REIT's total assets also included S\$3.1 million of derivative financial instruments which represented the fair value of the interest rate swap, cross currency swap and cross currency interest rate swap contracts.

Liabilities and Net Assets

As at 28 February 2022, SPH REIT has total liabilities of S\$1.4 billion comprising non-current liabilities of S\$997.7 million and current liabilities of S\$391.4 million, representing 71.8% and 28.2% of total liabilities respectively.

The liabilities of SPH RET comprised mainly borrowings of S\$1.3 billion representing 93.1% of total liabilities. The borrowings relate to secured term loans secured by way of mortgage against Paragon, Figtree Grove Shopping Centre and SPH REIT's 50%-interest in Westfield Marion Shopping Centre. The carrying amount of the borrowings have been adjusted for unamortised transaction costs.

SPH REIT's net assets are represented by S\$2.6 billion of Unitholders' funds, S\$297.9 million of perpetual securities holders' funds and S\$14.7 million of non-controlling interests representing 89.2%, 10.3% and 0.5% of net assets respectively. SPH REIT issued S\$300.0 million of fixed rate perpetual securities on 30 August 2019 and the perpetual securities, net of issuance costs, are classified as equity instruments and recorded as equity.

7.3.3 Cash flows of SPH REIT

A summary of the consolidated statement of cash flows of SPH REIT for FY2020, FY2021, 1HFY2021 and 1HFY2022 is set out in the table below. The following summary consolidated statement of cash flows should be read in conjunction with the full text of the results announcements and annual reports of SPH REIT in respect of the relevant financial years including the notes thereto.

| Summary Consolidated Statement of Cash Flows (S\$'000) | FY2020 (Audited) | FY2021 (Audited) | 1HFY2021 (Unaudited) | 1HFY2022 (Unaudited) |
|---|-------------------------|-------------------------|-----------------------------|-----------------------------|
| Net cash from operating activities | 166,309 | 202,545 | 114,037 | 95,734 |
| Net cash used in investing activities | (635,032) | (13,078) | (3,887) | (2,133) |
| Net cash from/(used in) financing activities | 205,992 | (158,264) | (66,096) | (95,857) |
| Net (decrease)/increase in cash and cash equivalents | (262,731) | 31,203 | 44,054 | (2,256) |

Source: SPH REIT's unaudited financial results announcement for 1HFY2021 and 1HFY2022, annual reports for FY2020 and FY2021.

1HFY2022

During 1HFY2022, SPH REIT recorded net cash from operating activities of S\$95.7 million which was mainly attributable to SPH REIT's operating cash flow before working capital changes of S\$102.3 million and decrease in trade and other receivables of S\$1.1 million, but partially offset by a decrease in trade and other payables of S\$7.7 million.

The net cash used in investing activities of S\$2.1 million was a result of additions to investment properties of S\$2.3 million.

The net cash used in financing activities of S\$95.9 million was mainly attributable to S\$78.8 million in distribution to Unitholders and S\$10.5 million in interest paid.

As a result of the above cash movements, SPH REIT's net cash and cash equivalents decreased by S\$2.3 million.

1HFY2021

During 1HFY2021, SPH REIT recorded net cash from operating activities of S\$114.0 million which was mainly attributable to SPH REIT's operating cash flow before working capital changes of S\$101.7 million and decrease in trade and other receivables of S\$17.5 million, but partially offset by a decrease in trade and other payables of S\$5.1 million.

The net cash used in investing activities of S\$3.9 million was a result of additions to investment properties of S\$3.9 million.

The net cash used in financing activities of S\$66.1 million was mainly attributable to S\$48.2 million in distribution to Unitholders and S\$11.2 million in interest paid.

As a result of the above cash movements, SPH REIT's net cash and cash equivalents increased by S\$44.1 million.

FY2021

During FY2021, SPH REIT recorded net cash from operating activities of S\$202.5 million which was mainly attributable to SPH REIT's operating cash flow before working capital changes of

S\$191.0 million and decrease in trade and other receivables of S\$18.6 million, but partially offset by a decrease in trade and other payables of S\$7.0 million.

The net cash used in investing activities of S\$13.1 million was due mainly to additions to investment property of S\$13.0 million.

The net cash used in financing activities of S\$158.3 million was mainly attributable to S\$121.1 million in distribution to Unitholders and S\$23.4 million in interest paid.

As a result of the above cash movements, SPH REIT's net cash and cash equivalents increased by S\$31.2 million.

FY2020

During FY2020, SPH REIT recorded net cash from operating activities of S\$166.3 million which was mainly attributable to SPH REIT's operating cash flow before working capital changes of S\$176.6 million and increase in trade and other payables of S\$25.6 million, but partially offset by an increase in trade and other receivables of S\$35.9 million.

The net cash used in investing activities of S\$635.0 million was due mainly a result of acquisition of investment property of S\$627.6 million. The acquisition of investment property relates to the acquisition of a 50.0% interest in Westfield Marion Shopping Centre, the largest shopping centre in South Australia on 6 December 2019.

The net cash from financing activities of S\$206.0 million was mainly attributable to S\$164.5 million in proceeds from the issuance of new Units and S\$184.4 million in proceeds from bank loan (net of transaction costs), but was partially offset by S\$95.7 million in distributions to Unitholders and S\$31.9 million in interest paid.

As a result of the above cash movements, SPH REIT's net cash and cash equivalents decreased by S\$262.7 million.

7.4 NAV per Unit and Ex-cash NAV per Unit

7.4.1 NAV per Unit

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of non-controlling interests and all liabilities. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of its assets over a reasonable period of time, the proceeds of which would first be used to settle liabilities of that group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of its equity. Given the asset-intensive nature of the Group's leasing-related business model and activities, we have focused on the asset-based valuation approach (as opposed to other valuation approaches) for the purpose of evaluating the financial terms of the Offer.

Notwithstanding the foregoing, Unitholders should note that an analysis based on the NAV of the Group provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, contractual obligations, any regulatory requirements and availability of potential buyers, which may in theory, alter the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions.

A summary of the financial position of the Group as at 28 February 2022 is set out below:

| Summary Statement of Financial Position | Unaudited as at 28 February 2022 (S\$'000) | Contribution to total assets (%) |
|--|---|----------------------------------|
| Non-current assets | | |
| Plant and equipment | 463 | <i>n.m.</i> |
| Investment Properties | 4,158,804 | 97.2 |
| - 100% of Paragon in Singapore | | |
| - 100% of The Clementi Mall in Singapore | | |
| - 100% of The Rail Mall in Singapore | | |
| - 50% of Westfield Marion Shopping Centre in Australia | | |
| - Figtree Grove Shopping Centre in Australia (85%-owned by SPH REIT) | | |
| Derivative financial instruments | 2,302 | 0.1 |
| Current assets | | |
| Trade and other receivables | 8,704 | 0.2 |
| Cash and bank balances | 109,609 | 2.6 |
| Derivative financial instruments | 776 | <i>n.m.</i> |
| Total assets | 4,280,658 | |
| Total liabilities | 1,389,128 | |
| Unitholders' funds | 2,578,970 | |
| Units in issue as at the Latest Practicable Date | 2,805,154,004 | |
| NAV as represented by Unitholders' funds per Unit (S\$) | 0.9194 | |

The P/NAV ratio illustrates the comparison between a company's stock price or market value versus the book value of the company's shareholders' equity as indicated on its balance sheet.

Based on the Group's NAV per Unit of S\$0.9194 as at 28 February 2022, the Offer Price represents a slight premium of 1.9% over the NAV per Unit and the P/NAV ratio of the Group as implied by the Offer Price of **1.02 times**. As there are no intangible assets, the net tangible asset ("NTA") of the Group is equivalent to its NAV.

7.4.2 Independent Valuation

The Valuers had carried out independent valuations of all the Investment Properties held by the Group in Singapore and Australia as at 28 February 2022 for the purpose of financial reporting. Copies of the Valuation Certificates are attached in Appendix G to the Circular.

In arriving at the as-is market value of the Investment Properties, the Valuers had used the Income Capitalisation Method and discounted cash flow analysis. Based on the assumptions made and valuation methodologies used by the Valuers, they are of the opinion that the market value of the properties as at 28 February 2022 is as set out below:

| Investment Property | Market value as at 31 August 2021 (S\$'000) | Market value as at 28 February 2022 (S\$'000) | Fair value gain included as at 28 February 2022 ⁽⁵⁾ (S\$'000) | SPH REIT's carrying value as at 28 February 2022 (S\$'000) |
|--|--|--|---|---|
| Singapore | | | | |
| Paragon | 2,640,000 | 2,670,000 | 30,000 | 2,670,000 |
| The Clementi Mall | 594,000 | 597,500 | 3,500 | 597,500 |
| The Rail Mall | 62,200 | 62,200 | - | 62,200 |
| Australia | | | | |
| 50% of Westfield Marion Shopping Centre ⁽¹⁾ | A\$640,500 (S\$630,060) ⁽³⁾ | A\$642,500 (S\$632,284) ⁽⁴⁾ | 2,224 | 632,284 |
| Figtree Grove Shopping Centre ⁽²⁾ | A\$200,000 (S\$196,740) ⁽³⁾ | A\$200,000 (S\$196,820) ⁽⁴⁾ | 80 | 196,820 |
| Total | | | 35,804 | 4,158,804 |

Source: SPH REIT's FY2021 annual report and Valuation Certificates

Notes:

- (1) Westfield Marion Shopping Centre is 50%-owned by SPH REIT.
- (2) Figtree Grove Shopping Centre is 85%-owned by SPH REIT.
- (3) Based on a foreign exchange rate of S\$1:A\$1.01657 as at end of August 2021 as extracted from Bloomberg L.P. by the Management for the purposes of financial reporting.
- (4) Based on a foreign exchange rate of S\$1:A\$1.01616 as at end of February 2022 as extracted from Bloomberg L.P. by the Management for the purposes of financial reporting.
- (5) The fair value gain is the increase in market value of each Investment Property from 31 August 2021 to 28 February 2022.

The market value of the Investment Properties has been incorporated in the carrying values of these properties in the Group's unaudited financial statements for 1HFY2022. The Manager did not commission another independent valuation of the Investment Properties for the purpose of the Offer in view of the recent valuation carried out for the purpose of financial reporting for 1HFY2022.

We note that the Valuers have recommended more frequent reviews on the market value of the Investment Properties as a precaution in view of the outbreak of COVID-19 and the prevailing uncertainty in the global economy.

In our evaluation of the financial terms of the Offer, we have considered the carrying values of the assets of the Group as at 28 February 2022 to assess if any material assets should be revalued or adjusted for the purpose of our assessment of the Offer Price compared to the NAV of the Group or whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that may have a material impact on the unaudited NAV of the Group as at 28 February 2022.

In respect of the above, we have sought the following confirmation from the Management and Independent Directors, and they have confirmed as at the Latest Practicable Date, to the best of their knowledge and belief that:

- (a) there are no other material differences between the realisable value of the Group's assets as at the Latest Practicable Date and their respective book values as at 28

February 2022, which would result in a material impact on the NAV of the Group between 28 February 2022 and the Latest Practicable Date;

- (b) they are not aware of any new circumstances between 28 February 2022 and the Latest Practicable Date, which may cause the NAV of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited Statement of Financial Position of the Group as at 28 February 2022;
- (c) there have been no material disposals or acquisitions of assets by the Group between 28 February 2022 and the Latest Practicable Date, the Group does not have any other plans for any impending material disposal or acquisition of assets, conversion of the use of the Group's material assets and/or material change in the nature of the Group's business between 28 February 2022 and the Latest Practicable Date;
- (d) there are no contingent liabilities, bad or doubtful debts or impairment losses or material events arising between 28 February 2022 and the Latest Practicable Date which are likely to have a material impact on the unaudited NAV of the Group as at 28 February 2022;
- (e) there are no litigation, claim or proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings between 28 February 2022 and the Latest Practicable Date which would have an adverse material impact on the financial position of the Group as at 28 February 2022; and
- (f) there are no other intangible assets as at the Latest Practicable Date which ought to be disclosed in the Statement of Financial Position of the Group in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "*Reporting Framework for Unit Trusts*" and which have not been disclosed that would have a material impact on the unaudited NAV of the Group as at 28 February 2022.

We have not made any independent evaluation or appraisal of the assets and liabilities of SPH REIT or the Group. We are also not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the independent valuations conducted by the Valuers for such appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuation contained in their Valuation Certificates or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements and professional standards including the Code and the International Valuation Standards.

7.4.3 Ex-cash NAV per Unit

The Group recorded cash and cash equivalents of approximately S\$109.6 million as at 28 February 2022, representing S\$0.0391 per Unit and accounting for 4.25% of the NAV of the Group as at 28 February 2022. We have also considered the Group's ex-cash NAV below in line with the NAV approach which assumes a hypothetical sale of its assets over a reasonable period of time.

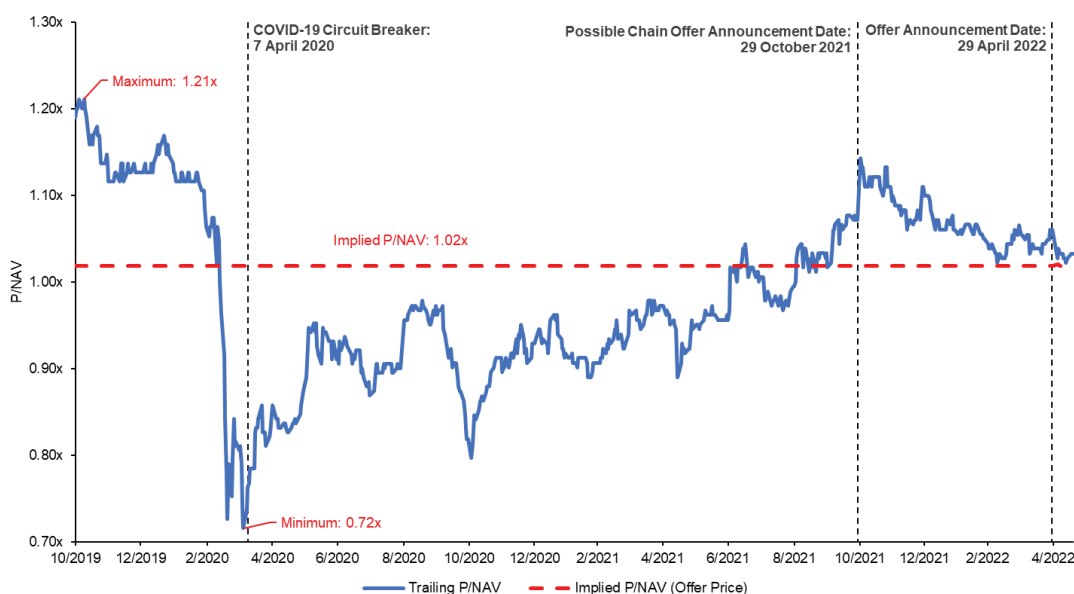
After deducting the cash and cash equivalents from the NAV, we note that the ex-cash NAV of the Group as at 28 February 2022 was approximately S\$2,469 million or S\$0.8803 per Unit (the "**Ex-cash NAV per Unit**").

The Offer Price as adjusted for cash and cash equivalents of S\$0.0391 per Unit, is S\$0.8981 per Unit and represents a slight premium of 2.0% over the Ex-cash NAV per Unit.

7.5 Historical trailing P/NAV ratio of the Units

We have compared the P/NAV of the Units as implied by the Offer Price of 1.02 times against the historical trailing P/NAV of the Units (based on the daily closing prices of the Units and the Group's trailing announced NAV per Unit) for the 2-year Lookback Period up to and including the Latest Practicable Date.

Historical trailing P/NAV ratio⁽¹⁾



Source: S&P Capital IQ and PPCF calculations

Note:

- (1) P/NAV ratio of the Units implied by the Offer Price (using the latest NAV per Unit computed based on SPH REIT's unaudited 1HFY2022 financial results announcement) against the trailing P/NAV of the Units computed based on the corresponding NAV as represented by Unitholders' funds for each financial reporting period as reported by SPH REIT in its interim and full-year financial results announcements.

The average, minimum and maximum of the historical trailing P/NAV of the Units from 29 October 2019 (being the beginning of the 2-year Lookback Period) to the Latest Practicable Date are set out below:

| Historical trailing P/NAV ratio of the Units | | | |
|--|-----------------------------------|---------|---------|
| | Historical trailing P/NAV (times) | | |
| | Average | Maximum | Minimum |
| Periods up to and including the Last Undisturbed Traded Day | | | |
| 2-year | 0.97 | 1.21 | 0.72 |
| 1-year | 0.96 | 1.08 | 0.80 |
| 6-month | 1.00 | 1.08 | 0.89 |
| 3-month | 1.02 | 1.08 | 0.97 |
| 1-month | 1.06 | 1.08 | 1.02 |
| During the Possible Chain Offer period (1 November 2021 to 28 April 2022) | | | |
| During the Possible Chain Offer period | 1.07 | 1.14 | 1.02 |
| Last Traded Day | 1.06 | 1.06 | 1.06 |
| After the Offer Announcement Date up to and including the Latest Practicable Date | | | |
| Period between 4 May 2022 and the Latest Practicable Date | 1.03 | 1.04 | 1.02 |
| Latest Practicable Date | 1.03 | 1.03 | 1.03 |

Source: S&P Capital IQ, financial results announcements of SPH REIT and PPCF calculations

Based on the above, we note that:

- (a) for the 1-month period prior to the trading halt and announcement of the Possible Chain Offer, the implied P/NAV of 1.02 times is below the average historical trailing P/NAV of the Units of 1.06 times;
- (b) for the 3-month, 6-month, 1-year and 2-year periods prior to the trading halt and announcement of the Possible Chain Offer, the implied P/NAV of 1.02 times is equal to or above the average historical trailing P/NAV of the Units of 1.02 times, 1.00 times, 0.96 times and 0.97 times respectively;
- (c) during the Possible Chain Offer period, the implied P/NAV of 1.02 times is below the average historical trailing P/NAV of the Units of 1.07 times; and
- (d) for the period after the Offer Announcement Date up to and including the Latest Practicable Date, the implied P/NAV of 1.02 times is below the average historical trailing P/NAV of the Units of 1.03 times.

7.6 Valuation ratios of selected listed REITs broadly comparable to the Group

For the purpose of evaluating the financial terms of the Offer, we have made reference to the valuation ratios of selected REITs listed on the SGX-ST with a market capitalisation of less than S\$10 billion which we consider to be broadly comparable to the Group (the “**Comparable REITs**”), to get an indication of the current market expectations with regard to the perceived valuation of the SPH REIT.

We have held discussions with Management about the suitability and reasonableness in selecting the Comparable REITs for comparison with the Group. We have taken reference from the list of Retail REITs trade sector as defined by REIT Association of Singapore (“**REITAS**”) and selected other Comparable REITs which have investment exposure that are largely similar to the investment exposure of SPH REIT, namely a significant exposure to retail real estate investments in Singapore and/or Australia.

Relevant information has been extracted from S&P Capital IQ, publicly available annual reports and/or public announcements of the Comparable REITs. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

In evaluating these REITs, we have applied and used the following valuation ratios:

| Valuation ratios | General descriptions |
|-------------------------------|---|
| P/NAV | “ P/NAV ” or “ price-to-NAV ” illustrates the comparison between a company’s stock price or market value versus the book value of the company’s total shareholders’ common equity as indicated on its balance sheet. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies. |
| LTM Distribution Yield | “ LTM Distribution Yield ” illustrates the aggregate DPU amount that has been paid to unitholders over the last 12 months, divided by the current unit price. |

Brief descriptions of the Comparable REITs are set out below:

| Name | Business description |
|---|--|
| Mapletree Commercial Trust (“ MCT ”) | Listed on the SGX-ST since 27 April 2011, MCT is a office/retail focused REIT. As at 31 March 2022, MCT’s portfolio consisted of 5 properties with a total NLA of 5.0 million sq feet and valued at approximately S\$8.8 billion. |

| Name | Business description |
|--|--|
| | <p>MCT's portfolio includes VivoCity, Mapletree Business City, mTower, Mapletree Anson and Bank of America Merrill Lynch HarbourFront.</p> <p>MCT is currently in the process of obtaining unitholders' approval for a proposed merger with Mapletree North Asia Commercial Trust as first announced by MCT on 31 December 2021 and further supplemented by announcements on 28 January 2022 and 21 March 2022.</p> |
| <p>Frasers Centrepont Trust ("FCT")</p> | <p>Listed on the SGX-ST since 5 July 2006, FCT is a retail focused REIT and one of the largest suburban retail mall owners in Singapore.</p> <p>As at 31 March 2022, FCT's portfolio consisted of 9 suburban retail malls with a total retail portfolio NLA of 2.3 million sq feet and approximately S\$6.1 billion in assets under management.</p> <p>FCT's portfolio includes Causeway Point, Northpoint City North Wing (including Yishun 10 Retail Podium), Changi City Point, Waterway Point (40%-interest), Tiong Bahru Plaza, White Sands, Hougang Mall, Century Square and Tampines 1.</p> <p>FCT also owns an office building being Central Plaza, which is integrated with Tiong Bahru Plaza as part of the mixed development, and a 31.15% stake in Hektar Real Estate Investment Trust, a retail-focused REIT in Malaysia listed on the Main Market of Bursa Malaysia Securities Berhad.</p> |
| <p>Lendlease Global Commercial REIT ("LREIT")</p> | <p>Listed on the SGX-ST since 2 October 2019, LREIT is a office/retail focused REIT.</p> <p>As at 31 March 2022, LREIT's portfolio consisted of 5 retail and office buildings with a total NLA of 2.2 million sq ft and valued at approximately S\$1.6 billion.</p> <p>LREIT's portfolio includes JEM and 313@Somerset in Singapore and Sky Complex in Milan, Italy. Other investments include a tender project to develop a multifunctional event space on a site adjacent to 313@Somerset.</p> <p>In April 2022, LREIT successfully completed capital fundraising to acquire 100% of JEM.</p> |
| <p>Starhill Global Real Estate Investment Trust ("Starhill")</p> | <p>Listed on the SGX-ST since 20 September 2005, Starhill is a office/retail focused REIT.</p> <p>As at 31 March 2022, Starhill's portfolio consisted of 10 mid to high end predominantly retail properties valued at approximate S\$3.0 billion.</p> <p>Starhill's portfolio includes Wisma Atria and Ngee Ann City in Singapore, The Starhill and Lot 10 in Malaysia, Myer Centre Adelaide, David Jones Building and Plaza Arcade in Australia, a four-storey building in China and Daikanyama and Ebisu Fort in Japan.</p> |

Source: S&P Capital IQ

We wish to highlight that the Comparable REITs are not exhaustive and we recognise that there may not be any REIT which we may consider to be identical to SPH REIT in terms of, *inter alia*, geographical spread, composition of business activities, customer base, size and scale of business operations, risk profile, asset base, market capitalisation, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory

environment, tax factors, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Independent Directors should note that any comparison made with respect to the Comparable REITs herein is strictly limited in scope and merely serves to provide an illustrative perceived market valuation of the REIT as at the Latest Practicable Date.

We set out below the valuation statistics for the Comparable REITs based on their last transacted unit prices as at the Latest Practicable Date.

| Comparable REIT | Market Capitalisation ⁽¹⁾ (S\$'million) | Gearing (%) | P/NAV ⁽²⁾ (x) | 1-year median P/NAV ⁽³⁾ (x) | LTM ⁽⁴⁾ Distribution Yield (%) |
|-------------------------|---|----------------------|-----------------------------|---|---|
| MCT | 6,024 | 33.5 ⁽⁷⁾ | 1.04 | 1.19 | 5.3 |
| FCT | 3,965 | 33.3 ⁽⁸⁾ | 1.00 | 1.01 | 5.2 |
| LREIT ⁽⁵⁾⁽⁶⁾ | 1,723 | 40.7 ⁽⁹⁾ | 1.10 | 1.03 | 6.2 |
| Starhill | 1,287 | 36.1 ⁽¹⁰⁾ | 0.72 | 0.76 | 6.7 |

| | | | |
|---------------|------|------|-----|
| High | 1.10 | 1.19 | 6.7 |
| Low | 0.72 | 0.76 | 5.2 |
| Mean | 0.97 | 1.00 | 5.9 |
| Median | 1.02 | 1.02 | 5.8 |

| | | | | | |
|---|-------|------|------|------|-----|
| SPH REIT (as implied by the Offer Price) | 2,629 | 30.1 | 1.02 | 1.02 | 6.0 |
|---|-------|------|------|------|-----|

Source: SGXNet, S&P Capital IQ and the relevant announcements by the Comparable REITs on SGXNet

Notes:

- (1) Market capitalisation of the Comparable REITs is based on their respective last transacted prices as at the Latest Practicable Date as extracted from S&P Capital IQ.
- (2) P/NAV is computed by dividing the respective market capitalisation by the latest NAV of the Comparable REITs as reported in the latest financial results announcement.
- (3) 1-year median P/NAV is the median of the P/NAV ratios computed by dividing the daily closing prices of the Comparable REITs for the 1 year prior to the Latest Practicable Date by the NAV of the Comparable REITs represented by unitholders' funds as reported for the respective period.
- (4) LTM Distribution Yield is computed by dividing the distributions made in the last 12 months of the Comparable REITs as reported in the relevant announcements or annual reports by the respective closing price as at the Latest Practicable Date.
- (5) LREIT had announced distributions on 4 February 2022 and 4 April 2022 amounting to an aggregate of S\$0.035371, representing approximately 4.38% of its latest NAV as at 31 December 2021. On 22 March 2022, LREIT had also announced a two-tranche equity fund raising exercise to issue up to 1,265,346,000 new units to raise gross proceeds of no less than S\$574 million primarily to part-finance the acquisition of JEM that was announced on 14 February 2022. The two tranches of the equity fund raising exercise were completed on 31 March 2022 and 14 April 2022 respectively, and accordingly, the acquisition of JEM was completed on 22 April 2022. As such, we have adjusted the NAV of LREIT to take into consideration the significant distributions made after 31 December 2021 as well as the gross proceeds raised in the equity fund raising exercise.
- (6) LREIT typically announces half-yearly distributions but had announced an advanced three-month distribution for the period 1 January 2022 to 30 March 2022. As such, we have aggregated the distributions made by LREIT for the nine-month period between 1 July 2021 to 30 March 2022 and annualised the distribution for computation of its LTM distribution yield.
- (7) The gearing ratio for MCT is computed by dividing total borrowings by total deposited property as extracted from the half-year financial statements for the period ended 31 March 2022.
- (8) The gearing ratio for FCT is computed by dividing total borrowings by total deposited property as extracted from the half-year financial statements for the period ended 31 March 2022 and takes into account 40%

proportionate share of deposited property value and borrowing in Sapphire Star Trust, a private trust that owns Waterway Point, a suburban shopping mall located in Punggol.

- (9) The gearing ratio for LREIT is extracted from its third-quarter business updates presentation for the period ended 31 March 2022. It is based on pro forma as at 31 March 2022 and adjusted to account for acquisition of JEM.
- (10) The gearing ratio for Starhill is extracted from its third-quarter business updates presentation for the period ended 31 March 2022.

For illustration purposes only, we note that based on the Offer Price:

- (a) the P/NAV as implied by the Offer Price of SPH REIT of 1.02 times is within the range of the P/NAV ratios of the Comparable REITs and above or equal to the mean and median P/NAV ratios of the Comparable REITs of 0.97 times and 1.02 times respectively;
- (b) the P/NAV as implied by the Offer Price of SPH REIT of 1.02 times is within the range of the 1-year median P/NAV ratios of the Comparable REITs and above or equal to the mean and median 1-year median P/NAV ratios of the Comparable REITs of 1.00 times and 1.02 times respectively; and
- (c) the LTM Distribution Yield as implied by the Offer Price of SPH REIT of 6.0% is within the range of the LTM Distribution Yields of the Comparable REITs and slightly above the mean and median LTM Distribution Yield of the Comparable REITs of 5.9% and 5.8% respectively.

7.7 Precedent Acquisition Transactions of REITs involving Singapore-based acquirers or targets

For the purpose of our evaluation of the financial terms of the Offer, we have also compared the valuation statistics implied by the Offer Price *vis-à-vis* recently completed mergers and/or acquisition transactions of equity interest in REITs since 2020 up to and including the Latest Practicable Date with implied values above S\$500 million that involved a Singapore-based acquirer or target ("**Precedent Acquisition Transactions**"). However, publicly available information on these Precedent Acquisition Transactions may be limited and may not include the relevant financial information necessary for our comparison purposes.

Relevant information has been extracted from S&P Capital IQ, the relevant company websites, and/or public announcements of the Precedent Acquisition Transactions, where available. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The details on the selected Precedent Acquisition Transactions are set out below:

| Completion Date | Target REIT / Trust / Company | Description and Background |
|-----------------|---|---|
| 22 April 2022 | ARA Logos Logistics Trust (" ALOG ") | <p>Previously known as Cache Logistics Trust, ALOG was listed on the SGX-ST since 12 April 2010 and is a logistics-focused REIT.</p> <p>As at 31 December 2021, ALOG's portfolio comprised 20 high quality logistics warehouse properties strategically located in established logistics clusters in Singapore and Australia, as well as 49.5% and 40.0% stakes in two funds. The portfolio has a total gross floor area ("GFA") of approximately 1,000,000 sq m valued at approximately S\$1.8 billion.</p> <p>On 15 October 2021, the respective managers of ALOG and ESR-REIT jointly announced their merger by way of a trust scheme of arrangement.</p> |

| Completion Date | Target REIT / Trust / Company | Description and Background |
|-----------------|---|---|
| | | <p>The proposed scheme consideration valued ALOG at approximately S\$1.4 billion comprising:</p> <ul style="list-style-type: none"> (i) cash consideration of S\$0.097 per ALOG unit; and (ii) unit consideration of 1.7729 new ESR-REIT units per ALOG unit. <p>The scheme became effective on 22 April 2022.</p> |
| 2 December 2021 | Lippo Malls Indonesia Retail Trust (" LMIRT ") | <p>Listed on the SGX-ST since 19 November 2007, LMIRT is the only Indonesian retail REIT listed on the SGX-ST.</p> <p>As at 31 December 2021, LMIRT had a portfolio of 29 Indonesia properties comprising 22 retail malls and seven retail spaces located in other shopping malls with a total GFA of 1,825,720 sq m and NLA of 956,632 sq m, valued at approximately S\$1.8 billion. The properties are located in large middle-class population catchment areas in Greater Jakarta, Bandung, Yogyakarta, Medan, Palembang, Bali and Sulawesi and cater mainly to the everyday needs of middle to upper-middle-income domestic consumers in Indonesia.</p> <p>On 2 December 2021, LMIRT Management Ltd, as manager of LMIRT, was notified by Bridgewater International Limited ("BIL") that BIL had sold 874,912,770 LMIRT units, equivalent to 11.4% stake in LMIRT to Tokyo Century Corporation for a total sale consideration of approximately S\$67.4 million.</p> <p>As a result of the sale, BIL will hold 3,604,065,562 units in LMIRT equivalent to a 46.97% stake.</p> |
| 31 March 2021 | Soilbuild Business Space REIT (" Soilbuild ") | <p>Listed on the SGX-ST since 16 August 2013, Soilbuild is an industrial REIT focused on business spaces.</p> <p>As at 10 February 2021, Soilbuild's portfolio comprised 12 business space properties located across Singapore and Australia.</p> <p>On 14 December 2020, the respective boards of SB REIT Management Pte. Ltd. and Clay Holdings III Limited ("Clay") jointly announced the proposed acquisition of all the remaining 69.7% of issued units in Soilbuild from DBS Bank Ltd. and other unitholders for approximately S\$490 million which shall be effected by way of a trust scheme of arrangement. Clay is a vehicle jointly established by entities within The Blackstone Group Inc. and Mr. Lim Chap Huat, Executive Chairman and Co-founder of Soilbuild.</p> <p>The proposed scheme consideration valued Soilbuild at approximately S\$687 million comprising 100% cash consideration of S\$0.53806 per Soilbuild unit after reducing the distribution made in the fourth quarter of FY2020 from the scheme consideration of S\$0.550 per Soilbuild unit.</p> <p>The scheme became effective on 31 March 2021.</p> |

| Completion Date | Target REIT / Trust / Company | Description and Background |
|------------------|---|--|
| 30 November 2020 | Cromwell Property Group (" Cromwell ") | <p>Listed on the Australia Securities Exchange Ltd, Cromwell is an internally managed Australian REIT and a stapled security consisting of Cromwell Corporation Limited and Cromwell Diversified Property Trust.</p> <p>As at 30 June 2020, Cromwell had a market capitalisation of A\$2.4 billion, a direct property investment portfolio in Australia valued at A\$3.0 billion and total assets under management of A\$11.5 billion across Australia, New Zealand and Europe.</p> <p>On 23 June 2020, ARA announced its intention to make a proportional off market takeover bid to acquire 29% of all Cromwell stapled securities not currently owned by ARA for A\$0.90 per stapled security.</p> <p>On 21 September 2020, SingHaiyi Group Ltd accepted the proportional tender offer by ARA Real Estate Investors 28 Limited, a wholly owned subsidiary of ARA Asset Management Holdings Pte. Ltd. to partially dispose 17,453,987 units of the existing stapled securities in Cromwell for an aggregate sale consideration of A\$16.1 million (approximately S\$15.9 million).</p> |
| 21 October 2020 | CapitaLand Commercial Trust (" CCT ") | <p>Listed on the SGX-ST since 11 May 2004, CCT is a commercial REIT focused on Grade A office assets.</p> <p>As of 31 December 2019, CCT owns ten properties with eight located in Singapore and two located in Germany with an aggregate NLA of 5.9 million sq ft and estimated value of S\$11.1 billion.</p> <p>On 22 January 2020, Capitaland Mall Trust ("CMT") and CCT jointly announced plans for a merger by way of trust scheme of arrangement.</p> <p>The proposed scheme consideration valued CCT at approximately S\$8.2 billion, comprising:</p> <ul style="list-style-type: none"> (i) 12% cash consideration of S\$0.2590 per CCT unit; and (ii) 88% unit consideration of 0.720 new CMT units per CCT unit at an issue price of S\$2.590. <p>The scheme became effective on 21 October 2020.</p> |
| 15 April 2020 | Frasers Commercial Trust (" FCOT ") | <p>Listed on the SGX-ST since 30 March 2006, FCOT is a commercial REIT that invests in office spaces and business parks.</p> <p>As of 30 September 2019, FCOT owns six properties with two located in Singapore, three located in Australia and one in the United Kingdom. The portfolio has an aggregate NLA of 3.4 million sq ft and estimated value of S\$2.2 billion.</p> <p>On 2 December 2019, the respective managers of Frasers Logistics & Industrial Trust ("FLT") and FCOT</p> |

- (b) SPH REIT has an implied LTM Distribution Yield of 6.0% which is within the range of LTM Distribution Yield of the Precedent Acquisition Transactions, and higher than the mean and median LTM Distribution Yield of 5.6% and 5.4% respectively.

We wish to highlight to the Independent Directors that the Precedent Acquisition Transactions are not exhaustive and the target companies may not be directly comparable to the Group in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of the valuation statistics for these Precedent Acquisition Transactions. Therefore, any comparison made serves only as an illustrative guide.

7.8 Precedent privatisation and delisting transactions in Singapore

Pursuant to Rule 1105 of the Listing Manual, upon the announcement by the Offeror that acceptances have been received that bring the holdings owned by the Offeror Concert Parties to above 90% of the total issued Units, the SGX-ST may suspend the trading of SPH REIT until it is satisfied that at least 10% of the total number of Units are held by at least 500 shareholders who are members of the public (the “**Free Float Requirement**”).

The Offeror does not have any present intention to actively pursue the delisting of SPH REIT from the Mainboard of the SGX-ST. However, in the event that the Free Float Requirement is not satisfied at the close of the Offer, and the trading of Units on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted. The Offeror reserves the right and discretion, if such event arises, to assess the options available at such time and there is no assurance that the current intention will be carried into effect.

Accordingly, for the purpose of our evaluation of the financial terms of the Offer, we have compared the valuation statistics implied by the Offer Price *vis-à-vis* recent successful privatisations and delistings of property companies listed on the SGX-ST where the offeror has indicated similar intentions where it does not intend to preserve the listing status of the company.

We set out below the statistics on (i) privatisation transactions of property companies listed on the SGX-ST, whether by way of scheme of arrangement under Section 210 of the Companies Act (“**Scheme**”), voluntary general offers (“**VGO**”) or mandatory general offers (“**MGO**”) under the Code; and (ii) delisting offers under Rule 1307 of the Listing Manual (“**VD**”), and the offer resulted in a successful privatisation and delisting of the target company in the property space (“**Precedent Privatisation Transactions**”).

As some of the Precedent Privatisation Transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the financial terms of such offer transactions with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the Precedent Privatisation Transactions where available. The details on the Precedent Privatisation Transactions announced from 1 January 2019 up to the Latest Practicable Date are set out as follow:

| Precedent Privatisation Transactions | | | | | | | | |
|--------------------------------------|---|------|----------------------------|---------------------------|--|------------------|------------------|--------------------------------|
| Date of announcement | Target | Type | Offer Price per Share (\$) | Last Transacted Price (%) | Premium/(Discount) of Offer Price over/(to) ⁽¹⁾ | | | |
| | | | | | 1-month VWAP (%) | 3-month VWAP (%) | 6-month VWAP (%) | Offer Price to NTA/NAV (times) |
| 12 Jun 20 | Perennial Real Estate Holdings Limited ⁽²⁾ | VGO | 0.950 | 88.1 | 105.2 | 124.2 | 112.7 | 0.57 ⁽³⁾ |

Precedent Privatisation Transactions

| Date of announcement | Target | Type | Premium/(Discount) of Offer Price over/(to) ⁽¹⁾ | | | | | |
|----------------------|--|--------|--|---------------------------|------------------|------------------|------------------|--------------------------------|
| | | | Offer Price per Share (\$) | Last Transacted Price (%) | 1-month VWAP (%) | 3-month VWAP (%) | 6-month VWAP (%) | Offer Price to NTA/NAV (times) |
| 20 Aug 20 | China Jishan Holdings Limited | VGO | 0.350 | 84.2 | 101.3 | 106.4 | 116.7 | 0.78 ⁽⁴⁾ |
| 16 Sep 20 | LCT Holdings Limited | VGO | 0.600 | 39.5 | 60.8 | 61.7 | 61.5 | 0.91 ⁽⁴⁾ |
| 15 Jan 21 | GL Limited ⁽⁵⁾ | VGO | 0.800 | 42.9 | 46.6 | 52.4 | 45.8 | 0.74 ⁽⁴⁾ |
| 12 Mar 21 | World Class Global Limited ⁽⁶⁾ | Scheme | 0.210 | 128.3 | 107.9 | 107.9 | 89.2 | 0.83 |
| 30 Apr 21 | Top Global Limited | VGO | 0.390 | 122.9 | 133.6 | 146.8 | 148.7 | 0.32 ⁽⁴⁾ |
| 09 Jul 21 | Fragrance Group Limited | VGO | 0.138 | 16.9 | 19.0 | 19.0 | 20.0 | 0.70 ⁽⁴⁾ |
| 09 Nov 21 | Singhaiyi Group Ltd. | VGO | 0.117 | 8.3 | 7.0 | 10.7 | 18.3 | 0.60 ⁽⁴⁾ |
| 15 Dec 21 | Roxy-Pacific Holdings Limited ⁽⁷⁾ | VGO | 0.485 | 19.8 | 21.0 | 23.5 | 30.3 | 0.64 ⁽⁴⁾ |

| | | | | | |
|---------------|-------|-------|-------|-------|------|
| High | 128.3 | 133.6 | 146.8 | 148.7 | 0.91 |
| Low | 8.3 | 7.0 | 10.7 | 18.3 | 0.32 |
| Mean | 61.2 | 66.9 | 72.5 | 71.5 | 0.68 |
| Median | 42.9 | 60.8 | 61.7 | 61.5 | 0.70 |

| | | | | | | | |
|------------------|---|---------------|--------------|--------------|------------|------------|-------------|
| 29 Apr 22 | SPH REIT⁽⁸⁾ | 0.9372 | (3.9) | (2.3) | 0.6 | 2.0 | 1.02 |
| | (as implied by the Offer Price per Unit) | | | | | | |

Source: The respective target companies' shareholders' circular and announcements in relation to the Precedent Privatisation Transactions on the SGXNet.

Notes:

- (1) Market premia/(discounts) calculated relative to the closing prices of the respective target companies one (1) day prior to the respective announcement dates and VWAP of the 1-month, 3-month and 6-month period prior to the respective announcements;
- (2) On 18 May 2020, Perennial Real Estate Holdings Limited ("Perennial") announced that its directors had been notified that certain of its substantial shareholders were reviewing the options in relation to their shareholdings in Perennial. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 15 May 2020, being the last undisturbed trading date;
- (3) Based on the adjusted revalued NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies;
- (4) Based on the revalued NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies;
- (5) On 15 March 2021, the offeror announced a revised offer of S\$0.80 for GL Limited. The premia of the offer price over the relevant VWAP were computed based on the share prices for the periods prior to the offer announcement date;
- (6) The scheme consideration for one share in World Class Global Limited ("WCG") was 1.1052 share in the offeror issued at S\$0.19 for each offeror share, which will rank *pari passu* to the offeror shares already listed on SGX-ST;
- (7) The market premia implied by the offer consideration of S\$0.485 per share in Roxy-Pacific Holdings Limited ("Roxy") were computed based on the last transacted price prior to the date of the pre-conditional offer announcement date on 20 September 2021, when Roxy first announced that an offeror has approached to make a voluntary conditional offer for Roxy's shares, subject to and contingent upon certain pre-conditions;

- (8) The market discounts/premia implied by the Offer Price for SPH REIT were computed based on the last transacted price prior to the Possible Chain Offer Announcement Date, being 29 October 2021.

Based on the above analysis, we note the following:

- (a) the discount implied by the Offer Price to the last transacted price of 3.9% is below the range and significantly below the mean and median premia over the last transacted prices of 61.2% and 42.9% respectively;
- (b) the discount implied by the Offer Price to the VWAP for the 1-month period of 2.3% and the slight premium implied by the Offer Price over the VWAP for the 3-month and 6-month periods of 0.6% and 2.0% are below the range and significantly below the mean and median premia over the VWAP for the respective periods for the Precedent Privatisation Transactions; and
- (c) SPH REIT's implied P/NAV ratio of 1.02 times is above the range of P/NAV ratios of the Precedent Privatisation Transactions and higher than the mean and median P/NAV ratios of 0.68 times and 0.70 times respectively.

The Independent Directors should note that the level of premium (if any) an acquirer would normally pay for acquiring and/or privatising a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each Precedent Privatisation Transaction should be judged on its own merits (or otherwise).

The list of Precedent Privatisation Transactions indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Precedent Privatisation Transactions over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the recent Precedent Privatisation Transactions. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Precedent Privatisation Transaction or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to Compulsory Acquisition.

We wish to highlight that SPH REIT does not conduct the same businesses as the other companies in the list of Precedent Privatisation Transactions and would not, therefore, be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, the Independent Directors should note that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Privatisation Transactions. The list of the Precedent Privatisation Transactions is by no means exhaustive and any comparison of the Offer with the Precedent Privatisation Transactions is for illustration purposes only. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for SPH REIT.

7.9 Analysts' estimates and price targets for SPH REIT

We have reviewed the estimates of the price targets by various brokerages sourced from Bloomberg L.P. and various broker research reports. The price targets generally involve a 1-year time horizon. The summary is shown in the table below:

| Analysts' price targets for SPH REIT | | | |
|--------------------------------------|--|----------------|--------------------|
| Date | Broker | Recommendation | Target Price (S\$) |
| 4 Apr 2022 | Maybank Research Pte. Ltd. | Hold | 0.950 |
| 4 Apr 2022 | Daiwa Capital Markets Singapore Limited | Hold | 0.950 |
| 4 Apr 2022 | OCBC Investment Research Private Limited | Hold | 0.950 |
| 4 Apr 2022 | DBS Group Research | Hold | 0.964 |
| 1 Apr 2022 | Macquarie Capital Securities (Singapore) Pte Ltd | Neutral | 0.950 |
| 1 Apr 2022 | CGS-CIMB Securities (Singapore) Pte Ltd | Hold | 0.950 |
| Mean | | | 0.952 |
| Median | | | 0.950 |

Source: Various research reports of the brokers, publicly available information and analyst target prices as extracted from Bloomberg L.P..

We note that all the reports were released after the announcement of the 1HFY2022 financial results and the 2QFY2022 Distribution, and prior to the books closure date. Based on the above analysts' research estimates, we note that the Offer Price of S\$0.9372 represents a discount of 1.6% to the mean target price of S\$0.952 of the latest broker research reports.

We wish to highlight that the above broker research reports are not exhaustive and the estimated price targets of the Units and recommendations in these reports represent the individual views of the respective analysts (and not PPCF) based on the circumstances, including but not limited to, market, economic and industry conditions and market sentiment and investor perceptions on the prospects of SPH REIT, prevailing at the date of the publication of the respective reports. The opinion of the analysts may change over time due to, *inter alia*, changes in market conditions, SPH REIT's corporate developments and the emergence of new information relevant to SPH REIT. As such, the estimated price targets in these analyst reports may not be an accurate prediction of future market prices of the Units.

7.10 Estimated valuation of the Units

As mentioned in paragraphs 7.1 to 7.9 above, we have taken into account various factors and evaluated the financial terms of the Offer, being the Offer Price of S\$0.9372 per Offer Unit.

We have considered the asset-intensive nature of the Group and the availability of information on its Comparable REITs and have mainly used the market approach (as opposed to other valuation approaches) for the purpose of evaluating the financial terms of the Offer.

We have focused on the Comparable REITs as they largely operate in a similar space as compared to SPH REIT. Based on the NAV of the Group as at 28 February 2022 of approximately S\$0.9194 per Unit, the estimated valuation of the Units as implied by the mean P/NAV ratio of the Comparable REITs of 0.97 times is S\$0.8918.

We have further considered the latest analysts' reports covering SPH REIT and their price targets after taking into consideration, *inter alia*, momentum in footfall and tenants' sales for its malls following the recent easing of COVID-19 related restrictions, as well as a modest recovery in the Investment Properties' rental reversions while considering that a general slowdown in macroeconomic conditions and higher property operating expenses as a result of rising electricity rates may dampen outlook. We note that the mean target price from the analysts' reports is S\$0.952 per Unit.

Due to the steady returns that are generally provided by REITs under their respective distribution policies, as a cross-check, we have considered the LTM Distribution Yields of the Comparable REITs. Based on the annualised distributions of SPH REIT to-date for FY2022 of S\$0.0536, the estimated price of each Unit as implied by the mean LTM Distribution Yield of the Comparable REITs of 5.9% is S\$0.9085.

We have considered the Precedent Acquisition Transactions as the acquisitions were valuation multiples were implied by actual transactional offers that have been negotiated between a willing buyer and a willing seller. However, we note that the Precedent Acquisition Transactions may not be in the same industry or have similar exposure to properties and markets that SPH REIT operates in, and these transactions were completed in a time wherein government-mandated movement control policies relating to, *inter alia*, social distancing requirements for offices, shopping malls, social gatherings and dining-in were still in place due to the adverse impact of the COVID-19 pandemic with no clear road-map on the lifting of such measures in the region. As such, there were greater uncertainties surrounding the business conditions of these industries then and the range of multiples that the Precedent Acquisition Transactions exhibited may not be as relevant in the current climate where regional governments have gradually started to relax social distancing measures amidst higher vaccination and booster rates in the population.

Accordingly, the Offer Price of S\$0.9372 is within our estimated valuation range for the Units of between S\$0.8918 and S\$0.952.

7.11 Distribution track record of SPH REIT

For the purpose of assessing the Offer, we have considered the historical distribution track record of the Units for the last five financial years prior to the Offer Announcement Date and compared them with the returns which a Unitholder may potentially obtain by re-investing the proceeds from the Offer in other selected alternative equity investments.

SPH REIT had declared and paid the following distributions in respect of its last five financial years:

| Historical distribution track record of SPH REIT | | | | | |
|--|--------|--------|--------|--------|--------|
| (S\$) | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| Total distribution per Unit | 0.0553 | 0.0554 | 0.0560 | 0.0272 | 0.0540 |
| 1-year average Unit price | 0.9789 | 1.0085 | 1.0322 | 0.9665 | 0.8560 |
| Distribution yield (%) | 5.6% | 5.5% | 5.4% | 2.8% | 6.3% |

Source: S&P Capital IQ, Bloomberg L.P., financial results and distribution announcements of SPH REIT and PPCF calculations

The mean distribution yield of the Comparable REITs of 5.9% is lower than the distribution yield of SPH REIT as at FY2021 of 6.3% and the distribution yield of SPH REIT as implied by the Offer Price of 6.0%.

With reference to its annual report, the distribution policy of SPH REIT 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 SPH REIT's capital management and funding requirements.

There can be no assurance that SPH REIT will continue its distributions in the future or to maintain the level of distributions that were paid in the past periods.

For the purpose of analysing the Offer, we have considered that the Unitholders who accept the Offer may re-invest the proceeds from the Offer in selected alternative equity investments such as a broad Singapore REIT index instrument such as the Lion-Phillip S-REIT ETF ("S-REIT ETF").

For illustration purposes, the distribution yield of the S-REIT ETF based on their distributions declared over the latest 12 months are as follows:

| Distribution yield of alternative equity investment | |
|--|---|
| | LTM distribution yield⁽¹⁾ (%) |
| S-REIT ETF | 5.0% |
| SPH REIT (implied by the Offer Price) | 6.0% ⁽²⁾ |

Source: S&P Capital IQ, financial results and distribution announcements of SPH REIT and PPCF calculations

Notes:

- (1) LTM distribution yield of S-REIT ETF is computed as the distributions declared over the latest 12 months divided by the closing market price as at the Latest Practicable Date (or where there was no trading on such date, the last available closing market price). The aforementioned distribution yield computed may differ from the actual distribution yield which will vary depending on the actual cost of investment paid by the individual investor.
- (2) LTM distribution yield of SPH REIT is computed as the sum of distributions per Unit of S\$0.0564 declared over the latest 12 months, as represented by the 3QFY2021 DPU of S\$0.0138, 4QFY2021 DPU of S\$0.0158, 1QFY2022 DPU of S\$0.0124 and 2QFY2022 DPU of S\$0.0144, divided by the Offer Price. The above illustrated distribution yield of SPH REIT assumes that the DPU of S\$0.0144 as announced on 1 April 2022 and paid to Unitholders on 20 May 2022.

Based on the above distribution analysis, we note the LTM distribution yield of SPH REIT as implied by the Offer Price of 6.0% is above that of the S-REIT ETF of 5.0%. This suggests that a Unitholder who does not accept the Offer may potentially experience higher dividend income from SPH REIT as opposed to reinvesting the proceeds from the Offer in the shares of the S-REIT ETF.

We wish to highlight that the above distribution analysis serves only as an illustrative guide and is not an indication of SPH REIT's future distribution policy nor that of the S-REIT ETF. There is no assurance that SPH REIT will continue or S-REIT ETF will continue to pay distributions and dividends in the future and/or maintain the level of distributions and dividends paid in past periods.

Notwithstanding the above, it is uncertain whether SPH REIT and S-REIT ETF can maintain its historical yields at the levels set out above, hence it is uncertain whether the Unitholders will be able to achieve their desired levels of investment income by liquidating their investment in SPH REIT and reinvesting their proceeds in the S-REIT ETF or other alternative investments.

The Independent Directors should note that an investment in S-REIT ETF provides a different risk-return profile as compared to an investment in the Units, and therefore the above comparison serves purely as a guide only. Furthermore, it should also be noted that the above analysis ignores the effect of any potential capital gain or capital loss that may accrue to the Unitholders arising from their investment in the Units due to market fluctuations in the price of the Units during the relevant corresponding periods in respect of which the above distribution yields were analysed.

In addition, there can be no assurance that in any given year a distribution will be proposed or declared. The payment of distributions, if any, and the amounts and timing thereof, will depend on a number of factors, including future profits, financial conditions, general economic and business conditions, and future prospects and such other factors as the Board of Directors of the Manager may deem relevant, as well as other legal and regulatory requirements.

8 OTHER CONSIDERATIONS

8.1 Outlook of the industry that the Group is operating in

We note that the Manager had made a commentary in the 1HFY2022 results announcement on the significant trends and competitive conditions of the industry that may affect the Group in

the next reporting period and the next 12 months. The commentary has been reproduced below in italics and should be read in the context of the entire 1HFY2021 results announcement:

“Singapore’s GDP grew by 7.6% in 2021. GDP for 2022 is forecasted at 3% to 5% according to the Ministry of Trade and Industry (MTI). With effect from 29 March 2022, Singapore has relaxed dining in restrictions from 5 pax to 10 pax. With effect from 1 April 2022, in-bound travel restrictions has been relaxed with the removal of on-arrival testing or quarantine for vaccinated travellers and no quotas on the number of travellers to Singapore. Department of Statistics Singapore (DOS) reported that the retail sales index (excluding motor vehicles) increased by 15.8% year-on-year (yoy) for January 2022. This is driven by watches & jewelry, wearing apparel, department stores and cosmetics.

Reserve Bank of Australia (RBA) expects GDP to grow by around 4.25% for 2022 compared to 4.2% for 2021. Australia reopened its borders to fully vaccinated international visitors in February 2022. According to the latest Australian Bureau of Statistics, retail turnover rose 6.4% yoy in January 2022. Nationwide retail sales growth was led by clothing & footwear, food & beverage, food retailing and household goods, while department store sales contracted.

Potential resurgence of COVID-19 may impact consumer spending behaviour and full resumption of international leisure travel. Geopolitical tensions indirectly impact operational costs such as utilities and consumer sentiments. Central banks including the Federal Reserve, Monetary Authority of Singapore and RBA have adopted tighter monetary policies in view of rising inflation which will likely lead to higher interest rates.

SPH REIT will continue its focus on delivering stable distribution and sustainable returns.”

8.2 Offeror’s intention for the listing status of SPH REIT

It is the current intention of the Offeror that SPH REIT continues with its existing activities and there are presently no plans to make any material changes to SPH REIT’s existing business, re-deploy its fixed assets or to initiate any major changes to the investment policy of SPH REIT, except in the ordinary course of business (which in the case of SPH REIT would include the investment, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for retail purposes in Asia-Pacific as well as real estate-related assets). The Offeror however retains the discretion and flexibility to conduct a review of the operations of SPH REIT and to consider any options or opportunities which may present themselves and which it regards to be in the interests of SPH REIT and the Unitholders following the close of the Offer.

Under Rule 724(1) of the Listing Manual, if the percentage of the total issued Units held in public hands falls below 10%, SPH REIT must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Units on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow SPH REIT a period of 3 months, or such longer period as the SGX-ST may agree, to raise the percentage of Units in public hands to at least 10%, failing which SPH REIT may be delisted from the SGX-ST.

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that brings the holdings owned by the Offeror Concert Parties to above 90% of the total issued Units, the SGX-ST may suspend the trading of the Units on the SGX-ST until such time it is satisfied that at least 10% of the total issued Units are held by at least 500 Unitholders who are members of the public.

Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total issued Units, thus causing the percentage of the total issued Units held in public hands to fall below 10%, the SGX-ST will suspend trading of the Units only at the close of the Offer.

The Offeror does not have any present intention to actively pursue the delisting of SPH REIT from the Mainboard of the SGX-ST. However, in the event that the Free Float Requirement is not satisfied at the close of the Offer, and the trading of Units on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, **the Offeror has no intention to undertake or support any action for any such trading suspension by the**

SGX-ST to be lifted. The Offeror reserves the right and discretion, if such event arises, to assess the options available at such time and there is no assurance that the current intention will be carried into effect.

8.3 Compulsory acquisition

Pursuant to Section 295A(1) of the Securities and Futures Act 2001 of Singapore (“SFA”), if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Units during the period when the Offer is open for acceptance), in respect of not less than 90% of the Offer Units, the Offeror will be entitled to exercise the right to compulsorily acquire all the Units of the Unitholders who have not accepted the Offer on the same terms as those offered under the Offer (“**Dissenting Unitholders**”).

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Units not acquired under the Offer. The Offeror will then proceed to delist SPH REIT from SGX-ST. The Offeror reserves the right and discretion, if such event arises, to assess the options available and there is no assurance that the current intention will be carried into effect.

Dissenting Unitholders have the right under and subject to Section 295A(4) of the SFA to require the Offeror to acquire their Units at the Offer Price in the event that the Offeror or its nominees acquire, pursuant to the Offer, such number of Units which, together with the Units held by the Offeror, its related corporations and/or their respective nominees, comprise 90% or more of the total number of Units in issue.

Dissenting Unitholders who wish to exercise such rights are advised to seek their own independent legal advice.

8.4 Likelihood of competing offers and background of the Offer

The Management and Independent Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal similar to or in competition with the Offer has been received by SPH REIT.

The Offer was a chain offer arising from the Offeror's proposal to acquire all the shares of SPH via a scheme of arrangement pursuant to Section 210 of the Companies Act, Chapter 50 of Singapore, and for SPH to undertake a DIS of the SPH REIT units it holds. A mandatory obligation for the Offeror to make an offer for SPH REIT in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers was triggered when the Offeror Concert Parties group had increased its unitholding interest in SPH REIT to more than 30.0% post the DIS. The minimum price was determined by a ruling from the SIC, at which Cuscaden had formally offered in the Offer after exercising its right to reduce it by the distributions SPH REIT had made since the Possible Chain Offer Announcement Date.

Accordingly, the Offeror Concert Parties group is the largest group of Unitholders with 47.3% unitholding interest in SPH REIT as at the Latest Practicable Date and the likelihood of a competing offer from a third party is remote.

A choice was provided to SPH shareholders for each SPH share they tendered under the Cuscaden Scheme, namely an all-cash consideration of S\$2.360 or a cash/unit mix of S\$1.602 in cash and 0.782 Unit. Accordingly, this choice of consideration implied the value of the Unit to be S\$0.9693 which is marginally higher than the minimum offer price of S\$0.964 (in compliance with the SIC ruling in its deliberation of the Cuscaden Scheme). The minimum offer price was subsequently adjusted to take into account the 1QFY2022 Distribution and 2QFY2022 Distribution to arrive at the Offer Price of S\$0.9372.

Notwithstanding the above, with reference to the results of election announcement released by Cuscaden on 28 April 2022, we note that 57.9% of SPH shareholders had elected the all-cash consideration over the cash/unit mix, resulting in the mandatory Offer being made by the Offeror Concert Parties under Rule 14 of the Code.

In arriving at our opinion in respect of the Offer, we have considered the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favour of the Offer Price:

- (i) The Offer Price of S\$0.9372 represents premia of 3.2%, 4.7%, 2.0% and 0.6% over the VWAP of the Units for the 2-year, 1-year, 6-month and 3-month periods prior to the announcement of the Possible Chain Offer respectively;
- (ii) During the 2-year Lookback Period, the Units were traded every day SPH REIT was open for trading on the SGX-ST but the average daily traded volume of the Units for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Possible Chain Offer was low, representing 0.26%, 0.22%, 0.31%, 0.45% and 0.25% of the free float of the Units respectively;
- (iii) The Units had underperformed the rebased FSSTI over the 2-year Lookback Period up till the Latest Practicable Date, having decreased by 15.9% as compared to a decrease of 0.2% in the rebased FSSTI since the beginning of the 2-year Lookback Period;
- (iv) The Units had also underperformed the rebased iEDGE S-REIT Index over the 2-year Lookback Period up till the Latest Practicable Date, having decreased by 15.9% as compared to a decrease of 11.8% in the rebased iEDGE S-REIT Index since the beginning of the 2-year Lookback Period;
- (v) Based on the Group's NAV per Unit, the Offer Price represents a slight premium of 1.9% over the NAV per Unit and the P/NAV ratio of the Group as implied by the Offer Price of 1.02 times;
- (vi) Based on the Group's Ex-cash NAV per Unit, the Offer Price as adjusted for cash and cash equivalents, represents a slight premium of 2.0% over the Ex-cash NAV per Unit;
- (vii) For the 6-month, 1-year and 2-year periods prior to the trading halt and announcement of the Possible Chain Offer, the implied P/NAV of 1.02 times is above the average historical trailing P/NAV of the Units of 1.00 times, 0.96 times and 0.97 times respectively;
- (viii) In respect of the Comparable REITs, the P/NAV as implied by the Offer Price of SPH REIT of 1.02 times is above the mean P/NAV ratio of the Comparable REITs of 0.97 times and the mean 1-year median P/NAV ratio of the Comparable REITs of 1.00 times;
- (ix) In respect of the Precedent Acquisition Transactions, SPH REIT's implied P/NAV ratio of 1.02 times is higher than the median P/NAV ratio of 1.01 times;
- (x) In respect of the Precedent Privatisation Transactions, SPH REIT's implied P/NAV ratio of 1.02 times is higher than the mean and median P/NAV ratios of 0.68 times and 0.70 times respectively;
- (xi) The Offer Price of S\$0.9372 is within our estimated valuation range for the Units of between S\$0.8918 and S\$0.952;
- (xii) We note that the Group is in an uncertain and challenging business environment arising from the COVID-19 pandemic and the geopolitical tensions as commented by the Group in its unaudited financial results announcement for 1HFY2022;
- (xiii) The Offeror has expressed its intention to exercise its right to compulsorily acquire all the Offer Units not acquired under the Offer should the opportunity arise, and similarly, if the Free Float Requirement is not met at the close of the Offer, it does not have any

intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted; and

- (xiv) As at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal similar to or in competition with the Offer has been received by SPH REIT.

Factors against the Offer Price:

- (i) The Offer Price of S\$0.9372 represents a discount of 2.3% to the VWAP of the Units for the 1-month period prior to the announcement of the Possible Chain Offer;
- (ii) The Offer Price represents discounts of 3.9% and 8.1% to the closing price of the Units on the Last Undisturbed Traded Day and on the day after the Cuscaden Scheme Joint Announcement Date respectively;
- (iii) After the announcement of the Possible Chain Offer up to the Last Traded Day, the Units had traded above the Offer Price and the Offer Price represents a discount of 3.9% to the closing price of the Units of S\$0.975 on the Last Traded Day;
- (iv) After the Offer Announcement Date up to and including the Latest Practicable Date, the Units had traded slightly above the Offer Price and were last transacted at S\$0.950 on the Latest Practicable Date;
- (v) For the 1-month period prior to the trading halt and announcement of the Possible Chain Offer, during the Possible Chain Offer period and for the period after the Announcement Date up to and including the Latest Practicable Date, the implied P/NAV of 1.02 times is below the average historical trailing P/NAV of the Units of 1.06 times, 1.07 times and 1.03 times respectively;
- (vi) In respect of the Comparable REITs, the LTM Distribution Yield as implied by the Offer Price of SPH REIT of 6.0% is slightly above the mean and median LTM Distribution Yield of the Comparable REITs of 5.9% and 5.8% respectively;
- (vii) In respect of the Precedent Acquisition Transactions:
- SPH REIT's implied P/NAV ratio of 1.02 times is lower than the mean P/NAV ratio of 1.07 times; and
 - SPH REIT's implied LTM Distribution Yield of 6.0% is higher than the mean and median LTM Distribution Yield of 5.6% and 5.4% respectively;
- (viii) In respect of the Precedent Privatisation Transactions:
- the discount implied by the Offer Price to the last transacted price of 3.9% is significantly below the mean and median premia over the last transacted prices of 61.2% and 42.9% respectively; and
 - the discount implied by the Offer Price to the VWAP for the 1-month period of 2.3% and the slight premium implied by the Offer Price over the VWAP for the 3-month and 6-month periods of 0.6% and 2.0% are significantly below the mean and median premia over the VWAP for the respective periods for the Precedent Privatisation Transactions;
- (ix) The Offer Price of S\$0.9372 represents a discount of 1.6% to the mean target price of S\$0.952 of the latest broker research reports; and
- (x) We note that the S-REIT ETF as an alternative equity instrument provided a lower distribution yield in the latest 12 months, which suggests that a Unitholder who does

not accept the Offer may potentially experience higher dividend income as opposed to reinvesting the proceeds from the Offer in the shares of the S-REIT ETF.

Having considered as at Latest Practicable Date the aforementioned factors set out in this letter and summarised in this section, we are of the opinion that the financial terms of the Offer are fair and reasonable. Based on our opinion, we advise the Independent Directors to recommend that Unitholders accept the Offer, unless Unitholders are able to obtain a price higher than the Offer Price on the open market, taking into account all the brokerage commissions or transactions costs in connection with open market transactions.

The Independent Directors should also note that any trades or transactions in the Units after the Latest Practicable Date are subject to possible market fluctuations and accordingly, our opinion on the Offer does not and cannot take into account the future transactions or price levels that may be established for the Units since these are governed by factors beyond the ambit of our review.

In rendering our opinion, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Unitholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Offer.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer and should not be relied on by any other party. The recommendation made by them to the Unitholders in relation to the Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular, neither SPH REIT nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,
For and on behalf of
PrimePartners Corporate Finance Pte. Ltd.

Mark Liew
Chief Executive Officer and Executive Director

Wong Wei Fong
Director, Corporate Finance

APPENDIX B

ADDITIONAL INFORMATION ON SPH REIT

1. DIRECTORS

The names, address and designations of the Directors as at the Latest Practicable Date are set out below:

| Name | Address | Designation |
|------------------------|---|---|
| Dr Leong Horn Kee | 1000 Toa Payoh North News Centre Singapore 318994 | Chairman, Non-Executive and Independent Director |
| Mr Soon Tit Koon | 1000 Toa Payoh North News Centre Singapore 318994 | Non-Executive and Independent Director |
| Mrs Trina Loh Soh Yong | 1000 Toa Payoh North News Centre Singapore 318994 | Non-Executive and Independent Director |
| Ms Hoo Sheau Farn | 1000 Toa Payoh North News Centre Singapore 318994 | Non-Executive and Independent Director |
| Mr Bernard Phang | 1000 Toa Payoh North News Centre Singapore 318994 | Non-Executive and Independent Director |
| Mr Ray Ferguson | 1000 Toa Payoh North News Centre Singapore 318994 | Non-Executive and Independent Director |
| Mr Ng Yat Chung | 1000 Toa Payoh North News Centre Singapore 318994 | Non-Executive and Non-Independent Director |
| Mr Chua Hwee Song | 1000 Toa Payoh North News Centre Singapore 318994 | Non-Executive and Non-Independent Director |
| Ms Ginney Lim May Ling | 1000 Toa Payoh North News Centre Singapore 318994 | Non-Executive and Non-Independent Director |

2. PRINCIPAL ACTIVITIES

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 the Asia-Pacific, as well as estate-related assets. At the Latest Practicable Date, SPH REIT's portfolio comprises five quality and well-located commercial properties in Singapore and Australia. SPH REIT was listed on the Mainboard of the SGX-ST on 24 July 2013.

3. SPH REIT UNITS IN ISSUE

3.1 Issued SPH REIT Units

As at the Latest Practicable Date, there is only one class of units in SPH REIT, comprising SPH REIT Units.

As at the Latest Practicable Date, SPH REIT has 2,805,154,004 issued and paid-up units with a market capitalisation of approximately S\$2.66 billion based on a closing unit price of S\$0.95.

3.2 Rights of the Unitholders in Respect of Capital, Distribution and Voting

The rights of Unitholders in respect of capital, distributions and voting are set out in the SPH REIT Trust Deed. The relevant provisions of the SPH REIT Trust Deed relating to the same have been extracted and reproduced in Appendix F to this Circular.

3.3 Number of SPH REIT Units issued since the end of the last financial year

Since 31 August 2021, being the end of the last financial year of SPH REIT, up to the Latest Practicable Date:

3.3.1 14,659,366 new SPH REIT Units were issued on 29 October 2021 at an average price of S\$0.8515 per SPH REIT Unit to the SPH REIT Manager as payment of the base fee component of the management fee for the period from 1 June 2021 to 31 August 2021 and performance fee for the period from 1 September 2020 to 31 August 2021;

3.3.2 2,582,163 new SPH REIT Units were issued on 27 January 2022 at an average price of S\$1.0136 per SPH REIT Unit to the SPH REIT Manager as payment of the base fee component of the management fee for the period from 1 September 2021 to 30 November 2021; and

3.3.3 2,748,403 new SPH REIT Units were issued on 28 April 2022 at an average price of S\$0.9604 per SPH REIT Unit to the SPH REIT Manager as payment of the base fee component of the management fee for the period from 1 December 2021 to 28 February 2022.

4. SPH REIT CONVERTIBLE SECURITIES

At the Latest Practicable Date, SPH REIT has outstanding Awards in respect of 1,936,400 SPH REIT Units granted under the PUA Scheme. Pursuant to the PUA Scheme, a maximum of 2,904,600 SPH REIT Units may be issued to eligible employees of the SPH REIT Manager and SPH Retail Property Management Services Pte. Ltd. (subject to final achievement factor and fulfilment of the terms and conditions set out in the PUA Scheme).

Save as disclosed above, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, SPH REIT Units or securities which carry voting rights in SPH REIT, as at the Latest Practicable Date.

5. DISCLOSURE OF INTERESTS

5.1 Interests of SPH REIT in Offeror Shares, Offeror Securities and Offeror Convertible Securities

Neither SPH REIT nor its subsidiaries have any direct or indirect interests in Offeror Shares, Offeror Securities and Offeror Convertible Securities as at the Latest Practicable Date.

5.2 Dealings in Offeror Shares, Offeror Securities and Offeror Convertible Securities by SPH REIT

Neither SPH REIT nor its subsidiaries have dealt in Offeror Shares, Offeror Securities and Offeror Convertible Securities during the period commencing six months prior to 15 November 2021, being the Cuscaden Scheme Joint Announcement Date, and ending on the Latest Practicable Date.

5.3 Interests of Directors in Offeror Shares, Offeror Securities and Offeror Convertible Securities

None of the Directors has any direct or indirect interests in Offeror Shares, Offeror Securities and Offeror Convertible Securities as at the Latest Practicable Date.

5.4 Dealings in Offeror Shares, Offeror Securities and Offeror Convertible Securities by Directors

None of the Directors has dealt in Offeror Shares, Offeror Securities and Offeror Convertible Securities during the period commencing six months prior to 15 November 2021, being the Cuscaden Scheme Joint Announcement Date, and ending on the Latest Practicable Date.

5.5 Interests of Directors in SPH REIT Securities and SPH REIT Convertible Securities

Save as disclosed below, none of the Directors has an interest, direct or indirect, in SPH REIT Securities and SPH REIT Convertible Securities.

| Name | Direct | | Deemed | |
|------------------------|-----------------------|----------------|-----------------------|----------------|
| | No. of SPH REIT Units | % ¹ | No. of SPH REIT Units | % ¹ |
| Mr Soon Tit Koon | 100,000 | 0.00 | — | — |
| Mr Bernard Phang | — | — | 10,000 ² | 0.00 |
| Mr Chua Hwee Song | 3,910 | 0.00 | — | — |
| Ms Ginney Lim May Ling | 203,324 | 0.00 | — | — |

Notes:

- (1) Percentage interest is rounded to two decimal places, and based on an issued and paid-up capital of 2,805,154,004 as at the Latest Practicable Date.
- (2) Mr Bernard Phang is deemed to have an interest in the 10,000 SPH REIT Units held by his spouse. However, for the avoidance of doubt, Mr Bernard Phang does not have any beneficial interest in such SPH REIT Units held by his spouse.

5.6 Dealings in SPH REIT Securities and SPH REIT Convertible Securities by Directors

Save as disclosed below, none of the Directors has dealt in SPH REIT Securities and SPH REIT Convertible Securities during the period commencing six months prior to 15 November 2021, being the Cuscaden Scheme Joint Announcement Date, and ending on the Latest Practicable Date.

| Name | Date | No. of SPH REIT Units Dealt | Transaction Price Per SPH REIT Unit | Nature of Transaction |
|------------------------|-------------|-----------------------------|-------------------------------------|--|
| Mr Chua Hwee Song | 12 May 2022 | 3,910 | – | 3,910 SPH REIT Units were received by Mr Chua Hwee Song pursuant to a distribution in specie by SPH carried out in connection with the Cuscaden Scheme. |
| Ms Ginney Lim May Ling | 13 May 2022 | 3,324 | – | 3,324 SPH REIT Units were received by Ms Ginney Lim May Ling pursuant to a distribution in specie by SPH carried out in connection with the Cuscaden Scheme. |

5.7 Interests of the IFA in SPH REIT Securities and SPH REIT Convertible Securities

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, own or control any SPH REIT Securities and SPH REIT Convertible Securities as at the Latest Practicable Date.

5.8 Dealings in SPH REIT Securities and SPH REIT Convertible Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, has dealt for value in the SPH REIT Securities and SPH REIT Convertible Securities during the period commencing six months prior to 15 November 2021, being the Cuscaden Scheme Joint Announcement Date, and ending on the Latest Practicable Date.

5.9 Directors' Intentions

In respect of the Directors who have a beneficial interest in SPH REIT Units:

- 5.9.1 Mr Soon Tit Koon intends to accept the Chain Offer in respect of SPH REIT Units which are held by him; and
- 5.9.2 Mr Chua Hwee Song and Ms Ginney Lim May Ling intend to retain the SPH REIT Units which are held by them.

6. ARRANGEMENTS AFFECTING DIRECTORS

6.1 Directors' Service Contracts

There are no service contracts between any Director or proposed Director with the SPH REIT Manager or any of SPH REIT's subsidiaries with more than 12 months to run and which cannot be terminated by the SPH REIT Manager within the next 12 months without paying any compensation.

In addition, there are no service contracts entered into or amended between any Director or proposed Director with the SPH REIT Manager during the period between the start of six months prior to 15 November 2021, being the Cuscaden Scheme Joint Announcement Date, and the Latest Practicable Date.

6.2 No Payment or Benefit to Directors

There is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the SPH REIT Manager as compensation for loss of office or otherwise in connection with the Chain Offer as at the Latest Practicable Date.

6.3 No Agreement Conditional upon Outcome of Chain Offer

There are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Chain Offer as at the Latest Practicable Date.

6.4 Material Contracts entered into by Offeror

There are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect as at the Latest Practicable Date.

7. FINANCIAL INFORMATION ON THE SPH REIT GROUP

7.1 Consolidated Statement of Total Return

Set out below is certain financial information extracted from the audited consolidated financial statements of the SPH REIT Group for FY2019, FY2020 and FY2021 respectively and the unaudited consolidated financial statements of the SPH REIT Group for 1HFY2022.

The financial information for FY2019, FY2020 and FY2021 should be read in conjunction with the audited consolidated financial statements of the SPH REIT Group and the accompanying notes as set out in the Annual Reports for FY2019, FY2020 and FY2021 respectively, and the financial information for 1HFY2022 should be read in conjunction with the 1HFY2022 Financial Statements and the accompanying notes as set out in the unaudited consolidated financial statements of the SPH REIT Group.

The audited consolidated financial statements for the SPH REIT Group for FY2021 and the unaudited consolidated financial statements for the SPH REIT Group for 1HFY2022 are set out in Appendices D and E to this Circular respectively.

| | 1HFY2022 S\$'M | FY2021 S\$'M | FY2020 S\$'M | FY2019 S\$'M |
|---|-------------------|-----------------|-----------------|-----------------|
| Gross revenue | 141.6 | 277.2 | 241.5 | 228.6 |
| Property expenses | (36.3) | (74.6) | (59.6) | (48.8) |
| Net property income | 105.3 | 202.6 | 181.9 | 179.8 |
| Manager's management fees | (10.4) | (20.4) | (19.2) | (17.8) |
| Investment management fees | (1.4) | (3.0) | (2.1) | (0.5) |
| Trust expenses | (1.4) | (2.0) | (2.3) | (2.0) |
| Impairment loss on trade receivables relating to COVID-19 | (1.5) | (2.8) | (8.1) | – |
| Finance income | 0.2 | 0.2 | 1.7 | 0.7 |
| Finance costs | (10.7) | (24.0) | (32.9) | (30.5) |
| Grant income | – | 2.9 | 24.8 | – |
| Grant expense | – | (2.9) | (24.8) | – |
| Net income | 80.1 | 150.6 | 119.0 | 129.7 |
| Fair value change on investment properties | 32.1 | 3.4 | (179.9) | 19.5 |
| Net foreign currency exchange differences | 0.6 | (0.5) | 0.9 | – |
| Total return/(loss) before taxes and distribution | 112.8 | 153.5 | (60.0) | 149.2 |
| Income tax expense | (0.8) | (1.4) | (4.0) | (0.4) |
| Total return/(loss) for the period/year after income tax | 112.0 | 152.1 | (64.0) | 148.8 |
| Total return for the period/year Attributable to: | | | | |
| Unitholders | 105.6 | 137.3 | (74.9) | 149.9 |
| Perpetual securities holders | 6.1 | 12.3 | 12.3 | – |
| Non-controlling interests | 0.3 | 2.5 | (1.4) | (1.1) |
| Earnings per SPH REIT Unit (cents) | | | | |
| Basic and diluted earnings per SPH REIT Unit | 3.77 | 4.93 | (2.75) | 5.79 |

7.2 Statements of Assets and Liabilities of SPH REIT Group as at 31 August 2021

The audited consolidated balance sheet of the SPH REIT Group as at 31 August 2021, being the latest published audited consolidated balance sheet of the SPH REIT Group prior to the Latest Practicable Date is set out below.

The audited consolidated balance sheet of the SPH REIT Group as at 31 August 2021 should be read in conjunction with the audited consolidated financial statements of the SPH REIT Group for FY2021 and the accompanying notes as set out in the Annual Report for FY2021.

| SPH REIT Group | |
|--------------------------------------|----------------|
| As at | |
| 31 August 2021 | |
| S\$'M | |
| Non-current assets | |
| Plant and equipment | 0.6 |
| Investment properties | 4,123.0 |
| Subsidiaries | — |
| Trade and other receivables | — |
| Total non-current assets | 4,123.6 |
| Current assets | |
| Trade and other receivables | 11.3 |
| Cash and cash equivalents | 111.7 |
| Total current assets | 123.0 |
| Total assets | 4,246.6 |
| Current liabilities | |
| Borrowings | 154.9 |
| Derivative financial instruments | 1.1 |
| Trade and other payables | 61.0 |
| Total current liabilities | 217.0 |
| Non-current liabilities | |
| Borrowings | 1,138.1 |
| Derivative financial instruments | 3.3 |
| Deferred tax liabilities | 2.2 |
| Trade and other payables | 38.1 |
| Total non-current liabilities | 1,181.7 |
| Total liabilities | 1,398.7 |
| Net assets | 2,847.9 |
| Equity | |
| Unitholders' funds | 2,535.3 |
| Perpetual securities holders' funds | 297.9 |
| Non-controlling interests | 14.7 |
| Total equity | 2,847.9 |

Copies of the Annual Reports for FY2019, FY2020 and FY2021 and the unaudited consolidated financial statements of the SPH REIT Group for 1HFY2022 are available for inspection at the registered office of the Manager at 290 Orchard Road, #14-05/06, Paragon, Singapore 238859, during normal business hours for the period which the Chain Offer remains open for acceptance.

8. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in the unaudited consolidated financial results of the SPH REIT Group for 1HFY2022 as announced on 1 April 2022 and any other information on the SPH REIT Group which is publicly available (including without limitation, the announcements released by the SPH REIT Group on the SGX-ST), there have been no material changes to the financial position of SPH REIT since 31 August 2021, being the date of the last audited accounts of SPH REIT laid before the Unitholders in general meeting.

9. ACCOUNTING POLICIES

The significant accounting policies of the SPH REIT Group which are disclosed in Note 2 of the audited consolidated financial statements of the SPH REIT Group for FY2021 are reproduced in Appendix D to this Circular.

There are no changes in the accounting policy of the SPH REIT Group which will cause the figures disclosed in paragraph 7 of this Appendix B to not be comparable to a material extent.

10. MATERIAL CONTRACTS

Save as disclosed in the Annual Reports and any other information on the SPH REIT Group which is publicly available (including without limitation, the announcements released by the SPH REIT Group on the SGX-ST), neither the SPH REIT Manager nor any of SPH REIT's subsidiaries have entered into any material contracts with interested persons (other than those entered into in the ordinary course of business) during the period beginning three years before 15 November 2021, being the Cuscaden Scheme Joint Announcement Date and ending on the Latest Practicable Date.

11. MATERIAL LITIGATION

Neither the SPH REIT Manager nor any of SPH REIT's subsidiaries are engaged in any material litigation or arbitration proceedings as plaintiff or defendant, which might materially and adversely affect the financial position of the SPH REIT Group as a whole. The Directors are not aware of any litigation, claim, arbitration or other proceedings pending or threatened against the SPH REIT Manager or any of SPH REIT's subsidiaries or of any facts likely to give rise to any such proceedings which might materially or adversely affect the financial position of the SPH REIT Group taken as a whole.

12. VALUATION ON SUBJECT PROPERTIES

12.1 Valuation

As set out in the notice of valuation announcement issued by the SPH REIT Manager on 1 April 2022, the SPH REIT Manager had commissioned the Independent Valuers to conduct independent valuations of the Subject Properties as at 28 February 2022 in connection with the 1HFY2022 Financial Statements. For the avoidance of doubt, the valuation was undertaken as part of SPH REIT's half-yearly valuation exercise for corporate reporting purposes and not specifically for the purposes of the Chain Offer.

Based on the valuation by the Independent Valuers of the Subject Properties:

| Date of Valuation | Name of Valuer | Description of Subject Properties | Valuation Currency | Valuation by the Independent Valuers as at 28 February 2022 |
|-------------------|---|---|--------------------|---|
| 28 February 2022 | Savills Valuation And Professional Services (S) Pte Ltd | 290 Orchard Road, Paragon, Singapore 238859 (Tenure: 99 years leasehold interest commencing from 24 July 2013) | Singapore Dollar | 2,670,000,000 (31 August 2021: 2,640,000,000) |
| 28 February 2022 | Savills Valuation And Professional Services (S) Pte Ltd | 3155 Commonwealth Avenue West, The Clementi Mall, Singapore 129588 (Tenure: 99 years leasehold interest commencing from 31 August 2010) | Singapore Dollar | 597,500,000 (31 August 2021: 594,000,000) |
| 28 February 2022 | Savills Valuation And Professional Services (S) Pte Ltd | 380 to 400 & 422 to 484 (Even Numbers) Upper Bukit Timah Road, The Rail Mall, Singapore (Tenure: 99 years commencing from 18 March 1947) | Singapore Dollar | 62,200,000 (31 August 2021: 62,200,000) |
| 28 February 2022 | CBRE Valuations Pty Limited | Westfield Marion, 297 Diagonal Rd, Oaklands Park, SA, Australia (Tenure: Freehold). Represents SPH REIT's 50% interest in Westfield Marion. | Australian Dollar | 642,500,000 (31 August 2021: 640,500,000) |
| 28 February 2022 | CBRE Valuations Pty Limited | Figtree Grove, 19 Princes Highway, Figtree, NSW, 2525 (Tenure: Freehold) | Australian Dollar | 200,000,000 (31 August 2021: 200,000,000) |

The carrying amount of the Subject Properties in Singapore were based on independent desktop valuations as at 28 February 2022 conducted by Savills Valuation and Professional Services (S) Pte Ltd, and the carrying amount of the Subject Properties in Australia were based on full valuations as at 28 February 2022 conducted by CBRE Valuations Pty Limited. The Independent Valuers have the appropriate professional qualifications and experience in the locations and category of the properties being valued. The valuation of the Subject Properties was based on discounted cash flow and capitalisation methods.

Please refer to Appendix G to this Circular for copies or relevant extracts of the Valuation Reports.

12.2 Potential Tax Liability

Under Rule 26.3 of the Code, the SPH REIT Manager is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the Subject Properties were to be sold at the amount of the valuation. SPH REIT holds its properties for long-term investment purposes. Accordingly, the SPH REIT Manager is of the view that the Subject Properties have been acquired on capital account and any gain on any hypothetical disposal of the Subject Properties will not be subject to tax. The potential tax liabilities that may be incurred by SPH REIT on the hypothetical sale of the Subject Properties on an “as is” basis is therefore zero.

13. PROFIT FORECASTS

Pursuant to Rule 25.6 of the Code:

- (i) the 1QFY2022 Distribution was regarded as a profit forecast for purposes of the Code and was reported on by KPMG LLP and the IFA. Please refer to Appendix H to this Circular for a copy of the announcement issued by the SPH REIT Manager in respect of the 1QFY2022 Distribution, together with the reports issued by KPMG LLP and the IFA; and
- (ii) the unaudited consolidated financial results of the SPH REIT Group for 1HFY2022 were regarded as a profit forecast for purposes of the Code and were reported on by KPMG LLP and the IFA. Please refer to Appendix E to this Circular for the unaudited consolidated financial results of the SPH REIT Group for 1HFY2022, together with the reports issued by KPMG LLP and the IFA.

14. GENERAL

14.1 Costs and Expenses

All expenses and costs incurred by the SPH REIT Manager in relation to the Chain Offer will be borne by SPH REIT.

14.2 Transfer Restrictions

There is no restriction in the SPH REIT Trust Deed on the right to transfer any SPH REIT Units, which has the effect of requiring holders of the Offer Units, before transferring them, to offer them for purchase to Unitholders or to any other person.

14.3 Consent of KPMG LLP

KPMG LLP has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and the auditors' reports relating to the audited consolidated financial statements of the SPH REIT Group for the financial year ended 31 August 2021 and the review reports relating to the interim financial information of the SPH REIT Group for the half year ended 28 February 2022 and the interim financial information of the SPH REIT Group for the first quarter ended 30 November 2021, and all references to its name in the form and context in which they appear in this Circular.

14.4 Consent of the IFA

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and the IFA Letter set out in Appendix A and the IFA reports relating to the 1QFY2022 Distribution and the unaudited consolidated financial statements of the SPH REIT Group for 1HFY2022, and all references to its name in the form and context in which they appear in this Circular.

14.5 Consent of the Independent Valuers

Each of the Independent Valuers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and the Valuation Reports, certificates or relevant extracts of which are set out in Appendix G to this Circular, and all references to its name in the form and context in which it appears in this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the SPH REIT Manager at 290 Orchard Road, #14-05/06, Paragon, Singapore 238859, during normal business hours for the period which the Chain Offer remains open for acceptance:

- (a) the SPH REIT Trust Deed;
- (b) the Annual Reports for FY2019, FY2020 and FY2021;
- (c) the unaudited consolidated financial results for 1HFY2022, together with the reports issued by KPMG LLP and the IFA in relation to the unaudited consolidated financial results for 1HFY2022;
- (d) the IFA Letter;
- (e) the letters of consent referred to in paragraph 14 above;
- (f) announcement issued by the SPH REIT Manager in respect of the 1QFY2022 Distribution, together with the reports issued by KPMG LLP and the IFA in relation to the 1QFY2022 Distribution; and
- (g) the Valuation Reports.

APPENDIX C

INFORMATION ON THE OFFEROR

1. THE OFFEROR

The following information on the Offeror has been extracted from Appendix 3 to the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document:

“1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

| <i>Name</i> | <i>Address</i> | <i>Description</i> |
|---|---|--|
| <i>Mr. Lim Tien Lock, Christopher</i> | <i>c/o 50 Cuscaden Road HPL House, #08-01 Singapore 249724</i> | <i>Director</i> |
| <i>Ms. Chin Yean Cheng</i> | <i>c/o 168 Robinson Road #30-01 Capital Tower Singapore 068912</i> | <i>Director</i> |
| <i>Mr. Yong Choon Miao Gerald</i> | <i>c/o 168 Robinson Road #30-01 Capital Tower Singapore 068912</i> | <i>Alternate director to Ms. Chin Yean Cheng</i> |
| <i>Mr. Chua Tiow Chye</i> | <i>c/o 10 Pasir Panjang Road #13-01 Mapletree Business City, Singapore 117438</i> | <i>Director</i> |
| <i>Ms. Ling Sze Chi</i> | <i>c/o 10 Pasir Panjang Road #13-01 Mapletree Business City, Singapore 117438</i> | <i>Alternate director to Mr. Chua Tiow Chye</i> |

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

The Offeror is an investment holding company incorporated in Singapore on 7 October 2021 for the purposes of undertaking the Acquisition, the Cuscaden Scheme and the Chain Offer. The Offeror has not carried on any business since its incorporation, except for matters in connection with the undertaking of the Acquisition, the Cuscaden Scheme and the Chain Offer.

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$100, comprising 100 ordinary shares and the shareholding proportion of TSPL, APL and MFPL in relation to the Offeror is 40%, 30% and 30% respectively.

The Offeror had on 25 April 2022 incorporated a wholly-owned subsidiary, Cuscaden Two, which is the intended owner of all SPH REIT Units acquired pursuant to the Chain Offer. Cuscaden Two is a company incorporated under the laws of Singapore with an issued and paid-up share capital of S\$100, comprising 100 ordinary shares and has not traded since incorporation, nor has it entered into any obligations, other than those incidental to its formation or in connection with the Chain Offer. The board of directors of Cuscaden Two is identical to that of the Offeror. The Offeror will direct that all Offer Units tendered in acceptance of the Chain Offer by Unitholders be tendered to Cuscaden Two.

3. FINANCIAL INFORMATION

As the Offeror was newly incorporated on 7 October 2021 for the purposes of the Acquisition, the Cuscaden Scheme and the Chain Offer, no audited or unaudited financial statements of the Offeror have been prepared as at the Latest Practicable Date for inclusion in this Appendix 3.

4. MATERIAL CHANGES IN FINANCIAL POSITION

Save in relation to and in connection with the Acquisition, the Cuscaden Scheme and the Chain Offer (including financing the Acquisition, the Cuscaden Scheme and the Chain Offer and the costs and expenses incurred or to be incurred in connection with the Acquisition, the Cuscaden Scheme and the Chain Offer), there has been no known material change in the financial position of the Offeror since its incorporation.

5. SIGNIFICANT ACCOUNTING POLICIES

As no audited or unaudited financial statements of the Offeror have been prepared as at the Latest Practicable Date, there are no significant accounting policies to be noted.

6. CHANGES IN ACCOUNTING POLICIES

There have been no changes to the significant accounting policies of the Offeror as no audited or unaudited financial statements of the Offeror have been prepared as at the Latest Practicable Date.

7. REGISTERED OFFICE

The registered office of the Offeror is at 220 Orchard Road, #05-01 Midpoint Orchard, Singapore 238852."

2. HOLDINGS AND DEALINGS IN THE SPH REIT UNITS

The following information on the holdings of, and dealings in, the SPH REIT Units by the Offeror Concert Parties is extracted from Appendix 5 to the Offer Document, as amended by the corrigendum to the Offer Document dated 19 May 2022 announced by the Offeror Financial Adviser for and on behalf of the Offeror:

"As at the Latest Practicable Date, save as disclosed herein, based on responses received pursuant to enquiries that the Offeror has made and the latest information available to the Offeror, none of (a) the Offeror and its Directors or (b) the other Offeror Concert Parties owns, controls or has agreed to acquire any Relevant Securities.

1. HOLDINGS OF THE RELEVANT PERSONS

| Name | Direct | | Deemed | | Total | |
|--|----------------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|
| | No. of SPH REIT Units | % ⁽¹⁾⁽²⁾⁽³⁾ | No. of SPH REIT Units | % ⁽¹⁾⁽²⁾⁽³⁾ | No. of SPH REIT Units | % ⁽¹⁾⁽²⁾⁽³⁾ |
| Offeror ⁽⁵⁾ | 732,297,185 ⁽⁶⁾ | 26.105 | 577,618,798 | 20.591 | 1,309,915,983 | 46.697 |
| Christopher Lim Tien Lock ⁽⁷⁾ | 9,450,000 | 0.337 | 3,500,000 | 0.125 | 12,950,000 | 0.462 |
| Ong Beng Huat ⁽⁸⁾ | – | – | 555,415 | 0.020 | 555,415 | 0.020 |
| Mah Kim Loong Leslie | 515,640 ⁽⁹⁾ | 0.018 | – | – | 515,640 | 0.018 |
| Lim Boon Heng ⁽¹⁰⁾ | 200,000 | 0.007 | – | – | 200,000 | 0.007 |
| Fullerton (Private) Limited ⁽¹¹⁾ | 514,759 | 0.018 | – | – | 514,759 | 0.018 |
| Lau Bung Lik Stephen ⁽¹²⁾ | 100,000 ⁽¹³⁾ | 0.004 | 20,000 | 0.001 | 120,000 | 0.004 |
| Lee Chong Kwee | 20,000 | 0.001 | – | – | 20,000 | 0.001 |
| Lee Show Chun | 20,000 | 0.001 | – | – | 20,000 | 0.001 |
| Chua Tiow Chye ⁽¹⁴⁾ | – | – | 11,000 | n.m. ⁽⁴⁾ | 11,000 | n.m. ⁽⁴⁾ |
| Wan Kwong Weng | 1,000 | n.m. ⁽⁴⁾ | – | – | 1,000 | n.m. ⁽⁴⁾ |
| Como Foundation ⁽¹⁵⁾ | 680,000 | 0.024 | – | – | 680,000 | 0.024 |
| Morgan Stanley Asia (Singapore) Pte. ⁽¹⁶⁾ | – | – | – | – | – | – |
| SPH ⁽¹⁷⁾⁽¹⁸⁾ | – | – | 577,618,798 | 20.591 | 577,618,798 | 20.591 |
| Times Properties Private Limited ⁽¹⁸⁾⁽¹⁹⁾ | 176,984 | 0.006 | 577,441,814 | 20.585 | 577,618,798 | 20.591 |
| TPR Holdings Pte. Ltd. ⁽¹⁸⁾ | 462,570,841 | 16.490 | – | – | 462,570,841 | 16.490 |
| SPH REIT Manager ⁽¹⁸⁾ | 114,870,973 | 4.095 | – | – | 114,870,973 | 4.095 |
| Lee Boon Yang ⁽²⁰⁾ | 300,000 | 0.011 | – | – | 300,000 | 0.011 |
| Additional Offeror Concert Parties ⁽²¹⁾⁽²²⁾ | 1,557,064 | 0.056 | 206,000 | 0.007 | 1,763,064 | 0.063 |

Notes:

- (1) All references to percentage unitholding of the issued SPH REIT Units in paragraph 1 are based on a total of 2,805,154,004 SPH REIT Units in issue and outstanding as at the Latest Practicable Date (based on information provided by the SPH REIT Manager).
- (2) Rounded to the nearest three (3) decimal places.
- (3) Where any of the Offeror Concert Parties is an Eligible Shareholder who holds both SPH Shares and SPH REIT Units, any SPH REIT Units which may be received by such Offeror Concert Party via the DIS undertaken by SPH in connection with the Cuscaden Scheme have been taken into account for the purposes of the table above.
- (4) n.m. means not meaningful.
- (5) The Offeror is deemed to be interested in 577,618,798 SPH REIT Units which SPH is deemed to be interested in. See also Notes 16 and 17 below.
- (6) SPH REIT Units are held by the Offeror through DBS (Nominees) Private Limited.
- (7) The SPH REIT Units held by Mr Christopher Lim Tien Lock are pledged to DBS Private Bank (in respect of 5,100,000 SPH REIT Units) and CIMB Private Bank (in respect of 4,350,000 SPH REIT Units). Mr Christopher Lim Tien Lock is also deemed interested in the 3,500,000 SPH REIT Units held by his daughters, which are pledged to DBS Private Bank (in respect of 2,500,000 SPH REIT Units) and HSBC Private Bank (Suisse) SA (in respect of 1,000,000 SPH REIT Units).
- (8) Mr Ong Beng Huat is deemed interested in the 555,415 SPH REIT Units held by his mother, his spouse and his children.
- (9) SPH REIT Units are held by Mr Mah Kim Loong Leslie through Raffles Nominees (Pte.) Limited.

- (10) Mr Lim Boon Heng is a director of Temasek Holdings (Private) Limited.
- (11) Fullerton (Private) Limited is a subsidiary of Temasek Holdings (Private) Limited.
- (12) Mr Lau Buong Lik Stephen is deemed interested in the 20,000 SPH REIT Units held by his son.
- (13) SPH REIT Units are held by Mr Lau Buong Lik Stephen and his spouse through DBS Nominees (Private) Limited.
- (14) Mr Chua Tiow Chye is deemed interested in 11,000 SPH REIT Units held by his spouse.
- (15) Ms Christina Ong, the spouse of Mr Ong Beng Seng, is a director of Como Foundation.
- (16) Excludes the holdings under the Exempt Principal Trader and Exempt Fund Manager status under the Practice Statement on the Exemption of Connected Fund Managers and Principal Traders issued by the SIC on 1 February 2018.
- (17) SPH is deemed to be interested in 176,984 SPH REIT Units held by Times Properties Private Limited, 462,570,841 SPH REIT Units held by TPR Holdings Pte. Ltd., and 114,870,973 SPH REIT Units held by the SPH REIT Manager. Times Properties Private Limited is a wholly-owned subsidiary of SPH. TPR Holdings Pte. Ltd. and the SPH REIT Manager are both wholly-owned subsidiaries of Times Properties Private Limited.
- (18) SPH and its subsidiaries are deemed to be Offeror Concert Parties with effect from the Effective Date. Times Properties Private Limited is a wholly-owned subsidiary of SPH. TPR Holdings Pte. Ltd. and the SPH REIT Manager are both wholly-owned subsidiaries of Times Properties Private Limited.
- (19) Times Properties Private Limited is deemed to be interested in 462,570,841 SPH REIT Units held by TPR Holdings Pte. Ltd. and 114,870,973 SPH REIT Units held by the SPH REIT Manager. TPR Holdings Pte. Ltd. and the SPH REIT Manager are both wholly-owned subsidiaries of Times Properties Private Limited.
- (20) Mr Lee Boon Yang is deemed to be an Offeror Concert Party with effect from the Effective Date by virtue of his position as a director of SPH.
- (21) Following the release of the Offer Announcement, the Offeror has made enquiries of certain other parties who are or may be deemed to be acting in concert with the Offeror with effect from the Effective Date in connection with the Chain Offer pursuant to the Code.
- (22) The "Additional Offeror Concert Parties" are certain directors of SPH and its subsidiaries and associates and their close relatives, other than (a) the directors of the SPH REIT Manager who are otherwise not persons acting or presumed to be acting in concert with SPH for any reason other than their appointment as a director therein; and (b) the directors of SPH whose unitholdings had otherwise been disclosed in the Offer Announcement.

2. DEALINGS IN SPH REIT UNITS BY THE RELEVANT PERSONS

| Name | Date | Dealing | Aggregate No. of SPH REIT Units | Transaction Price per SPH REIT Units (S\$) ⁽¹⁾ |
|------------------------------|--------------|---------|--|--|
| Christopher Lim Tien Lock | 11 June 2021 | Buy | 200,000 | 0.88 |
| | 16 June 2021 | Buy | 300,000 | 0.88 |
| | 17 June 2021 | Buy | 200,000 | 0.88 |
| | 18 June 2021 | Buy | 600,000 | 0.88 |
| | 21 June 2021 | Buy | 172,500 | 0.87 |
| | 22 June 2021 | Buy | 27,500 | 0.87 |
| | 30 June 2021 | Buy | 200,000 | 0.87 |
| | 1 July 2021 | Buy | 200,000 | 0.88 |
| | 2 July 2021 | Buy | 150,000 | 0.89 |
| | 15 July 2021 | Buy | 326,200 | 0.95 |

| Name | Date | Dealing | Aggregate No. of SPH REIT Units | Transaction Price per SPH REIT Units (S\$)⁽¹⁾ |
|---|-----------------|--|--|---|
| | 16 July 2021 | Buy | 173,800 | 0.95 |
| | 27 July 2021 | Buy | 450,000 | 0.92 |
| | 29 July 2021 | Buy | 150,000 | 0.92 |
| Lau Buong Lik Stephen & Ng Mun Mei | 20 May 2021 | Sell | 100,000 | 0.84 |
| | 21 May 2021 | Sell | 75,000 | 0.84 |
| Susan Leng Mee Yin ⁽²⁾⁽⁷⁾ | 3 February 2022 | Acquisition of SPH REIT Units arising from the PUA Scheme | 91,250 | 0.97 |
| Pua Seck Guan ⁽³⁾⁽⁷⁾ | 9 March 2022 | Sell | 80,100 | 0.95 |
| Hu Yee Cheng/ Hii Yien Hua ⁽⁴⁾⁽⁷⁾ | 8 June 2021 | Buy | 28,000 | 0.88 |
| | 9 July 2021 | Buy | 27,000 | 0.92 |
| SPH REIT Manager ⁽⁵⁾⁽⁷⁾ | 27 July 2021 | Acquisition of SPH REIT Units arising from payment of management fees to the SPH REIT Manager | 3,172,194 | 0.85 |
| | 29 October 2021 | Acquisition of SPH REIT Units arising from payment of management fees to the SPH REIT Manager | 14,659,366 | 0.85 |
| | 27 January 2022 | Acquisition of SPH REIT Units arising from payment of management fees to the SPH REIT Manager | 2,582,163 | 1.01 |
| | 3 February 2022 | Transfer of SPH REIT Units for purposes of the PUA Scheme to staff of the SPH REIT Manager and Straits Property Management Pte Ltd | 181,850 | 0.97 |
| | 28 April 2022 | Acquisition of SPH REIT Units arising from payment of management fees to the SPH REIT Manager | 2,748,403 | 0.96 |

| Name | Date | Dealing | Aggregate No. of SPH REIT Units | Transaction Price per SPH REIT Units (\$\$)⁽¹⁾ |
|--|------------------------|--|--|--|
| <i>TPR Holdings Pte. Ltd.⁽⁵⁾⁽⁷⁾</i> | <i>1 December 2021</i> | <i>Transfer of SPH REIT Units to SPH Media Holdings Pte. Ltd. in connection with the media restructuring by SPH</i> | <i>23,446,659</i> | <i>Aggregate consideration of 1.00</i> |
| <i>Times Properties Private Limited⁽⁵⁾⁽⁷⁾</i> | <i>29 April 2022</i> | <i>Transfer of SPH REIT Units to SPH for partial set-off of sums owed and in connection with the DIS arising from the scheme of arrangement with the Offeror</i> | <i>1,264,502,516</i> | <i>0.97</i> |
| <i>SPH⁽⁵⁾⁽⁷⁾</i> | <i>29 April 2022</i> | <i>Transfer of SPH REIT Units to SPH for partial set-off of sums owed and in connection with the DIS arising from the scheme of arrangement with the Offeror</i> | <i>1,264,502,516</i> | <i>0.97</i> |
| <i>SPH Media Holdings Pte. Ltd.⁽⁶⁾⁽⁷⁾</i> | <i>1 December 2021</i> | <i>Transfer of SPH REIT Units to SPH Media Holdings Pte. Ltd. in connection with the media restructuring by SPH</i> | <i>23,446,659</i> | <i>Aggregate Consideration of 1.00</i> |

Notes:

- (1) Rounded to the nearest two (2) decimal places.
- (2) Ms Susan Leng Mee Yin is deemed to be an Offeror Concert Party with effect from the Effective Date by virtue of her position as a director of SPH REIT (Investments) Pte. Ltd., a subsidiary of SPH.
- (3) Mr Pua Seck Guan is deemed to be an Offeror Concert Party with effect from the Effective Date by virtue of his position as a director of Perennial Singapore Investment Holdings Pte. Ltd., an associated company of SPH.
- (4) Mr Hu Yee Cheng is deemed to be an Offeror Concert Party with effect from the Effective Date by virtue of his position as a director of Constellar Holdings Pte. Ltd., a subsidiary of SPH. The relevant SPH REIT Units are jointly held by Mr Hu Yee Cheng and his spouse, Ms Hii Yien Hua.
- (5) SPH and its subsidiaries are deemed to be Offeror Concert Parties with effect from the Effective Date. Times Properties Private Limited is a wholly-owned subsidiary of SPH. TPR Holdings Pte. Ltd. and the SPH REIT Manager are both wholly-owned subsidiaries of Times Properties Private Limited.
- (6) SPH Media Holdings Pte. Ltd. was a wholly-owned subsidiary of SPH up until the completion of the media business restructuring undertaken by SPH on 1 December 2021.
- (7) The SIC has confirmed that such dealings would be disregarded for the purposes of (a) determining the Offer Price under the Chain Offer pursuant to Rule 14.3 of the Code and not be regarded as acquisitions by the Relevant Persons of the SPH REIT Units in the six (6)-month period immediately preceding the Initial Announcement Date, and (b) determining whether the Relevant Persons had dealt in any Relevant Securities during the Chain Offer period."

APPENDIX D

AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SPH REIT GROUP FOR FY2021

The audited consolidated financial statements for the SPH REIT Group for FY2021 set out below have been reproduced from SPH REIT's Annual Report for FY2021.

■ REPORT OF THE TRUSTEE

For the financial year ended 31 August 2021

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 132 to 203 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
4 October 2021

STATEMENT BY THE MANAGER


For the financial year ended 31 August 2021

In the opinion of the directors of SPH REIT Management Pte. Ltd., the accompanying financial statements set out on pages 132 to 203, 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 2021, 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
4 October 2021

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of SPH REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 August 2021, and the Statements of Total Return, Distribution Statements, Statements of Changes in Unitholders' Funds of the Group and the Trust and the Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 132 to 203.

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

Basis for opinion

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

Key audit matters

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

Valuation of investment properties

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

Risk:

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

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

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

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

Our response:

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

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

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

Our findings:

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

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

Other information

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

■ INDEPENDENT AUDITORS' REPORT

To the Unitholders of SPH REIT

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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



KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
4 October 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 August 2021

| | Note | Group 2021 S\$'000 | Group 2020 S\$'000 | Trust 2021 S\$'000 | Trust 2020 S\$'000 |
|---|------|--------------------------|--------------------------|--------------------------|--------------------------|
| Non-current assets | | | | | |
| Plant and equipment | 4 | 568 | 589 | 568 | 589 |
| Investment properties | 5 | 4,123,000 | 4,125,447 | 3,296,200 | 3,286,200 |
| Subsidiaries | 6 | – | – | 180,882 | 184,410 |
| Trade and other receivables | 7 | – | – | 375,673 | 377,876 |
| | | 4,123,568 | 4,126,036 | 3,853,323 | 3,849,075 |
| Current assets | | | | | |
| Trade and other receivables | 7 | 11,316 | 32,653 | 8,335 | 26,612 |
| Cash and cash equivalents | 8 | 111,681 | 81,974 | 80,379 | 52,770 |
| | | 122,997 | 114,627 | 88,714 | 79,382 |
| Total assets | | 4,246,565 | 4,240,663 | 3,942,037 | 3,928,457 |
| Non-current liabilities | | | | | |
| Borrowings | 9 | 1,138,111 | 1,083,708 | 838,751 | 778,759 |
| Derivative financial instruments | 10 | 3,292 | 9,398 | 1,546 | 6,607 |
| Trade and other payables | 11 | 38,135 | 34,217 | 38,135 | 34,217 |
| Deferred tax liabilities | 12 | 2,206 | 3,119 | 2,206 | 3,119 |
| | | 1,181,744 | 1,130,442 | 880,638 | 822,702 |
| Current liabilities | | | | | |
| Borrowings | 9 | 154,943 | 214,877 | 154,943 | 214,877 |
| Derivative financial instruments | 10 | 1,051 | 680 | 1,051 | 680 |
| Trade and other payables | 11 | 60,959 | 79,955 | 46,258 | 65,817 |
| | | 216,953 | 295,512 | 202,252 | 281,374 |
| Total liabilities | | 1,398,697 | 1,425,954 | 1,082,890 | 1,104,076 |
| Net assets | | 2,847,868 | 2,814,709 | 2,859,147 | 2,824,381 |
| Represented by: | | | | | |
| Unitholders' funds | | 2,535,243 | 2,503,324 | 2,561,223 | 2,526,457 |
| Perpetual securities holders' fund | 13 | 297,924 | 297,924 | 297,924 | 297,924 |
| Non-controlling interests | 14 | 14,701 | 13,461 | – | – |
| | | 2,847,868 | 2,814,709 | 2,859,147 | 2,824,381 |
| Units in issue ('000) | 15 | 2,785,164 | 2,763,122 | 2,785,164 | 2,763,122 |
| Net asset value per unit (\$\$) | | 0.91 | 0.91 | 0.92 | 0.91 |

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

STATEMENTS OF TOTAL RETURN

For the financial year ended 31 August 2021

| | Note | 2021 S\$'000 | Group 2020 S\$'000 | 2021 S\$'000 | Trust 2020 S\$'000 |
|---|------|-----------------|--------------------------|-----------------|--------------------------|
| Gross revenue | 17 | 277,179 | 241,463 | 206,894 | 188,080 |
| Property operating expenses | 18 | (74,552) | (59,520) | (53,181) | (44,875) |
| Net property income | | 202,627 | 181,943 | 153,713 | 143,205 |
| Manager's management fees | 19 | (20,434) | (19,245) | (20,434) | (19,245) |
| Investment management fees | | (2,950) | (2,143) | – | – |
| Trustee's fees | | (600) | (585) | (574) | (562) |
| Trust expenses | 20 | (1,395) | (1,697) | (1,027) | (6,966) |
| Impairment loss on trade receivables | | (2,823) | (8,100) | (916) | – |
| Dividend income from subsidiaries | | – | – | 22,877 | 6,958 |
| Finance income | | 200 | 1,775 | 5,133 | 5,034 |
| Finance costs | 21 | (23,994) | (32,905) | (16,015) | (26,155) |
| Grant income | | 2,903 | 24,774 | 2,903 | 24,774 |
| Grant expense | | (2,903) | (24,774) | (2,903) | (24,774) |
| Net income | | 150,631 | 119,043 | 142,757 | 102,269 |
| Fair value change on investment properties | 5 | 3,421 | (179,939) | 4,160 | (126,041) |
| Net foreign currency exchange differences | | (567) | 917 | (2,525) | 8,808 |
| Total return/(loss) for the year before taxes and distribution | | 153,485 | (59,979) | 144,392 | (14,964) |
| Less: income tax | 22 | (1,397) | (4,045) | 446 | (3,425) |
| Total return/(loss) for the year after taxes and before distribution | | 152,088 | (64,024) | 144,838 | (18,389) |
| Attributable to: | | | | | |
| Unitholders of the Trust | | 137,348 | (74,907) | 132,538 | (30,722) |
| Perpetual securities holders | 13 | 12,300 | 12,333 | 12,300 | 12,333 |
| Non-controlling interests | 14 | 2,440 | (1,450) | – | – |
| | | 152,088 | (64,024) | 144,838 | (18,389) |
| Earnings per unit (cents) | | | | | |
| Basic and diluted | 23 | 4.93 | (2.75) | 4.76 | (1.13) |

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

DISTRIBUTION STATEMENTS

For the financial year ended 31 August 2021

| | Group | | Trust | |
|--|---------------------------|---------------------|---------------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Income available for distribution to Unitholders at beginning of the year | 36,547¹ | 40,046 | 36,547¹ | 40,046 |
| Total return/(loss) attributable to Unitholders | 137,348 | (74,907) | 132,538 | (30,722) |
| Add: Net tax adjustments (Note A) | 14,306 | 167,133 | 19,116 | 122,948 |
| Total income available for distribution to Unitholders for the year | 188,201 | 132,272 | 188,201 | 132,272 |
| Distribution to Unitholders | | | | |
| - 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) |
| - Distribution of 0.54 cents per unit for the period from 1 June 2020 to 31 August 2020 | (14,921) | - | (14,921) | - |
| - Distribution of 1.20 cents per unit for the period from 1 September 2020 to 30 November 2020 | (33,307) | - | (33,307) | - |
| - Distribution of 1.24 cents per unit for the period from 1 December 2020 to 28 February 2021 | (34,457) | - | (34,457) | - |
| - Distribution of 1.38 cents per unit for the period from 1 March 2021 to 31 May 2021 | (38,390) | - | (38,390) | - |
| | (121,075) | (95,725) | (121,075) | (95,725) |
| Income available for distribution to Unitholders at end of the year | 67,126 | 36,547 ¹ | 67,126 | 36,547 ¹ |

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.

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

| | Group | | Trust | |
|--|---------------|----------------|---------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Note A – Net tax adjustments | | | | |
| Non-tax deductible items: | | | | |
| Manager's management fees | 20,434 | 19,245 | 20,434 | 19,245 |
| Trustee's fees | 600 | 585 | 574 | 562 |
| Amortisation of upfront fee for loan facility | 1,020 | 1,125 | 637 | 832 |
| Fair value change on investment properties | (3,421) | 179,939 | (4,160) | 126,041 |
| Net foreign currency exchange differences | 567 | (642) | 2,525 | (8,716) |
| Net income from subsidiaries | (1,245) | (14,529) | 2,369 | (2,521) |
| Cost incurred to acquire subsidiaries | – | – | – | 5,681 |
| Net adjustment on property tax rebates passed on to tenants | – | (4,971) | – | (4,971) |
| Straight-line rental adjustments | (4,106) | (1,135) | (3,720) | (619) |
| Deferred tax expense | (913) | 3,119 | (913) | 3,119 |
| Capital allowances | – | (15,000) | – | (15,000) |
| Other items | 1,370 | (603) | 1,370 | (705) |
| Net tax adjustments | 14,306 | 167,133 | 19,116 | 122,948 |

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

■ STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 August 2021

| | Group | | Trust | |
|---|------------------|-----------------|------------------|-----------------|
| | 2021 S\$'000 | 2020 S\$'000 | 2021 S\$'000 | 2020 S\$'000 |
| Balance as at beginning of year | 2,503,324 | 2,458,864 | 2,526,457 | 2,471,777 |
| Operations | | | | |
| Total return/(loss) for the year after tax attributable to Unitholders of the Trust | 137,348 | (74,907) | 132,538 | (30,722) |
| Hedging reserve | | | | |
| Effective portion of changes in fair value of cash flow hedges | (889) | (6,939) | (979) | (4,024) |
| Net change in fair value of cash flow hedge reclassified to Statements of Total Return | 4,796 | 3,405 | 3,848 | 3,083 |
| Foreign currency translation reserve | | | | |
| Translation differences from financial statements of foreign operations | (5,167) | 23,178 | – | – |
| Exchange differences on monetary item forming part of net investments in foreign operations | (3,528) | 13,380 | – | – |
| Net (loss)/gain recognised directly in Unitholders' funds | (4,788) | 33,024 | 2,869 | (941) |
| Unitholders' transactions | | | | |
| Distribution to unitholders | (121,075) | (95,725) | (121,075) | (95,725) |
| 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 | 20,434 | 19,245 | 20,434 | 19,245 |
| | (100,641) | 86,343 | (100,641) | 86,343 |
| Balance as at end of year | 2,535,243 | 2,503,324 | 2,561,223 | 2,526,457 |
| Perpetual securities holders' funds | | | | |
| Balance as at beginning of year | 297,924 | 297,924 | 297,924 | 297,924 |
| Amount reserved for distribution to perpetual securities holders | 12,300 | 12,333 | 12,300 | 12,333 |
| Distribution to perpetual securities holders | (12,300) | (12,333) | (12,300) | (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 2021

| | Group | |
|--|------------------|------------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities | | |
| Total return/(loss) for the year | 152,088 | (64,024) |
| Adjustments for: | | |
| Fair value change on investment properties | (3,421) | 179,939 |
| Manager's fee paid/payable in units | 20,434 | 19,245 |
| Depreciation of plant and equipment | 255 | 224 |
| Finance income | (200) | (1,775) |
| Finance costs | 23,994 | 32,905 |
| Impairment loss on trade receivables | 2,823 | 8,100 |
| Income tax | (913) | 3,119 |
| Straight-line rental adjustments | (4,106) | (1,135) |
| Operating cash flow before working capital changes | 190,954 | 176,598 |
| Changes in operating assets and liabilities | | |
| Trade and other receivables | 18,589 | (35,880) |
| Trade and other payables | (6,998) | 25,591 |
| Net cash from operating activities | 202,545 | 166,309 |
| Cash flows from investing activities | | |
| Acquisition of investment property | – | (627,594) |
| Additions to investment properties | (13,044) | (9,047) |
| Purchase of plant and equipment | (234) | (183) |
| Interest received | 200 | 1,792 |
| Net cash used in investing activities | (13,078) | (635,032) |
| Cash flows from financing activities | | |
| Payment of transaction costs related to borrowing | (580) | (560) |
| Proceeds from the issuance of new units | – | 164,477 |
| Payment of issuance costs for the new units | – | (1,654) |
| Proceeds from bank loan (net of transaction costs) | – | 184,469 |
| Distribution to unitholders | (121,075) | (95,725) |
| Distributions to non-controlling interests of a subsidiary | (924) | (810) |
| Distribution to perpetual securities holders | (12,300) | (12,333) |
| Interest paid | (23,385) | (31,872) |
| Net cash (used in)/from financing activities | (158,264) | 205,992 |
| Net increase/(decrease) in cash and cash equivalents | 31,203 | (262,731) |
| Effect of exchange rate fluctuations on cash and cash equivalents held | (1,496) | 2,048 |
| Cash and cash equivalents at beginning of the year | 81,974 | 342,657 |
| Cash and cash equivalents at end of the year | 111,681 | 81,974 |

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

■ PORTFOLIO STATEMENT OF THE GROUP

For the financial year ended 31 August 2021

| 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 | 293-297 Diagonal Road, Oaklands Park, Adelaide, South Australia, 5046 | Freehold | – |
| <hr/> | | | |
| Portfolio of investment properties | | | |
| Other assets and liabilities (net) | | | |
| <hr/> | | | |
| Net assets of the Group | | | |
| Perpetual securities holders' funds | | | |
| Non-controlling interests | | | |
| <hr/> | | | |
| Unitholders' funds | | | |
| <hr/> | | | |

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

| Remaining Term of Lease 31 August 2021 | Occupancy Rate as at 31 August | | At Valuation 31 August | | Percentage of Unitholders' funds 31 August | |
|--|-----------------------------------|-------------|---------------------------|-----------------|--|-------------|
| | 2021 (%) | 2020 (%) | 2021 S\$'000 | 2020 S\$'000 | 2021 (%) | 2020 (%) |
| 91 years | 99.1 | 97.8 | 2,640,000 | 2,640,000 | 104 | 106 |
| 88 years | 99.9 | 99.6 | 594,000 | 584,000 | 23 | 23 |
| 25 years | 92.2 | 92.2 | 62,200 | 62,200 | 2 | 2 |
| – | 99.1 | 99.2 | 196,740 | 190,627 | 8 | 8 |
| – | 98.8 | 97.4 | 630,060 | 648,620 | 25 | 26 |
| | | | 4,123,000 | 4,125,447 | 162 | 165 |
| | | | (1,275,132) | (1,310,738) | (49) | (52) |
| | | | 2,847,868 | 2,814,709 | 113 | 113 |
| | | | (297,924) | (297,924) | (12) | (12) |
| | | | (14,701) | (13,461) | (1) | (1) |
| | | | 2,535,243 | 2,503,324 | 100 | 100 |

■ PORTFOLIO STATEMENT OF THE TRUST

For the financial year ended 31 August 2021

| 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 2021 conducted by Savills Valuation and Professional Services (S) Pte Ltd ("Savills") (2020: Edmund Tie & Company (SEA) Pte Ltd ("ETC")) (the "Independent Valuers"). The Independent Valuers 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.

Investment properties in Australia

The carrying amount of the investment properties were based on independent valuations as at 31 August 2021 conducted by Jones Lang LaSalle Advisory Services Pty Ltd ("JLL") and CBRE Valuation Pty Ltd ("CBRE") (2020: JLL and Urbis Valuations Pty Ltd ("Urbis")) (the "Independent Valuers"). The Independent Valuers 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 2021 | Occupancy Rate as at 31 August | | At Valuation 31 August | | Percentage of Unitholders' funds 31 August | |
|--|-----------------------------------|-------------|---------------------------|-----------------|--|-------------|
| | 2021 (%) | 2020 (%) | 2021 S\$'000 | 2020 S\$'000 | 2021 (%) | 2020 (%) |
| 91 years | 99.1 | 97.8 | 2,640,000 | 2,640,000 | 103 | 105 |
| 88 years | 99.9 | 99.6 | 594,000 | 584,000 | 23 | 23 |
| 25 years | 92.2 | 92.2 | 62,200 | 62,200 | 2 | 2 |
| | | | 3,296,200 | 3,286,200 | 128 | 130 |
| | | | (437,053) | (461,819) | (16) | (18) |
| | | | 2,859,147 | 2,824,381 | 112 | 112 |
| | | | (297,924) | (297,924) | (12) | (12) |
| | | | 2,561,223 | 2,526,457 | 100 | 100 |

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

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 2021 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.

1. GENERAL INFORMATION (CONT'D)

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

- (ii) an annual performance fee of 5.0% per annum of the Net Property Income (as defined in the Trust Deed) (cont'd)

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 2021, the Manager has elected to receive 100% of management fees in units.

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 2021, 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 2021

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 RAP 7 requires the Manager 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 and revised recommended accounting practice

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 September 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business (Amendments to FRS 103)*
- *Definition of Material (Amendments to FRS 1 and FRS 8)*

In addition to the above, the Group had early adopted the following amendments to standards which are effective for annual periods beginning on 1 September 2020 with earlier application permitted:

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

The application of the amendments to standards and interpretations do not have a material effect on the Group's financial statements.

Revised recommended accounting practice

In July 2020, ISCA issued a revised version of RAP 7 which is effective for the Group's financial statements for the year ended 31 August 2021, and has been applied in preparing these financial statements. The application of the revised RAP 7 does not have a significant impact on the financial statements of the Group.

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 2021

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.

- Disposal

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 other comprehensive income (OCI) in respect of that entity are transferred to the Statements of Total Return or transferred directly to unitholders' funds 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' fund.

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.

(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.

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Currency translation (cont'd)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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;

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment (cont'd)

- 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.

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 2021

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 either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - 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.

Transferred assets are not derecognised when 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.

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.

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 2021

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 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.

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.

Hedges directly affected by interest rate benchmark 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 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Derivative financial instruments and hedging activities (cont'd)

Hedges directly affected by interest rate benchmark reform (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 OCI 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.

(ii) Net investment hedges

The Group designates certain derivatives as hedges of foreign exchange risk on its net investment in foreign operations.

When a derivative instrument is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of the change in fair value is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the change in the fair value is recognised immediately in Statements of Total Return. The amount recognised in OCI is reclassified to the Statements of Total Return as a reclassification adjustment on disposal of the foreign operation.

(iii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Leases

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.

(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.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as 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 applies the derecognition and impairment requirements in FRS 109 to the net investment in the lease (see Note 2(g)(iv)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

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'.

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

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.

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 2021

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. As at 31 August 2021, the Trust has distributed more than 90% of its deferred taxable income derived from the 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 Qualifying foreign non-individual Unitholders, the Trust will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless concession is extended; or
- where the beneficial owners are Qualifying foreign funds, the Trust will deduct Singapore income tax at the reduced rate of 10% for distributions made during the period from 1 July 2019 to 31 December 2025.

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);
- a Singapore branch of a foreign company;
- an international organisation that is exempt from tax under the International Organisations (Immunities and Privileges) Act; or
- a real estate investment trust exchange-traded fund ("REIT ETFs") which have been accorded tax transparency treatment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income taxes (cont'd)

A "Qualifying foreign non-individual Unitholder" is a person who is not 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 in Singapore.

A "Qualifying foreign fund" is one who is a non-resident fund that qualifies for tax exemption under Section 13CA, 13X or 13Y of the Singapore Income Tax Act for income tax purposes and:

- who does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- who carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from sale of real estate 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.

Apart from the above, the Trust receives foreign-sourced income that is tax exempt under Section 13(12) of the Singapore Income Tax Act. Distributions made by the Trust out of such tax exempt income are also exempt from Singapore income tax for all Unitholders.

(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.

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Executive Officer of the Manager, who is the Group's chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Chief Executive Officer of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(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.

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 Furniture fittings and equipment | |
|---------------------------------|---|----------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Cost | | |
| Beginning of financial year | 1,891 | 1,708 |
| Additions | 234 | 183 |
| Disposals | (8) | – |
| End of financial year | 2,117 | 1,891 |
| Accumulated depreciation | | |
| Beginning of financial year | 1,302 | 1,078 |
| Depreciation charge | 255 | 224 |
| Disposals | (8) | – |
| End of financial year | 1,549 | 1,302 |
| Net book value | | |
| Beginning of financial year | 589 | 630 |
| End of financial year | 568 | 589 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

5. INVESTMENT PROPERTIES

| | Group | | Trust | |
|--|-----------|-----------|-----------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Beginning of financial year | 4,125,447 | 3,597,756 | 3,286,200 | 3,405,800 |
| Acquisition of investment property ^{1, 2} | – | 633,923 | – | – |
| Additions | 6,194 | 9,143 | 2,120 | 5,635 |
| Fair value change | 3,421 | (179,939) | 4,160 | (126,041) |
| Straight-line rental adjustments | 4,106 | 1,135 | 3,720 | 806 |
| Translation differences | (16,168) | 63,429 | – | – |
| End of financial year | 4,123,000 | 4,125,447 | 3,296,200 | 3,286,200 |

1 Includes acquisition fees and acquisition related expenses of S\$11.091 million in 2020.

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 proportionately consolidated and included as part of the Group's investment properties as at the reporting date.

In determining the fair value, the independent external valuers have used valuation techniques that involve estimates or inputs. 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 have 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 2021 only and may change significantly after the balance sheet date as the impact of the COVID-19 outbreak worsens.

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 rent 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 Group's accounting policies.

At 31 August 2021, investment properties with a carrying amount of approximately S\$3,467 million (2020: S\$3,479 million) are mortgaged to banks as security for the term loans (Note 9).

6. SUBSIDIARIES

| | Trust | |
|---|----------------|----------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Equity investments, at cost | 3,816 | 3,816 |
| Loan to a subsidiary – interest bearing | 177,066 | 180,594 |
| | 180,882 | 184,410 |

The loan to a subsidiary is unsecured and the settlement is neither planned nor likely to occur in the foreseeable future.

The effective interest rate for the loan to a subsidiary is 2.71% per annum (2020: 2.71%).

Details of the subsidiaries are as follows:

| Name of subsidiaries | Country of Incorporation | Effective Interests held by the Group | |
|---|--------------------------|---------------------------------------|------|
| | | 2021 | 2020 |
| | | % | % |
| Held by the Trust | | | |
| SPH REIT (Investments) Pte. Ltd. ¹ | Singapore | 100 | 100 |
| Held through subsidiaries | | | |
| <i>Held by SPH REIT (Investments) Pte. Ltd.</i> | | | |
| SPH REIT Australia Trust ² | Australia | 100 | 100 |
| SPH REIT Marion Trust ⁴ | Australia | 100 | 100 |
| Marion Advertising Trust ⁴ | Australia | 100 | 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 | 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 2021

7. TRADE AND OTHER RECEIVABLES

| | Group | | Trust | |
|--|---------|---------|---------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Non-current | | | | |
| Amount owing by subsidiaries | – | – | 375,673 | 377,876 |
| Current | | | | |
| Trade receivables | 17,574 | 25,927 | 8,304 | 13,509 |
| Impairment loss on trade receivables | (8,022) | (8,517) | (544) | – |
| | 9,552 | 17,410 | 7,760 | 13,509 |
| Amount owing by ultimate holding company | 6 | – | 6 | – |
| Amount owing by a subsidiary | – | – | – | 2,342 |
| Amount owing by related parties | 2 | 3 | 2 | 3 |
| Amount owing by a third party | – | 2,899 | – | – |
| Other receivables | 1,051 | 1,218 | 364 | – |
| Grant receivable | – | 10,473 | – | 10,473 |
| Deposits | 63 | 126 | 63 | 126 |
| Prepayments | 642 | 524 | 140 | 159 |
| | 11,316 | 32,653 | 8,335 | 26,612 |

The amounts owing by subsidiaries are 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 amounts owing by ultimate holding company and related parties are 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 and has been fully received during the year ended 31 August 2021.

Credit and market risks, and impairment losses

The Group's and the Trust's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 25.

8. CASH AND CASH EQUIVALENTS

| | Group | | Trust | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2021 S\$'000 | 2020 S\$'000 | 2021 S\$'000 | 2020 S\$'000 |
| Cash held as fixed bank deposit | 20,000 | – | 20,000 | – |
| Cash and bank balances | 91,681 | 81,974 | 60,379 | 52,770 |
| | 111,681 | 81,974 | 80,379 | 52,770 |

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0% to 1.24% (2020: 0% to 2.10%) and 0% to 1.24% (2020: 0% to 2.10%) per annum for the Group and the Trust respectively. During the financial year, the Group and the Trust's fixed bank deposit earn interest at rate of 0.48% per annum.

9. BORROWINGS

| | Group | | Trust | |
|-------------------------------------|------------------|------------------|-----------------|-----------------|
| | 2021 S\$'000 | 2020 S\$'000 | 2021 S\$'000 | 2020 S\$'000 |
| Secured term loans | 1,295,029 | 1,301,007 | 995,000 | 995,000 |
| Less: Unamortised transaction costs | (1,975) | (2,422) | (1,306) | (1,364) |
| | 1,293,054 | 1,298,585 | 993,694 | 993,636 |
| Borrowings repayable: | | | | |
| Within 1 year | 154,943 | 214,877 | 154,943 | 214,877 |
| Between 1 – 5 years | 1,138,111 | 1,083,708 | 838,751 | 778,759 |
| | 1,293,054 | 1,298,585 | 993,694 | 993,636 |

The Group and the Trust secured term loans amounted to S\$1.3 billion (2020: S\$1.3 billion) and S\$995 million (2020: 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 2021

9. BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding interest-bearing borrowings are as follows:

| | | | | 2021 | | 2020 | |
|---------------------|----------|--|------------------|--------------------|-------------------------|--------------------|-------------------------|
| | Currency | Weighted average nominal interest rate % | Year to maturity | Face value S\$'000 | Carrying amount S\$'000 | Face value S\$'000 | Carrying amount S\$'000 |
| Group | | | | | | | |
| Fixed rate loans | SGD | 2.65 | 2022 | 55,000 | 54,975 | 185,000 | 184,861 |
| Fixed rate loan | AUD | 3.69 | 2023 | 83,615 | 83,541 | 85,281 | 85,097 |
| Floating rate loans | SGD | 0.84 | 2022 – 2026 | 940,000 | 938,719 | 810,000 | 808,775 |
| Floating rate loan | AUD | 1.55 | 2023 – 2025 | 216,414 | 215,819 | 220,726 | 219,852 |
| Trust | | | | | | | |
| Fixed rate loans | SGD | 2.65 | 2022 | 55,000 | 54,975 | 185,000 | 184,861 |
| Floating rate loans | SGD | 0.84 | 2022 – 2026 | 940,000 | 938,719 | 810,000 | 808,775 |

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

- First legal mortgage on Paragon (Note 5)
- Fixed and floating charges by way of debenture over the existing and future assets of Paragon (other than the excluded accounts)
- First legal charge over the tenancy account and sales proceeds account for Paragon
- Assignment of certain insurances taken in relation to Paragon

The AUD term loan balance of A\$105 million and A\$200 million is secured by way of mortgage on Figtree Grove Shopping Centre and Westfield Marion Shopping Centre respectively (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 2021, the Group's and the Trust's fixed rate loan and loans hedged with interest rate swaps amounted to S\$986 million (2020: S\$646 million) and S\$804 million (2020: S\$460 million) respectively. The fixed interest rates of the Group and the Trust were from 0.35% to 3.69% (2020: 0.39% to 3.69%) and 0.35% to 3.28% (2020: 0.39% 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 1.84% (2020: 2.66%) and 1.60% (2020: 2.62%) per annum respectively.

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 | | | |
| 2021 | | | |
| Beginning of financial year | 1,298,585 | 2,996 | 1,301,581 |
| Changes from financing cash flows | | | |
| Payment of transaction costs related to borrowing | (580) | – | (580) |
| Interest paid | – | (23,385) | (23,385) |
| Total changes from financing activities | (580) | (23,385) | (23,965) |
| Non-cash changes | | | |
| Finance costs | – | 22,974 | 22,974 |
| Amortisation of transaction costs | 1,020 | – | 1,020 |
| Translation differences | (5,971) | – | (5,971) |
| End of financial year | 1,293,054 | 2,585 | 1,295,639 |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

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 |
| 2021 | | | | |
| Non-current liabilities | | | | |
| – Cross currency interest-rate swaps | 39,452 | (1,243) | 39,452 | (1,243) |
| – Cross currency swaps | 9,863 | (55) | 9,863 | (55) |
| | 49,315 | (1,298) | 49,315 | (1,298) |
| Cash flow hedge | | | | |
| – Interest-rate swaps | 523,370 | (1,994) | 425,000 | (248) |
| Current liabilities | | | | |
| – Cross currency interest-rate swaps | 39,452 | (247) | 39,452 | (247) |
| – Cross currency swaps | 9,370 | (2) | 9,370 | (2) |
| | 48,822 | (249) | 48,822 | (249) |
| Cash flow hedge | | | | |
| – Interest-rate swaps | 245,000 | (802) | 245,000 | (802) |
| 2020 | | | | |
| Non-current liabilities | | | | |
| – 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) |

The cross currency interest-rate swaps and cross currency swaps will be collectively termed as “Cross currency swaps”.

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 2021 are:

| | Group | | Trust | |
|---------------------|-----------------|-----------------|-----------------|-----------------|
| | 2021 S\$'000 | 2020 S\$'000 | 2021 S\$'000 | 2020 S\$'000 |
| Notional due: | | | | |
| Within 1 year | 293,822 | 45,000 | 293,822 | 45,000 |
| Between 1 – 5 years | 572,685 | 348,467 | 474,315 | 248,137 |
| Total | 866,507 | 393,467 | 768,137 | 293,137 |

* 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 Group'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.

11. TRADE AND OTHER PAYABLES

| | Group | | Trust | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2021 S\$'000 | 2020 S\$'000 | 2021 S\$'000 | 2020 S\$'000 |
| Non-current | | | | |
| Deposits received | 38,135 | 34,217 | 38,135 | 34,217 |
| Current | | | | |
| Trade payables | 999 | 3,609 | 231 | 103 |
| Amount owing to ultimate holding company | – | 17 | – | 17 |
| Amount owing to related parties | 2,892 | 10,352 | 2,892 | 10,352 |
| Amount owing to non-controlling interests | – | 331 | – | – |
| Other payables | 5,580 | 2,844 | 3,970 | 3,118 |
| Accrued expense | 18,261 | 13,811 | 12,295 | 8,214 |
| Interest payable | 2,585 | 2,996 | 1,663 | 2,023 |
| Deposits received | 17,125 | 21,398 | 17,116 | 21,389 |
| Collections in advance | 7,782 | 15,218 | 5,892 | 14,784 |
| Deferred grant liability | – | 5,556 | – | 5,556 |
| Goods and services tax payable | 2,989 | 2,687 | 1,809 | 158 |
| Withholding tax payable | 2,746 | 1,136 | 390 | 103 |
| | 60,959 | 79,955 | 46,258 | 65,817 |

The amount owing to related parties is trade in nature, unsecured, interest-free and repayable on demand.

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 has been passed to the eligible tenants in the form of rental rebates.

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

12. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

| | Group and Trust | |
|-----------------------|-----------------|---------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Investment properties | 2,206 | 3,119 |

Movement in temporary differences during the year:

| | Group and Trust | |
|--|-----------------|---------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Investment properties | | |
| Beginning of financial year | 3,119 | – |
| Recognised in the Statements of Total Return | (913) | 3,119 |
| End of financial year | 2,206 | 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 2021, the S\$297.9 million (2020: S\$297.9 million) presented in the Statements of Financial Position represents the carrying value of the S\$300.0 million (2020: 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.

15. UNITS IN ISSUE

| | Group and Trust | |
|-------------------------------|------------------|-----------|
| | 2021 | 2020 |
| | Number of | Number of |
| | Units | Units |
| | '000 | '000 |
| <u>Units in issue</u> | | |
| Beginning of financial year | 2,763,122 | 2,588,701 |
| – Issue of new units | – | 156,645 |
| – Manager's fee paid in units | 22,042 | 17,776 |
| End of financial year | 2,785,164 | 2,763,122 |

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 22,042,037 (2020: 17,775,677) new units at the issue price range of S\$0.8178 to S\$0.9314 (2020: S\$0.8119 to S\$1.08020 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 2021

16. CAPITAL AND OTHER COMMITMENTS

(a) Commitments for capital expenditure

| | Group | | Trust | |
|-------------------------------|---------|---------|---------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Authorised and contracted for | | | | |
| – investment properties | 2,783 | 629 | 571 | 624 |

(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 | Trust |
|----------------------|----------------|----------------|
| | S\$'000 | S\$'000 |
| 2021 | | |
| Less than one year | 230,135 | 187,897 |
| One to two years | 165,900 | 133,817 |
| Two to three years | 102,119 | 74,475 |
| Three to four years | 42,477 | 21,152 |
| Four to five years | 18,201 | 3,815 |
| More than five years | 70,138 | – |
| Total | 628,970 | 421,156 |
| 2020 | | |
| 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 |

17. GROSS REVENUE

| | Group | | Trust | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Rental income ^{1,2} | 263,985 | 223,944 | 198,796 | 180,350 |
| Car park income | 6,124 | 5,714 | 6,124 | 5,714 |
| Other income | 7,070 | 11,805 | 1,974 | 2,016 |
| | 277,179 | 241,463 | 206,894 | 188,080 |

1 Included rental assistance of approximately S\$10.0 million (2020: \$31.8 million) granted to eligible tenants to cushion the impact of the COVID-19 pandemic for the year ended 31 August 2021.

2 Included service charges and advertising and promotion fees of approximately S\$24.7 million (2020: S\$20.5 million).

18. PROPERTY OPERATING EXPENSES

| | Group | | Trust | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2021 S\$'000 | 2020 S\$'000 | 2021 S\$'000 | 2020 S\$'000 |
| Property tax | 23,152 | 22,578 | 18,832 | 19,264 |
| Maintenance and utilities | 24,211 | 20,183 | 11,425 | 10,979 |
| Property management fees | 11,839 | 9,324 | 7,956 | 7,484 |
| Marketing | 5,466 | 2,481 | 5,341 | 2,335 |
| Reimbursements paid to the Property Manager | 4,575 | 4,283 | 4,575 | 4,283 |
| Others | 5,309 | 671 | 5,052 | 530 |
| | 74,552 | 59,520 | 53,181 | 44,875 |

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.

19. MANAGER'S MANAGEMENT FEES

| | Group | | Trust | |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2021 S\$'000 | 2020 S\$'000 | 2021 S\$'000 | 2020 S\$'000 |
| Base fee | 10,586 | 10,295 | 10,586 | 10,295 |
| Performance fee | 9,848 | 8,950 | 9,848 | 8,950 |
| | 20,434 | 19,245 | 20,434 | 19,245 |

20. TRUST EXPENSES

| | Group | | Trust | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2021 S\$'000 | 2020 S\$'000 | 2021 S\$'000 | 2020 S\$'000 |
| Auditor's remuneration | | | | |
| – audit fees | 388 | 360 | 214 | 248 |
| – non-audit fees | 72 | 73 | 69 | 73 |
| Valuation expense | 104 | 111 | 60 | 81 |
| Consultancy and other professional fees | 199 | 381 | 187 | 6,054 |
| Other expenses | 632 | 772 | 497 | 510 |
| | 1,395 | 1,697 | 1,027 | 6,966 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

21. FINANCE COSTS

| | Group | | Trust | |
|---|---------|---------|---------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Interest on borrowing | 18,126 | 28,337 | 11,478 | 22,202 |
| Amortisation of upfront fee for loan facility | 1,020 | 1,125 | 637 | 832 |
| Other financial expenses | 52 | 38 | 52 | 38 |
| Cash flow hedges – reclassified from Unitholders' Funds | 4,796 | 3,405 | 3,848 | 3,083 |
| | 23,994 | 32,905 | 16,015 | 26,155 |

22. INCOME TAX

| | Group | | Trust | |
|---|---------|---------|---------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Deferred tax expense | | | | |
| – Origination and reversal of temporary differences | (913) | 3,119 | (913) | 3,119 |
| Withholding tax | 2,310 | 926 | 467 | 306 |
| | 1,397 | 4,045 | (446) | 3,425 |

The income tax expense on return/(loss) 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 | |
|---|----------|----------|----------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Total return/(loss) for the year | 153,485 | (59,979) | 144,392 | (14,964) |
| Tax calculated at tax rate of 17% (2020: 17%) | 26,092 | (10,197) | 24,547 | (2,544) |
| Expenses not deductible for tax purposes | 1,935 | 37,851 | 3,191 | 28,706 |
| Income not subject to tax due to tax transparency | (20,819) | (18,392) | (20,819) | (18,392) |
| Other income not subject to tax | (8,121) | (6,143) | (7,832) | (4,651) |
| Withholding tax | 2,310 | 926 | 467 | 306 |
| | 1,397 | 4,045 | (446) | 3,425 |

23. EARNINGS PER UNIT

Basic and diluted Earnings per Unit are based on:

| | Group | | Trust | |
|---|------------------|-----------|------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Total return/(loss) for the year after tax attributable to Unitholders of the Trust (S\$'000) | 137,348 | (74,907) | 132,538 | (30,772) |
| Weighted average number of Units ('000) | 2,785,101 | 2,722,745 | 2,785,101 | 2,722,745 |
| Basic and diluted Earnings per Unit (cents) | 4.93 | (2.75) | 4.76 | (1.13) |

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the year.

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.

| | Group 2020 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 |

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

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

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting.

The Manager monitors and manages the Group's transition to alternative rates. The Manager evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Interest rate risk (cont'd)

Managing interest rate benchmark reform and associated risks (cont'd)

Derivatives

The Group holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to SOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. ISDA is currently reviewing its standardised contracts in the light of IBOR reform. When ISDA has completed its review, the Group expects to negotiate the inclusion of new fall-back clauses with its derivative counterparties. No derivative instruments have been modified as at 31 August 2021.

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 August 2021. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates which are SOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual.

The Group's SOR cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. However, there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. Such uncertainty may impact the hedging relationship. The Group applies the amendments to FRS 109 issued in December 2019 to those hedging relationships directly affected by IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has measured its hedging instruments indexed to Singapore-dollar SOR using available quoted market rates for SOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in SOR on a similar basis.

The Group's exposure to Singapore-dollar SOR designated in hedging relationships is \$748,904,000 nominal amount at 31 August 2021, representing both the nominal amount of the hedging interest rate swap and the principal amount of the Group's hedged SGD-denominated secured bank loan liabilities maturing in 2022 to 2023.

The Group is actively engaging with lenders to include appropriate fall-back provisions in its floating-rate liabilities. We expect that the hedging instrument will be modified as outlined under 'Derivatives' above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Interest rate risk (cont'd)

Exposure to 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.

Movements in interest rates will therefore have an impact on the Group. If the interest rate change 0.50% (2020: 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 | | | | |
| 2021 | | | | |
| Borrowings | (1,547) | 1,547 | – | – |
| Interest rate swap | – | – | 5,141 | (5,205) |
| | (1,547) | 1,547 | 5,141 | (5,205) |
| 2020 | | | | |
| Borrowings | (3,282) | 3,282 | – | – |
| Interest rate swap | – | – | 3,859 | (3,924) |
| | (3,282) | 3,282 | 3,859 | (3,924) |
| Trust | | | | |
| 2021 | | | | |
| Borrowings | (957) | 957 | – | – |
| Interest rate swap | – | – | 3,938 | (3,982) |
| | (957) | 957 | 3,938 | (3,982) |
| 2020 | | | | |
| Borrowings | (2,680) | 2,680 | – | – |
| Interest rate swap | – | – | 2,126 | (2,156) |
| | (2,680) | 2,680 | 2,126 | (2,156) |

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 2021 and 31 August 2020, 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 | |
|---|----------------|---------|----------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Trade and other receivables, exclude prepayments and grant receivable (Note 7) | 10,674 | 21,656 | 383,868 | 393,856 |
| Cash and cash equivalents | 111,681 | 81,974 | 80,379 | 52,770 |
| | 122,355 | 103,630 | 464,247 | 446,626 |

Impairment losses

Expected credit loss assessment for individual tenants as at 31 August 2020 and 31 August 2021

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Impairment losses (cont'd)

The following table provides information about the exposure to credit risk for trade receivables for individual tenants at the reporting date:

| | 2021 | | 2020 | |
|------------------------|-----------------------|---------------------------|-----------------------|---------------------------|
| | Gross carrying amount | Impairment loss allowance | Gross carrying amount | Impairment loss allowance |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Group | | | | |
| Current (not past due) | 1,703 | (203) | 992 | (3) |
| Past due 1 to 30 days | 4,029 | (660) | 9,814 | (1,610) |
| Past due 31 to 60 days | 648 | (27) | 588 | (261) |
| Past due 61 to 90 days | 2,096 | (32) | 5,647 | (1,653) |
| Past due over 90 days | 9,098 | (7,100) | 8,886 | (4,990) |
| | 17,574 | (8,022) | 25,927 | (8,517) |
| Trust | | | | |
| Current (not past due) | 1,681 | (203) | 986 | – |
| Past due 1 to 30 days | 2,794 | (2) | 7,475 | – |
| Past due 31 to 60 days | 114 | – | 153 | – |
| Past due 61 to 90 days | 1,569 | (1) | 3,568 | – |
| Past due over 90 days | 2,146 | (338) | 1,327 | – |
| | 8,304 | (544) | 13,509 | – |

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.

Movements in allowance for impairment in respect of trade receivables

| | Group | | Trust | |
|-----------------------------|--------------|--------------|------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Beginning of financial year | 8,517 | – | – | – |
| Impairment loss recognised | 2,823 | 8,100 | 916 | – |
| Amount written-off | (3,240) | – | (372) | – |
| Translation differences | (78) | 417 | – | – |
| End of financial year | 8,022 | 8,517 | 544 | – |

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Impairment losses (cont'd)

Non-trade amounts owing by subsidiaries

The Trust has non-trade receivables from its subsidiaries of S\$375,673,000 (2020: S\$380,218,000). 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\$111,681,000 (2020: S\$81,974,000) and S\$80,379,000 (2020: S\$52,770,000) respectively at 31 August 2021. 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 2021, the Group has undrawn and committed long-term revolving credit facilities of up to S\$225 million (2020: S\$225 million) to cover the net current liabilities of the Group of approximately \$94.0 million (2020: \$180.9 million), as well as cash and cash equivalents of approximately S\$111.7 million (2020: S\$82.0 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 2021

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 | | | | |
| 2021 | | | | |
| Net-settled interest rate swap | (4,024) | (859) | (217) | – |
| Cross currency swaps | | | | |
| – Outflow | (50,494) | (49,605) | – | – |
| – Inflow | 49,353 | 49,439 | – | – |
| Trade and other payables* | (46,556) | (14,825) | (23,061) | (249) |
| Borrowings | (170,075) | (336,842) | (827,532) | – |
| | (221,796) | (352,692) | (850,810) | (249) |
| 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) |
| Trust | | | | |
| 2021 | | | | |
| Net-settled interest rate swap | (3,026) | (213) | – | – |
| Cross currency swaps | | | | |
| – Outflow | (50,494) | (49,605) | – | – |
| – Inflow | 49,353 | 49,439 | – | – |
| Trade and other payables* | (37,500) | (14,825) | (23,061) | (249) |
| Borrowings | (163,690) | (151,671) | (707,140) | – |
| | (205,357) | (166,875) | (730,201) | (249) |
| 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) |

* Excludes collections in advance, deferred grant liability, Goods and services tax payable and withholding tax payable

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Currency risk

The Group is exposed to currency risk on distributions from its Australia operations. As at the reporting date, the Group had entered into cross currency swap contracts with a total notional amount of S\$98,137,000 (2020: 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 | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2021 AUD'000 | 2020 AUD'000 | 2021 AUD'000 | 2020 AUD'000 |
| Loan to a subsidiary (Note 6) | – | – | 177,066 | 180,594 |
| Trade and other receivables | – | – | – | 2,424 |
| Cash and cash equivalents | 28,130 | 779 | 28,130 | 779 |
| Statements of Financial Position exposure | 28,130 | 779 | 205,196 | 183,797 |
| 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 | 28,130 | 779 | 303,333 | 281,934 |

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 | |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2021 S\$'000 | 2020 S\$'000 | 2021 S\$'000 | 2020 S\$'000 |
| Statements of Total Return | | | | |
| 5% strengthening | 1,407 | 39 | 15,167 | 14,097 |
| 5% weakening | (1,407) | (39) | (15,167) | (14,097) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

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 offset in the Statements of Financial Position S\$'000 | Gross amount of recognised financial instruments presented 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 |
|--|--|--|---|--|-----------------------|
|--|--|--|---|--|-----------------------|

2021

Group

Financial Liabilities

| | | | | | |
|------------------------------------|---------|---|---------|---|---------|
| Cross currency interest-rate swaps | (1,490) | – | (1,490) | – | (1,490) |
| Cross currency swaps | (57) | – | (57) | – | (57) |
| Interest rate swaps | (2,796) | – | (2,796) | – | (2,796) |

Trust

Financial Liabilities

| | | | | | |
|------------------------------------|---------|---|---------|---|---------|
| Cross currency interest-rate swaps | (1,490) | – | (1,490) | – | (1,490) |
| Cross currency swaps | (57) | – | (57) | – | (57) |
| Interest rate swaps | (1,050) | – | (1,050) | – | (1,050) |

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) |

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting

Cash flow hedges

As at 31 August 2021, 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 |
|---|------------------|------------------------------------|----------------------|
| 2021 | | | |
| Group | | | |
| Interest rate risk | | | |
| Interest rate swaps | | | |
| Net exposure (in S\$'000) | 245,000 | 523,370 | – |
| Average fixed interest rate | 0.74% | 0.49% | – |
| Cross currency interest rate swaps | | | |
| Net exposure (in S\$'000) | 39,452 | 39,452 | – |
| Average fixed interest rate | 3.09% | 3.28% | – |
| Trust | | | |
| Interest rate risk | | | |
| Interest rate swaps | | | |
| Net exposure (in S\$'000) | 245,000 | 425,000 | – |
| Average fixed interest rate | 0.74% | 0.36% | – |
| Cross currency interest rate swaps | | | |
| Net exposure (in S\$'000) | 39,452 | 39,452 | – |
| Average fixed interest rate | 3.09% | 3.28% | – |
| 2020 | | | |
| Group | | | |
| 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% | – |
| Trust | | | |
| 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% | – |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

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.

| | 2021 | | | 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 | – | (1,582) | Derivative financial instruments |
| Interest rate swaps | 768,370 | – | (2,796) | Derivative financial instruments |
| Trust | | | | |
| Cross currency interest rate swap | 78,904 | – | (1,582) | Derivative financial instruments |
| Interest rate swaps | 670,000 | – | (1,050) | Derivative financial instruments |

| | 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 |

| Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2021 S\$'000 | During the period – 2021 | | | | |
|--|---|---|---|---|---|
| | 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 |
| | | | | | |
| 482 | 482 | – | Not applicable | (1,922) | Not applicable |
| 407 | 407 | – | Not applicable | (2,874) | Finance costs |
| 482 | 482 | – | Not applicable | (1,922) | Not applicable |
| 497 | 497 | – | Not applicable | (1,926) | Finance costs |

| Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2020 S\$'000 | During the period – 2020 | | | | | Line item in profit or loss affected by the reclassification |
|---|--|---|---|--|----------------|--|
| | 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 | | |
| | | | | | | |
| 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 | |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

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 hedging instruments were as follows:

| | 2021 | | | 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 swaps | 98,137 | – | 35 | Derivative financial instruments |
|----------------------|--------|---|----|----------------------------------|

| | 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 swaps | 98,137 | – | (1,694) | Derivative financial instruments |
|----------------------|--------|---|---------|----------------------------------|

| During the period – 2021 | | | | | |
|---|--|---|---|--|--|
| Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2021 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 |
| (1,729) | (1,729) | – | Not applicable | – | Not applicable |

| 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 \$'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 |

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

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:

| | 2021 Change in value of the hedged item used for calculating hedge ineffectiveness S\$'000 |
|--------------------|--|
| AUD net investment | 7,028 |
| | 2020 Change in value of the hedged item used for calculating hedge ineffectiveness S\$'000 |
| AUD net investment | (6,732) |

| During the period – 2021 | |
|---|--|
| Foreign currency translation reserve S\$'000 | Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied S\$'000 |
| (1,729) | – |

| During the period – 2020 | |
|---|--|
| Foreign currency translation reserve S\$'000 | Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied S\$'000 |
| 5,315 | – |

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2021

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 30.3% (2020: 30.5%), and is in compliance with the Aggregate Leverage limit of 50% (2020: 50%).

(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 | | | | |
| 2021 | | | | |
| Assets | | | | |
| Investment properties | - | - | 4,123,000 | 4,123,000 |
| Liabilities | | | | |
| Derivative financial instruments | - | (4,343) | - | (4,343) |
| 2020 | | | | |
| Assets | | | | |
| Investment properties | - | - | 4,125,447 | 4,125,447 |
| Liabilities | | | | |
| Derivative financial instruments | - | (10,078) | - | (10,078) |

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 | | | | |
| 2021 | | | | |
| Assets | | | | |
| Investment properties | – | – | 3,296,200 | 3,296,200 |
| Liabilities | | | | |
| Derivative financial instruments | – | (2,597) | – | (2,597) |
| 2020 | | | | |
| Assets | | | | |
| Investment properties | – | – | 3,286,200 | 3,286,200 |
| Liabilities | | | | |
| Derivative financial instruments | – | (7,287) | – | (7,287) |

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 2021

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% (2020: 6.50% to 8.00%) Terminal Yield 4.00% to 6.50% (2020: 4.00% to 6.50%) | 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. |
| Investment properties | Income capitalisation | Capitalisation rate 3.75% to 6.00% (2020: 3.75% to 6.25%) Market rent S\$63.11 psf to S\$220.77 psf (2020: S\$67.55 psf to S\$223.45 psf) | Significant reduction in the market rent rates in isolation would result in a significantly lower fair value of the investment properties |

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;
- 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.

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 | | | | |
| 2021 | | | | |
| Assets | | | | |
| Trade and other receivable ¹ | – | 10,674 | – | 10,674 |
| Cash and cash equivalents | – | 111,681 | – | 111,681 |
| | – | 122,355 | – | 122,355 |
| Liabilities | | | | |
| Trade and other payables ² | – | – | (85,577) | (85,577) |
| Borrowings | – | – | (1,293,054) | (1,293,054) |
| Derivative financial instruments | (4,343) | – | – | (4,343) |
| | (4,343) | – | (1,378,631) | (1,382,974) |
| 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) |

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 2021

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 | | | | |
| 2021 | | | | |
| Assets | | | | |
| Trade and other receivables ¹ | – | 383,868 | – | 383,868 |
| Cash and cash equivalents | – | 80,379 | – | 80,379 |
| | – | 464,247 | – | 464,247 |
| Liabilities | | | | |
| Trade and other payables ² | – | – | (76,302) | (76,302) |
| Borrowings | – | – | (993,694) | (993,694) |
| Derivative financial instruments | (2,597) | – | – | (2,597) |
| | (2,597) | – | (1,069,996) | (1,072,593) |
| 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) |

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

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 | |
|--|---------|---------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Manager's management fees paid to a related company | 20,434 | 19,245 |
| Manager's acquisition fees paid to a related company | – | 6,228 |
| Property management fees paid/payable to a related company | 7,956 | 7,484 |
| Investment management fees paid/payable to non-controlling interests | 2,950 | 2,143 |
| Trustee's fees paid/payable to the Trustee | 574 | 585 |
| Staff reimbursements paid/payable to a related company | 4,575 | 4,283 |
| Rental and other income received/receivable from related companies | 287 | 976 |
| Other expenses paid/payable to related companies | 649 | 697 |

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 2021

27. OPERATING SEGMENTS (CONT'D)

| | Paragon S\$'000 | The Clementi Mall S\$'000 | The Rail Mall S\$'000 | Figtree Grove S\$'000 | Westfield Marion ¹ S\$'000 | Total S\$'000 |
|--|--------------------|---------------------------------|-----------------------------|-----------------------------|---|------------------|
| 2021 | | | | | | |
| Result | | | | | | |
| Gross revenue | 159,865 | 41,372 | 5,657 | 17,250 | 53,035 | 277,179 |
| Property operating expenses | (40,472) | (11,487) | (1,222) | (3,968) | (17,403) | (74,552) |
| Segment net property income | 119,393 | 29,885 | 4,435 | 13,282 | 35,632 | 202,627 |
| Unallocated amounts: | | | | | | |
| Manager's management fees | | | | | | (20,434) |
| Investment management fees | | | | | | (2,950) |
| Trustee's fee | | | | | | (600) |
| Impairment on trade receivables | (610) | (291) | (15) | (1,701) | (206) | (2,823) |
| Other Group expenses | | | | | | (1,395) |
| Finance income | | | | | | 200 |
| Finance costs | | | | | | (23,994) |
| Grant income | | | | | | 2,903 |
| Grant expense | | | | | | (2,903) |
| Net income | | | | | | 150,631 |
| Net foreign currency exchange differences | | | | | | (567) |
| Fair value change on investment properties | (4,373) | 8,889 | (356) | 9,187 | (9,926) | 3,421 |
| Total return for the year before taxes and distribution | | | | | | 153,485 |
| Less: income tax | | | | | | (1,397) |
| Total return for the year after taxes and before distribution | | | | | | 152,088 |
| Segment assets | 2,640,463 | 594,098 | 62,207 | 196,740 | 630,060 | 4,123,568 |
| Segment assets includes: | | | | | | |
| – Plant and equipment | 463 | 98 | 7 | – | – | 568 |
| – Investment properties | 2,640,000 | 594,000 | 62,200 | 196,740 | 630,060 | 4,123,000 |
| Unallocated assets | | | | | | 122,997 |
| Total assets | | | | | | 4,246,565 |
| Segment liabilities | 42,589 | 11,215 | 1,447 | – | 9 | 55,260 |
| Unallocated liabilities: | | | | | | |
| – Borrowings | | | | | | 1,293,054 |
| – Others | | | | | | 50,383 |
| Total liabilities | | | | | | 1,398,697 |
| Other information | | | | | | |
| Additions to: | | | | | | |
| – Plant and equipment | 180 | 47 | 7 | – | – | 234 |
| – Investment properties | 1,204 | 623 | 293 | 389 | 3,685 | 6,194 |
| Depreciation of plant and equipment | 188 | 67 | – | – | – | 255 |

1 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).

27. OPERATING SEGMENTS (CONT'D)

| | Paragon S\$'000 | The Clementi Mall S\$'000 | The Rail Mall S\$'000 | Figtree Grove S\$'000 | Westfield Marion ¹ 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 | – | – | – | (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 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 2021

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 | |
|---------------------------------------|------------------|------------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| <u>Revenue</u> | | |
| Singapore | 206,894 | 188,080 |
| Australia | 70,285 | 53,383 |
| | 277,179 | 241,463 |
| <u>Non-current assets¹</u> | | |
| Singapore | 3,296,768 | 3,286,789 |
| Australia | 826,800 | 839,247 |
| | 4,123,568 | 4,126,036 |

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.

- FRS 117 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *COVID-19-Related Rent Concessions* (Amendment to FRS 116)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110 and FRS 28)
- *Reference to the Conceptual Framework* (Amendments to FRS 103)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Annual Improvements to FRSs 2018 – 2020*
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116)

29. FINANCIAL RATIOS

| | Group | |
|---|-------------|-----------|
| | 2021 % | 2020 % |
| Ratio of expenses to weighted average net assets value ¹ | | |
| – including performance component of Manager's management fees | 0.90 | 0.85 |
| – excluding performance component of Manager's management fees | 0.55 | 0.53 |
| Total operating expenses to net asset value ² | 3.46 | 2.90 |
| 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 2021 and 31 August 2020, as there were no sales of investment properties.

30. SUBSEQUENT EVENT

Subsequent to the reporting date, the Manager announced a distribution of 1.58 cents per unit, for the quarter from 1 June 2021 to 31 August 2021.

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 2022 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 4 October 2021.

APPENDIX E

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SPH REIT GROUP FOR 1HFY2022

The unaudited consolidated financial statements for the SPH REIT Group for 1HFY2022 set out below have been extracted from the announcement by the SPH REIT Manager on 1 April 2022, and was not specifically prepared for inclusion in this Circular. The figures have not been audited.



SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 28 FEBRUARY 2022

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

Introduction

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

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

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

**SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT
FOR THE FIRST HALF YEAR ENDED 28 FEBRUARY 2022**

TABLE OF CONTENTS

| Item No. | Description | Page No. |
|-----------------|--|-----------------|
| A | Condensed Interim Statement of Financial Position | 4 |
| B | Condensed Interim Statement of Total Return | 5 |
| C | Condensed Interim Distribution Statement | 6 |
| D | Condensed Interim Statement of Changes in Unitholders' Funds | 7 |
| E | Condensed Interim Portfolio Statement | 8 - 10 |
| F | Condensed Interim Statement of Cash Flows | 11 |
| G | Notes to the Condensed Interim Financial Statements | 12 - 20 |
| H | Other information required by Listing Rule Appendix 7.2 | 21 - 31 |

SPH REIT and its Subsidiaries
(Constituted in the Republic of Singapore pursuant to a trust deed dated 9 July 2013)

Condensed Interim Financial Statements
For the First Half Year Ended 28 February 2022

Condensed Interim Statement of Financial Position
As at 28 February 2022

| | | Group | | Trust | |
|--------------------------------------|------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Note | As at 28 Feb 22 S\$'000 | As at 31 Aug 21 S\$'000 | As at 28 Feb 22 S\$'000 | As at 31 Aug 21 S\$'000 |
| Non-current assets | | | | | |
| Plant and equipment | | 463 | 568 | 463 | 568 |
| Investment properties | 5 | 4,158,804 | 4,123,000 | 3,329,700 | 3,296,200 |
| Subsidiaries | | - | - | 180,954 | 180,882 |
| Trade and other receivables | | - | - | 376,757 | 375,673 |
| Derivative financial instruments | | 2,302 | - | 1,388 | - |
| | | 4,161,569 | 4,123,568 | 3,889,262 | 3,853,323 |
| Current assets | | | | | |
| Trade and other receivables | | 8,704 | 11,316 | 4,814 | 8,335 |
| Cash and cash equivalents | | 109,609 | 111,681 | 80,879 | 80,379 |
| Derivative financial instruments | | 776 | - | 776 | - |
| | | 119,089 | 122,997 | 86,469 | 88,714 |
| Total assets | | 4,280,658 | 4,246,565 | 3,975,731 | 3,942,037 |
| Non-current liabilities | | | | | |
| Borrowings | 6 | 956,679 | 1,138,111 | 838,852 | 838,751 |
| Trade and other payables | | 38,280 | 38,135 | 38,281 | 38,135 |
| Derivative financial instruments | | 577 | 3,292 | 577 | 1,546 |
| Deferred tax liabilities | | 2,206 | 2,206 | 2,206 | 2,206 |
| | | 997,742 | 1,181,744 | 879,916 | 880,638 |
| Current liabilities | | | | | |
| Borrowings | 6 | 336,806 | 154,943 | 154,966 | 154,943 |
| Trade and other payables | | 54,004 | 60,959 | 41,518 | 46,258 |
| Derivative financial instruments | | 576 | 1,051 | 341 | 1,051 |
| | | 391,386 | 216,953 | 196,825 | 202,252 |
| Total liabilities | | 1,389,128 | 1,398,697 | 1,076,741 | 1,082,890 |
| Net assets | | 2,891,530 | 2,847,868 | 2,898,990 | 2,859,147 |
| Represented by: | | | | | |
| Unitholders' funds | | 2,578,970 | 2,535,243 | 2,601,100 | 2,561,223 |
| Perpetual securities holders' fund | | 297,890 | 297,924 | 297,890 | 297,924 |
| Non-controlling interests | | 14,670 | 14,701 | - | - |
| | | 2,891,530 | 2,847,868 | 2,898,990 | 2,859,147 |
| Units in issue ('000) | 7 | 2,802,406 | 2,785,164 | 2,802,406 | 2,785,164 |
| Net asset value per unit (\$) | 8 | 0.92 | 0.91 | 0.93 | 0.92 |

**Condensed Interim Statement of Total Return
For the First Half Ended 28 February 2022**

| | Note | Group | |
|---|------|----------------|----------------|
| | | 1H 2022 | 1H 2021 |
| | | S\$'000 | S\$'000 |
| Gross revenue | | 141,636 | 139,958 |
| Property operating expenses | | (36,363) | (35,104) |
| Net property income | | 105,273 | 104,854 |
| Manager's management fees | | (10,446) | (10,433) |
| Investment management fees | | (1,416) | (1,453) |
| Trustee's fees | | (297) | (298) |
| Impairment loss on trade receivables | | (1,517) | (1,892) |
| Other trust expenses | 9 | (1,072) | (938) |
| Finance income | | 238 | 69 |
| Finance costs | | (10,706) | (11,856) |
| Grant income | | - | 2,903 |
| Grant expense | | - | (2,903) |
| Net income | | 80,057 | 78,053 |
| Fair value change on investment properties | 5 | 32,078 | (8,438) |
| Net foreign currency exchange differences | | 640 | 334 |
| Total return before taxes and distribution | | 112,775 | 69,949 |
| Less: income tax | | (804) | (221) |
| Total return after taxes and before distribution | | 111,971 | 69,728 |
| Attributable to: | | | |
| Unitholders of the Trust | | 105,545 | 63,108 |
| Perpetual securities holders | | 6,099 | 6,098 |
| Non-controlling interests | | 327 | 522 |
| | | 111,971 | 69,728 |
| Earnings per unit (cents) | | | |
| Basic and diluted | 10 | 3.77 | 2.27 |

Condensed Interim Distribution Statement
For the First Half Ended 28 February 2022

| | Group | |
|--|-----------------|-----------------|
| | 1H 2022 | 1H 2021 |
| | S\$'000 | S\$'000 |
| Amount available for distribution to Unitholders at beginning of the period | 67,126 | 36,547 |
| Total return for the period attributable to Unitholders | 105,545 | 63,108 |
| Add: Non-tax deductible items (A) | (22,931) | 6,924 |
| Total amount distributable to Unitholders for the period | 149,740 | 106,579 |
| Distribution to Unitholders for the period | | |
| - Distribution of 0.54 cents per unit for the 4Q 2020 | - | (14,921) |
| - Distribution of 1.20 cents per unit for the 1Q 2021 | - | (33,307) |
| - Distribution of 1.58 cents per unit for the 4Q 2021 | (44,006) | - |
| - Distribution of 1.24 cents per unit for the 1Q 2022 | (34,750) | - |
| | (78,756) | (48,228) |
| Amount available for distribution to Unitholders at end of the period | 70,984 | 58,351 |

Note A – Non-tax deductible items

| | 1H 2022 | 1H 2021 |
|---|-----------------|----------------|
| | S\$'000 | S\$'000 |
| - Manager's management fees | 10,446 | 10,433 |
| - Trustee's fees | 297 | 298 |
| - Amortisation of upfront fee for loan facility | 409 | 519 |
| - Depreciation of plant and equipment | 151 | 117 |
| - Fair value change on investment properties | (32,078) | 8,438 |
| - Net income from subsidiaries | (3,618) | (14,881) |
| - Interest expense | 1,233 | 1,396 |
| - Straight-line rental adjustments | (162) | (705) |
| - Other expenses (capital in nature) | 391 | 1,309 |
| | (22,931) | 6,924 |

Condensed Interim Statement of Changes in Unitholders' Funds
For the First Half Ended 28 February 2022

| | <u>Group</u> | | <u>Trust</u> | |
|---|------------------|------------------|------------------|------------------|
| | <u>1H 2022</u> | <u>1H 2021</u> | <u>1H 2022</u> | <u>1H 2021</u> |
| | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> |
| Balance as at beginning of period | 2,535,243 | 2,503,324 | 2,561,223 | 2,526,457 |
| <u>Operations</u> | | | | |
| Total return for the period after tax, attributable to Unitholders and perpetual securities holders | 111,644 | 69,206 | 109,883 | 64,484 |
| Less: Total return for the period after tax, attributable to perpetual securities holders | (6,099) | (6,098) | (6,099) | (6,098) |
| Net increase in assets from operations | 105,545 | 63,108 | 103,784 | 58,386 |
| <u>Hedging reserve</u> | | | | |
| Effective portion of changes in fair value of cash flow hedges ¹ | 4,783 | 441 | 2,831 | (100) |
| Net change in fair value of cash flow hedge reclassified to Statement of Total Return | 2,043 | 1,454 | 1,572 | 1,010 |
| <u>Foreign currency translation reserve</u> | | | | |
| Translation differences from financial statements of foreign entities | (406) | 5,738 | - | - |
| Exchange differences on monetary item forming part of net investments in foreign operations | 72 | 4,248 | - | - |
| <u>Unitholders' transactions</u> | | | | |
| Distribution to unitholders | (78,756) | (48,228) | (78,756) | (48,228) |
| Manager's fee paid/payable in units | 10,446 | 10,433 | 10,446 | 10,433 |
| | (68,310) | (37,795) | (68,310) | (37,795) |
| Unitholders' funds as at end of period | 2,578,970 | 2,540,518 | 2,601,100 | 2,547,958 |
| <u>Perpetual Securities Holders' Funds</u> | | | | |
| Balance as at beginning of period | 297,924 | 297,924 | 297,924 | 297,924 |
| Total return attributable to perpetual securities holders | 6,099 | 6,098 | 6,099 | 6,098 |
| Distribution to perpetual securities holders | (6,133) | (6,132) | (6,133) | (6,132) |
| Balance as at end of period | 297,890 | 297,890 | 297,890 | 297,890 |

Notes:

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

SPH REIT and its Subsidiaries
Condensed Interim Financial Statements
For the First Half Year Ended 28 February 2022

**Portfolio Statement
Group**

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease 28 Feb 2022 | Occupancy Rate as at | | At Valuation | | Percentage of Unitholders' funds | |
|-------------------------------------|--|----------------|---|-------------------------------------|----------------------|-----------------|---------------------|---------------------|----------------------------------|-----------------|
| | | | | | 28 Feb 2022 (%) | 31 Aug 2021 (%) | 28 Feb 2022 S\$'000 | 31 Aug 2021 S\$'000 | 28 Feb 2022 (%) | 31 Aug 2021 (%) |
| <u>Singapore</u> | | | | | | | | | | |
| Paragon | 290 Orchard Road, Singapore 238859 | Leasehold | 99 years, commencing on 24 July 2013 | 91 years | 98.8 | 99.1 | 2,670,000 | 2,640,000 | 104 | 104 |
| The Clementi Mall | 3155 Commonwealth Avenue West, Singapore 129588 | Leasehold | (Listing date) 99 years, commencing on 31 August 2010 | 88 years | 99.9 | 99.9 | 597,500 | 594,000 | 23 | 23 |
| 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 | 25 years | 100.0 | 92.2 | 62,200 | 62,200 | 2 | 2 |
| <u>Australia</u> | | | | | | | | | | |
| Westfield Marion Shopping Centre | 293-297 Diagonal Road, Oaklands Park, Adelaide, South Australia, 5046 | Freehold | - | - | 98.0 | 98.8 | 632,284 | 630,060 | 25 | 25 |
| Figtree Grove Shopping Centre | 19 & 23 Princes Highway, Figtree, Wollongong, NSW 2525 | Freehold | - | - | 99.0 | 99.1 | 196,820 | 196,740 | 8 | 8 |
| Portfolio of investment properties | | | | | | | 4,158,804 | 4,123,000 | 162 | 162 |
| Other assets and liabilities (net) | | | | | | | (1,267,274) | (1,275,132) | (49) | (49) |
| Net assets of the Group | | | | | | | 2,891,530 | 2,847,868 | 113 | 113 |
| Perpetual securities holders' funds | | | | | | | (297,890) | (297,924) | (12) | (12) |
| Non-controlling interests | | | | | | | (14,670) | (14,701) | (1) | (1) |
| Unitholders' funds | | | | | | | 2,578,970 | 2,535,243 | 100 | 100 |

Portfolio Statement (Cont'd)
Group (Cont'd)

Footnotes:

- * For Singapore, Paragon was pledged as securities by way of a first legal mortgage to banks for banking facilities granted to SPH REIT. As for Australia, Figtree Grove Shopping Centre and Westfield Marion Shopping Centre were pledged as securities by way of mortgage to banks for banking facilities granted to SPH REIT Moelis Australia Trust and Marion Sub Trust respectively.

Portfolio Statement (Cont'd)
Trust

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease 28 Feb 2022 | Occupancy Rate as at | | At Valuation | | Percentage of Unitholders' funds | |
|-------------------------------------|--|----------------|---|-------------------------------------|----------------------|-------------|------------------|------------------|----------------------------------|-------------|
| | | | | | 28 Feb 2022 | 31 Aug 2021 | 28 Feb 2022 | 31 Aug 2021 | 28 Feb 2022 | 31 Aug 2021 |
| | | | | | (%) | (%) | S\$'000 | S\$'000 | (%) | (%) |
| <u>Singapore</u> | | | | | | | | | | |
| Paragon | 290 Orchard Road, Singapore 238859 | Leasehold | 99 years, commencing on 24 July 2013 (Listing date) | 91 years | 98.8 | 99.1 | 2,670,000 | 2,640,000 | 103 | 103 |
| The Clementi Mall | 3155 Commonwealth Avenue West, Singapore 129588 | Leasehold | 99 years, commencing on 31 August 2010 | 88 years | 99.9 | 99.9 | 597,500 | 594,000 | 23 | 23 |
| 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 | 25 years | 100.0 | 92.2 | 62,200 | 62,200 | 2 | 2 |
| Portfolio of investment properties | | | | | | | 3,329,700 | 3,296,200 | 128 | 128 |
| Other assets and liabilities (net) | | | | | | | (430,710) | (437,053) | (17) | (16) |
| Net assets of the Group | | | | | | | 2,898,990 | 2,859,147 | 111 | 112 |
| Perpetual securities holders' funds | | | | | | | (297,890) | (297,924) | (11) | (12) |
| Unitholders' funds | | | | | | | 2,601,100 | 2,561,223 | 100 | 100 |

Footnotes:

* Paragon was pledged as securities by way of a first legal mortgage to banks for banking facilities granted to SPH REIT.

Condensed Interim Statement of Cash Flows
For the First Half Ended 28 February 2022

| | Group | |
|--|-----------------|-----------------|
| | 1H 2022 | 1H 2021 |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities | | |
| Net income | 111,971 | 69,728 |
| Adjustments for: | | |
| Fair value change on investment properties | (32,078) | 8,438 |
| Manager's fee paid/payable in units | 10,446 | 10,433 |
| Depreciation of plant and equipment | 151 | 117 |
| Finance income | (238) | (69) |
| Finance costs | 10,706 | 11,856 |
| Straight-line rental adjustments | (162) | (705) |
| Impairment loss on trade receivables | 1,517 | 1,892 |
| Operating cash flow before working capital changes | 102,313 | 101,690 |
| Changes in operating assets and liabilities | | |
| Trade and other receivables | 1,073 | 17,492 |
| Trade and other payables | (7,652) | (5,145) |
| Net cash from operating activities | 95,734 | 114,037 |
| Cash flows from investing activities | | |
| Additions to investment properties | (2,325) | (3,946) |
| Purchase of plant and equipment | (46) | (10) |
| Interest received | 238 | 69 |
| Net cash used in investing activities | (2,133) | (3,887) |
| Cash flows from financing activities | | |
| Distribution to unitholders | (78,756) | (48,228) |
| Distribution to perpetual securities holders | (6,133) | (6,132) |
| Distribution to non-controlling interests of a subsidiary | (367) | - |
| Payment of transaction costs related to borrowings | (100) | (538) |
| Interest paid | (10,501) | (11,198) |
| Net cash used in financing activities | (95,857) | (66,096) |
| Net (decrease)/increase in cash and cash equivalents | (2,256) | 44,054 |
| Effect of exchange rate fluctuations on cash and cash equivalents held | 184 | 1,457 |
| Cash and cash equivalents at beginning of the period | 111,681 | 81,974 |
| Cash and cash equivalents at end of the period | 109,609 | 127,485 |

Notes to the Condensed Interim Financial Statements

These notes form an integral part of the Condensed Interim 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 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 condensed interim financial information of the Trust as at and for the period ended 28 February 2022 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% 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.

1. General Information (Cont'd)

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

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 28 February 2022 the Manager has elected to receive 100% of management fees in units.

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 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 28 February 2022, 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.

2. Basis of preparation

The Condensed Interim Financial Statements has been prepared in accordance with the Statement of Recommended Accounting Practice (RAP) 7 "Reporting Framework for Investment Funds" 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 condensed interim financial information does not contain all the information required for full annual financial statements and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 August 2021.

2. Basis of preparation (Cont'd)

The condensed interim financial information has been prepared on a historical cost basis, except for the investment properties and financial derivatives which are stated at fair value.

The condensed interim financial information is presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

3. Significant accounting policies

The financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements of the previous financial year, except for new or amended accounting policies adopted in the Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Investment Funds" which became effective from this financial year.

The adoption of the new/revised accounting policies has not resulted in any substantial changes to SPH REIT's accounting policies nor any significant impact on these financial statements.

4. 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.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing the financial statements, the significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements were the same as those applied in the financial statements for the year ended 31 August 2021.

5. Investment properties

| | Group | | Trust | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | 28 Feb 22 | 31 Aug 21 | 28 Feb 22 | 31 Aug 21 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Beginning of financial period | 4,123,000 | 4,125,447 | 3,296,200 | 3,286,200 |
| Additions | 3,203 | 6,194 | 1,149 | 2,120 |
| Fair value change | 32,078 | 3,421 | 32,259 | 4,160 |
| Straight-line rental adjustments | 162 | 4,106 | 92 | 3,720 |
| Translation differences | 361 | (16,168) | - | - |
| End of financial period/year | <u>4,158,804</u> | <u>4,123,000</u> | <u>3,329,700</u> | <u>3,296,200</u> |

5. Investment properties (Cont'd)

The carrying amount of the investment properties were based on valuations performed by independent external valuers (31 Aug 2021: independent external valuers). The valuations were based on the discounted cash flow and income capitalisation methods. The fair value for investment properties is categorised as Level 3 under the fair value hierarchy, as inputs used are unobservable and significant to the valuation. The inter-relationship between inputs and fair value are described below.

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;
- 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.

| 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% (2021: 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% (2021: 4.00% to 6.50%) | |
| | Income capitalisation | Capitalisation rate 3.75% to 6.00% (2021: 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\$62.69 psf to S\$236.05 psf (2021: S\$63.11 psf to S\$220.77 psf) | |

The outbreak of the Novel Coronavirus ("COVID-19") has negatively affected the retail sector in countries where the Group's investment properties are located. Given that the potential impact of COVID-19 is constantly evolving, significant market uncertainty exists. Therefore, the valuation assessed by the independent external valuers is current as at 28 February 2022 only. The valuation assessed may change significantly in the short term.

6. Borrowings

| | Group | | Trust | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 28 Feb 22 | 31 Aug 21 | 28 Feb 22 | 31 Aug 21 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Secured term loan | 1,295,151 | 1,295,029 | 995,000 | 995,000 |
| Less: Unamortised transaction costs | (1,666) | (1,975) | (1,182) | (1,306) |
| | <u>1,293,485</u> | <u>1,293,054</u> | <u>993,818</u> | <u>993,694</u> |
| Borrowing repayable: | | | | |
| Within 1 year | 336,806 | 154,943 | 154,966 | 154,943 |
| Between 1 – 5 years | 956,679 | 1,138,111 | 838,852 | 838,751 |
| | <u>1,293,485</u> | <u>1,293,054</u> | <u>993,818</u> | <u>993,694</u> |

The Group's secured term loan amounted to S\$1.3 billion (31 Aug 21: S\$1.3 billion). This consist of a term loan of S\$995 million (31 Aug 21: S\$995 million) secured by way of a first legal mortgage on Paragon, a term loan of A\$105 million (31 Aug 21: A\$105 million) secured by way of mortgage on Figtree Grove Shopping Centre and a term loan of A\$200 million (31 Aug 21: A\$200 million) secured by way of mortgage on the Group's 50% interest in Westfield Marion Shopping Centre.

Certain loan facility agreements of the Group contain clauses that upon occurrence of certain events such as (i) Singapore Press Holdings Limited, the sponsor of SPH REIT (the "Sponsor"), does not or ceases to hold (direct or indirectly) at least 30% of the Trust's units or (ii) the Sponsor does not or ceases to hold (direct or indirectly) 100% of the issued and fully paid ordinary shares in the Manager or (iii) SPH REIT Management Pte. Ltd. ceases to be the manager of SPH REIT or (iii) the Trust is delisted or ceases to be a collective investment scheme, would lead to an event of default where outstanding borrowings (including accrued interests) will be immediately due and payable and total commitments cancelled.

On 2 August 2021, Keppel Pegasus Pte. Ltd. (the "Keppel Offeror") and the Sponsor entered into an implementation agreement (the "Keppel Implementation Agreement") and jointly announced the proposed acquisition by the Keppel Offeror of the Sponsor by way of a scheme of arrangement (the "Keppel Scheme"), which includes a proposed distribution in specie by the Sponsor of certain numbers of its units in SPH REIT to the eligible shareholders of the Sponsor. The Keppel Implementation Agreement was revised on 9 November 2021 following the revised scheme consideration received from the Keppel Offeror.

On 29 October 2021, Cuscaden Peak Pte. Ltd. (the "Cuscaden Offeror") issued a possible offer announcement in respect of its proposal to acquire the Sponsor by way of a scheme of arrangement (the "Cuscaden Scheme"). On 15 November 2021, the Cuscaden Offeror and the Sponsor entered into an implementation agreement and jointly announced the Cuscaden Scheme, which includes a cash and units consideration whereby the Sponsor will undertake a distribution in specie of certain number of its units in SPH REIT to the eligible shareholders of the Sponsor.

On 9 February 2022, the Sponsor exercised its right to terminate the Keppel Implementation Agreement.

6. Borrowings (Cont'd)

An extraordinary general meeting and a scheme meeting was convened by the Sponsor on 22 March 2022 where the shareholders of the Sponsor have voted in favour of the distribution in specie by the Sponsor of its units in SPH REIT and approved the Cuscaden Scheme. Subject to the satisfaction of all other conditions precedent and upon the Cuscaden Scheme becoming effective in accordance with its terms, the Sponsor will become a wholly-owned subsidiary of the Cuscaden Offeror. The Sponsor's unitholding interest in SPH REIT following completion of the distribution in specie (as part of the Cuscaden Scheme) will be approximately 20% of all the units in SPH REIT. In addition, depending on the level of election by eligible shareholders of the Sponsor for either the Cuscaden all cash consideration or the Cuscaden cash and units consideration, Cuscaden may be required to undertake a chain offer ("Potential Chain Offer") for all the units in SPH REIT in accordance with the Singapore Code on Take-overs and Mergers. For illustration purposes, if 100% of the eligible shareholders of the Sponsor elect for the Cuscaden cash and units consideration, Cuscaden's unitholding interest in SPH REIT (including the Sponsor's unitholding interest in SPH REIT) will be approximately 20% upon completion of the distribution in specie and the Cuscaden Scheme and Cuscaden will not be required to undertake the Potential Chain Offer.

Notwithstanding the possible occurrence of the aforementioned events, the Manager has concluded on the appropriateness of the going concern assumption as the Group has sufficient available facilities and unencumbered assets and has refinanced \$185 million of loans subsequent to the signing of the implementation agreements. The Manager intends to take the necessary steps to obtain waivers from the lenders to address the potential acceleration of repayment of loans arising from the reduction in Sponsor's unitholding interest in the Trust.

7. Units in issue

| | Group and Trust | |
|--|------------------------------|------------------------------|
| | 1H 2022 | 1H 2021 |
| | No. of units '000 | No. of units '000 |
| Issued units as at beginning of period | 2,785,164 | 2,763,122 |
| Manager's fee paid in units | 17,242 | 15,675 |
| Issued units at the end of the period | 2,802,406 | 2,778,797 |
| Issuable units: | | |
| Manager's fee payable in units | 8,034 | 9,525 |
| Total issued and issuable units as at end of period | 2,810,440 | 2,788,322 |

During the financial period, the Trust issued 17,241,529 (2021: 15,674,679) new units at the issue price of S\$0.8515 to S\$1.0136 per unit (2021: S\$0.8178 to S\$0.9314 to 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.

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

| | <u>Group</u> | | <u>Trust</u> | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | As at 28 Feb 21 | As at 31 Aug 21 | As at 28 Feb 22 | As at 31 Aug 21 |
| NAV / NTA per unit ¹ (\$) | 0.92 | 0.91 | 0.93 | 0.92 |

Note:

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

9. Other Trust Expenses

| | <u>Group</u> | |
|-------------------|--------------|------------|
| | 1H 2022 | 1H 2021 |
| | S\$'000 | S\$'000 |
| Audit fees | 199 | 182 |
| Professional fees | 873 | 756 |
| | <u>1,072</u> | <u>938</u> |

10. Earnings per unit (“EPU”)

| | <u>Group</u> | |
|--|--------------|-------------|
| | 1H 2022 | 1H 2021 |
| <u>Earnings per unit</u> | | |
| Weighted average number of units ¹ (‘000) | 2,802,422 | 2,778,666 |
| Total return for the period after tax attributable to unitholders (S\$'000) | 105,545 | 63,108 |
| EPU ² (basic and diluted) (cents) | 3.77 | 2.27 |
| EPU (cents), excluding fair value change and write down of intangible asset | <u>2.62</u> | <u>2.55</u> |

Notes:

- The weighted average number of units was based on the number of units in issue and issuable units to the Manager.
- Included the effects of fair value change on investment properties for the respective periods/year.

11. Related parties transactions

For the purposes of this condensed interim financial information, 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 period, other than those disclosed elsewhere in the condensed interim financial information, the following significant related party transactions were carried out in the normal course of business:

| | Group | |
|--|----------------|----------------|
| | 1H 2022 | 1H 2021 |
| | S\$'000 | S\$'000 |
| Manager's management fees paid to a related company | 10,446 | 10,433 |
| Property management fees paid/payable to a related company | 4,265 | 4,251 |
| Investment management fees paid/payable to non-controlling interests | 1,416 | 1,453 |
| Trustee's fees paid/payable to the Trustee | 285 | 285 |
| Staff reimbursements paid/payable to a related company | 2,313 | 2,910 |
| Rental and other income received/receivable from related companies | 132 | 137 |
| Other expenses paid/payable to related companies | 436 | 303 |

12. Financial ratios

| | Group | |
|---|----------------|----------------|
| | 1H 2022 | 1H 2021 |
| | % | % |
| Ratio of expenses to weighted average net assets value ¹ | | |
| - including performance component of Manager's management fees | 0.83 | 0.82 |
| - excluding performance component of Manager's management fees | 0.47 | 0.46 |
| Total operating expenses to net asset value ² | 1.63 | 1.57 |
| Portfolio turnover rate ³ | - | - |

Notes:

- 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 half year ended 28 February 2022 and 28 February 2021 and as a percentage of net asset value as at 28 February 2022 and 28 February 2021.
- 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 half year ended 28 February 2022 and 28 February 2021, as there were no sales of investment properties.

13. Subsequent Event

Subsequent to the reporting date, the Manager announced a distribution of 1.44 cents per unit, for the quarter from 1 December 2021 to 28 February 2022.

Other Information Required by Listing Rule Appendix 7.2

**SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT
FOR THE FIRST HALF YEAR ENDED 28 FEBRUARY 2022**

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

1(a)(i) Statement of Total Return

| | Group | | |
|---|--------------------|--------------------|---------------|
| | 1H 2022 | 1H 2021 | Change |
| | S\$'000 | S\$'000 | % |
| Gross revenue ¹ | 141,636 | 139,958 | 1.2 |
| Property operating expenses | (36,363) | (35,104) | 3.6 |
| Net property income | 105,273 | 104,854 | 0.4 |
| Manager's management fees | (10,446) | (10,433) | 0.1 |
| Investment management fee | (1,416) | (1,453) | (2.5) |
| Trust expenses ² | (1,369) | (1,236) | 10.8 |
| Impairment loss on trade receivables ³ | (1,517) | (1,892) | (19.8) |
| Finance income | 238 | 69 | NM |
| Finance costs | (10,706) | (11,856) | (9.7) |
| Grant income ⁴ | - | 2,903 | NM |
| Grant expense ⁴ | - | (2,903) | NM |
| Net income | 80,057 | 78,053 | 2.6 |
| Fair value change on investment properties ⁵ | 32,078 | (8,438) | NM |
| Net foreign currency exchange differences ⁶ | 640 | 334 | 91.6 |
| Total return before taxes and distribution | 112,775 | 69,949 | 61.2 |
| Less: income tax ⁷ | (804) | (221) | NM |
| Total return after taxes and before distribution | 111,971 | 69,728 | 60.6 |
| Attributable to: | | | |
| Unitholders | 105,545 | 63,108 | 61.3 |
| Perpetual securities holders ⁸ | 6,099 | 6,098 | - |
| Non-controlling interests | 327 | 522 | (37.4) |
| Total return for the period | 111,971 | 69,728 | 60.6 |
| NM Not Meaningful | | | |

SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 28 FEBRUARY 2022

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

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

Notes:

1. The gross revenue includes rental waivers and reliefs granted by landlord to eligible tenants in Singapore affected by COVID-19.
2. Includes recurring trust expenses such as trustee's fees, valuation fees, audit and tax adviser's fees, legal & others professional fees, cost associated with the preparation of annual reports.
3. The impairment loss on trade receivables comprises of the allowance for rental arrears and reliefs for Singapore and Australia properties.
4. Grant income relates to property tax rebates and cash grants from Singapore government as part of the COVID-19 relief measures. Grant expense relates to the property tax rebates and cash grants being passed on to eligible tenants in the form of rental reliefs in FY2021.
5. This relates to the fair value change on the investment properties as at 28 February 2022, based on independent valuations conducted by Savills Valuation & Professional Services (S) Pte Ltd (2021: Savills Valuation & Professional Services (S) Pte Ltd) for investment properties in Singapore and, CBRE Valuation Pty Ltd (2021: CBRE Valuation Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd) for investment properties in Australia.

In 1HFY2022, the Group recognised a fair value gain of S\$32.1 million. This comprises a fair value gain of S\$32.3 million and loss of S\$0.2 million contributed by the investment properties in Singapore and Australia respectively.
6. The net foreign currency exchange differences relate mainly to unrealised foreign exchange gain from revaluing of the monetary assets and liabilities that were denominated in Australian dollars.
7. This relates mainly to withholding tax payable for Australia income.
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.

**SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT
FOR THE FIRST HALF YEAR ENDED 28 FEBRUARY 2022**

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

1(a)(ii) Distribution Statement

| | 1H 2022 S\$'000 | Group 1H 2021 S\$'000 | Change % |
|---|--------------------------------|--|---------------------|
| Total return for the period attributable to Unitholders and perpetual securities holders | 111,644 | 69,206 | 61.3 |
| Less: Amount reserved for distribution to perpetual securities holders | (6,099) | (6,098) | - |
| Add: Non-tax deductible items ¹ | (22,931) | 6,924 | NM |
| Income available for distribution | 82,614 | 70,032 | 18.0 |
| Add: Tax-exempt income ² | - | 6,149 | - |
| Distributable income to unitholders | 82,614 | 76,181 | 8.4 |
| Distribution to Unitholders³ | 75,105 | 67,764 | 10.8 |

NM Not Meaningful

Notes:

1. Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, straight-line rental adjustments, amortisation of debt issuance costs, fair value change on investment properties and net income from subsidiaries.
2. This relates to the distribution of tax-exempt income from Australia subsidiaries.
3. The distribution to unitholders for 1H 2021 includes the release of approximately S\$7.3 million of FY20 distributable income deferred as allowed under COVID-19 relief measures.

**SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT
FOR THE FIRST HALF YEAR ENDED 28 FEBRUARY 2022**

1(b) A balance sheet together with a comparative statement as at the end of the immediately preceding financial year

Statements of Financial Position

| | <u>Group</u> | | <u>Trust</u> | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | As at 28 Feb 22 S\$'000 | As at 31 Aug 21 S\$'000 | As at 28 Feb 22 S\$'000 | As at 31 Aug 21 S\$'000 |
| Non-current assets | | | | |
| Plant and equipment | 463 | 568 | 463 | 568 |
| Investment properties ¹ | 4,158,804 | 4,123,000 | 3,329,700 | 3,296,200 |
| Subsidiaries | - | - | 180,954 | 180,882 |
| Trade and other receivables | - | - | 376,757 | 375,673 |
| Derivative financial instruments ² | 2,302 | - | 1,388 | - |
| | <u>4,161,569</u> | <u>4,123,568</u> | <u>3,889,262</u> | <u>3,853,323</u> |
| Current assets | | | | |
| Derivative financial instruments | 776 | - | 776 | - |
| Trade and other receivables ³ | 8,704 | 11,316 | 4,814 | 8,335 |
| Cash and cash equivalents | 109,609 | 111,681 | 80,879 | 80,379 |
| | <u>119,089</u> | <u>122,997</u> | <u>86,469</u> | <u>88,714</u> |
| Total assets | 4,280,658 | 4,246,565 | 3,975,731 | 3,942,037 |
| Non-current liabilities | | | | |
| Borrowings | 956,679 | 1,138,111 | 838,852 | 838,751 |
| Derivative financial instruments ² | 577 | 3,292 | 577 | 1,546 |
| Deferred tax liabilities ⁴ | 2,206 | 2,206 | 2,206 | 2,206 |
| Trade and other payables ⁵ | 38,280 | 38,135 | 38,281 | 38,135 |
| | <u>997,742</u> | <u>1,181,744</u> | <u>879,916</u> | <u>880,638</u> |
| Current liabilities | | | | |
| Borrowings | 336,806 | 154,943 | 154,966 | 154,943 |
| Derivative financial instruments ² | 576 | 1,051 | 341 | 1,051 |
| Trade and other payables ⁵ | 54,004 | 60,959 | 41,518 | 46,258 |
| | <u>391,386</u> | <u>216,953</u> | <u>196,825</u> | <u>202,252</u> |
| Total liabilities | 1,389,128 | 1,398,697 | 1,076,741 | 1,082,890 |
| Net assets | 2,891,530 | 2,847,868 | 2,898,990 | 2,859,147 |
| Represented by: | | | | |
| Unitholders' funds | 2,578,970 | 2,535,243 | 2,601,100 | 2,561,223 |
| Perpetual securities holders' funds ⁶ | 297,890 | 297,924 | 297,890 | 297,924 |
| Non-controlling interests | 14,670 | 14,701 | - | - |
| Total Equity | 2,891,530 | 2,847,868 | 2,898,990 | 2,859,147 |

SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 28 FEBRUARY 2022

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

Statements of Financial Position (cont'd)

Notes:

1. The fair values of Paragon, The Clementi Mall, The Rail Mall, Westfield Marion and Figtree Grove as at 28 February 2022 were S\$2,670.0 million, S\$597.5 million, S\$62.2 million, S\$632.3 million and S\$196.8 million respectively. The fair values of the investment properties were based on independent valuations conducted by by Savills Valuation & Professional Services (S) Pte Ltd for Paragon, The Clementi Mall and The Rail Mall, CBRE Valuation Pty Ltd for Westfield Marion and Figtree Grove.
2. Derivative financial instruments represent the fair value of the interest rate swap, cross currency swap and cross currency interest rate swap contracts.
3. Trade and other receivables comprised mainly rental receivable and deposits. The decrease was mainly due to lower receivables from tenants.
4. Deferred tax liabilities are mainly in respect of the capital expenditures incurred for Singapore investment properties, and have been estimated based on the differences between the carrying amount and tax carrying value of these capital expenditures.
5. Trade and other payables comprised mainly rental deposits, accrued interests and other expenses, and collection in advance. The decrease was largely attributed to the lower rent collection in advance .
6. On 30 August 2019, the Trust issued S\$300.0 million of fixed rate Perpetual Securities. The Perpetual Securities, net of issuance costs, are classified as equity instruments and recorded as equity in the Statement of Changes in Unitholders' Funds.

SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 28 FEBRUARY 2022

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

As at 28 February 2022, SPH REIT had 2,802,405,601 units (31 August 2021: 2,785,164,072 units).

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

Not applicable.

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

The financial information for the first half year ended 28 February 2022 as set out in this announcement has been extracted from the interim financial information for the first half year ended 28 February 2022, which has been reviewed by our auditors, KPMG LLP, in accordance with the Singapore Standard on Review Engagement 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

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

Please refer to the attached auditor's audit report.

4. **Review of Performance**

Review of Results for the First Half ended 28 February 2022 ("1H 2022") compared with the First Half ended 28 February 2021 ("1H 2021")

Gross revenue for 1H 2022 increase by S\$1.6 million (1.2%) to S\$141.6 million. The increase was mainly due to lower rental waivers and reliefs granted by landlord to tenants.

Property operating expenses increase by S\$1.3 million (3.6%) to S\$36.4 million for 1H 2022 which pertains mainly to increase in utilities rates.

Net property income ("NPI") of S\$105.3 million for 1H 2022 was S\$0.4 million (0.4%) higher than 1H 2021.

Net income of S\$80.1 million for 1H 2022 was S\$2.0 million (2.6%) higher than 1H 2022.

Total return of S\$112.0 million for 1H 2022 was mainly because of the fair value gain on investment properties of S\$32.1 million. The Singapore investment properties recorded a fair value gain of S\$32.3 million, and the Australia investment properties fair value loss was S\$0.2 million. The fair value loss has no impact on the income available for distribution.

Distributable income to unitholders for 1H 2022 was S\$82.6 million, which was S\$6.4 million (8.4%) higher as compared to 1H 2021.

SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 28 FEBRUARY 2022

5. Variance from Prospect Statement

No forecast was made previously.

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

Singapore's GDP grew by 7.6% in 2021. GDP for 2022 is forecasted at 3% to 5% according to the Ministry of Trade and Industry (MTI). With effect from 29 March 2022, Singapore has relaxed dining in restrictions from 5 pax to 10 pax. With effect from 1 April 2022, in-bound travel restrictions has been relaxed with the removal of on-arrival testing or quarantine for vaccinated travellers and no quotas on the number of travellers to Singapore. Department of Statistics Singapore (DOS) reported that the retail sales index (excluding motor vehicles) increased by 15.8% year-on-year (yoy) for January 2022. This is driven by watches & jewelry, wearing apparel, department stores and cosmetics.

Reserve Bank of Australia (RBA) expects GDP to grow by around 4.25% for 2022 compared to 4.2% for 2021. Australia reopened its borders to fully vaccinated international visitors in February 2022. According to the latest Australian Bureau of Statistics, retail turnover rose 6.4% yoy in January 2022. Nationwide retail sales growth was led by clothing & footwear, food & beverage, food retailing and household goods, while department store sales contracted.

Potential resurgence of COVID-19 may impact consumer spending behaviour and full resumption of international leisure travel. Geopolitical tensions indirectly impact operational costs such as utilities and consumer sentiments. Central banks including the Federal Reserve, Monetary Authority of Singapore and RBA have adopted tighter monetary policies in view of rising inflation which will likely lead to higher interest rates.

SPH REIT will continue its focus on delivering stable distribution and sustainable returns.

SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 28 FEBRUARY 2022

7. Distribution

(a) Current Financial Period

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

| Name of distribution: | Distribution for the period from 1 December 2021 to 31 28 February 2022 | | | | | | | |
|-------------------------------------|---|--|-------------------|-------------------|----------------|---------------------|--------------------|---------------------|
| Distribution Type: | (i) Taxable income (ii) Tax-exempt income | | | | | | | |
| Distribution rate per unit (cents): | <table><tr><th>Distribution type</th><th>Distribution rate</th></tr><tr><td>Taxable income</td><td>1.30 cents per unit</td></tr><tr><td>Tax —exempt income</td><td>0.14 cents per unit</td></tr></table> | | Distribution type | Distribution rate | Taxable income | 1.30 cents per unit | Tax —exempt income | 0.14 cents per unit |
| Distribution type | Distribution rate | | | | | | | |
| Taxable income | 1.30 cents per unit | | | | | | | |
| Tax —exempt income | 0.14 cents per unit | | | | | | | |
| Par value of units: | Not applicable. | | | | | | | |
| Tax rate: | <u>Taxable income distribution:</u> <p>Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.</p> <p>Qualifying foreign non-individual investors and foreign funds under Section 13CA, 13X or 13Y of the Singapore Income Tax Act will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors during the period from 18 February 2005 to 31 December 2025 and non-resident funds during the period from 1 July 2019 to 31 December 2025.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <u>Tax-exempt income distribution:</u> <p>Tax-exempt income distribution is exempt from tax in the hands of all unitholders</p> | | | | | | | |

SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 28 FEBRUARY 2022

7. Distribution (Cont'd)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

| Name of distribution: | Distribution for the period from 1 December 2020 to 28 February 2021 | | | | | | |
|-------------------------------------|---|-------------------|-------------------|----------------|---------------------|-------------------|---------------------|
| Distribution Type: | Taxable Income | | | | | | |
| Distribution rate per unit (cents): | <table><tr><th>Distribution type</th><th>Distribution rate</th></tr><tr><td>Taxable income</td><td>1.02 cents per unit</td></tr><tr><td>Tax-exempt income</td><td>0.22 cents per unit</td></tr></table> | Distribution type | Distribution rate | Taxable income | 1.02 cents per unit | Tax-exempt income | 0.22 cents per unit |
| Distribution type | Distribution rate | | | | | | |
| Taxable income | 1.02 cents per unit | | | | | | |
| Tax-exempt income | 0.22 cents per unit | | | | | | |
| Par value of units: | Not applicable. | | | | | | |
| Tax rate: | <p><u>Taxable income distribution:</u></p> <p>Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.</p> <p>Qualifying foreign non-individual investors and foreign funds under Section 13CA, 13X or 13Y of the Singapore Income Tax Act will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors during the period from 18 February 2005 to 31 December 2025 and non-resident funds during the period from 1 July 2019 to 31 December 2025.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution:</u></p> <p>Tax-exempt income distribution is exempt from tax in the hands of all unitholders</p> | | | | | | |

(c) Date payable

The date the distribution is payable: Friday, 20 May 2022.

SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 28 FEBRUARY 2022

7. **Distribution (Cont'd)**

(d) **Record date**

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 11 April 2022 for purposes of determining each Unitholder's entitlement to SPH REIT distribution.

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

Not applicable.

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

Please refer to paragraph 4 on page 27.

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

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

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

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

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

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

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

BY ORDER OF THE BOARD

Tay Zheng Yu

Company Secretary
Singapore,
1 April 2022



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Fax: +65 6319 8149
www.sphreit.com.sg
Co. Regn No. 201305497E

CONFIRMATION BY THE BOARD **Pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the financial results of the Group and the Trust (comprising the statement of financial position, statement of total return and distribution statement, statement of changes in Unitholders' funds and cashflow statement, together with their accompanying notes) as at 28 February 2022, to be false or misleading in any material respect.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read "Leong Horn Kee".

LEONG HORN KEE
Chairman

A handwritten signature in blue ink, appearing to read "Soon Tit Koon".

SOON TIT KOON
Director

Singapore,
1 April 2022



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

| | |
|-----------|---------------|
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| Internet | kpmg.com.sg |

**The Board of Directors
SPH REIT Management Pte. Ltd.
(in its capacity as Manager of SPH REIT)**

**Review of the Interim Financial Information
For the Half Year Ended 28 February 2022**

We have reviewed the accompanying Interim Financial Information of SPH REIT (the “Trust”) and its subsidiaries (collectively the “Group”) for the half year ended 28 February 2022. The Interim Financial Information consists of the following:

- Statements of financial position of the Group and the Trust as at 28 February 2022;
- Portfolio statements of the Group and Trust as at 28 February 2022;
- Statement of total return of the Group for the half year ended 28 February 2022;
- Distribution statement of the Group for the half year ended 28 February 2022;
- Statements of changes in unitholders’ funds of the Group and the Trust for half year ended 28 February 2022;
- Statement of cash flows of the Group for the half year ended 28 February 2022; and
- Certain explanatory notes to the above financial information.

The Manager of the Trust is responsible for the preparation and presentation of this Interim Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants. Our responsibility is to express a conclusion on these Interim Financial Statements based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act 2005 and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the provisions of RAP 7 issued by the Institute of Singapore Chartered Accountants.

Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting the Trust to meet requirements of Rule 25 of the Singapore Code on Take-overs and Mergers issued by the Monetary Authority of Singapore and the requirements of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Trust's announcement of its interim financial information for the information of its unitholders. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.

The logo for KPMG LLP, featuring a stylized signature above the text "KPMG LLP".

*Public Accountants and
Chartered Accountants*

Singapore
1 April 2022



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

1 April 2022

DBS Trustee Limited (as trustee of SPH REIT)
c/o SPH REIT Management Pte Ltd (the "Manager")
1000 Toa Payoh North
News Centre
Singapore 318994

Dear Sirs,

**REPORT FROM THE IFA IN RESPECT OF THE 1H FY2022 RESULTS (AS DEFINED HEREIN)
ANNOUNCED BY THE MANAGER OF SPH REIT (THE "TRUST" AND ITS SUBSIDIARIES, THE
"GROUP")**

POSSIBLE CHAIN OFFER FOR THE UNITS IN SPH REIT

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the announcement relating to the possible chain offer released on 15 November 2021.

On 15 November 2021, the Trust announced a possible chain offer that may arise upon the completion of the Cuscaden Scheme depending on the eventual level of election by SPH Eligible Shareholders for either the All Cash Consideration or the Cash and Units Consideration.

On 1 April 2022, the Trust announced its unaudited consolidated results for the half year ended 28 February 2022 (the "**1H FY2022 Results**"). This letter has been prepared for inclusion in the 1H FY2022 Results announcement and we have given and have not withdrawn our consent to the release of the 1H FY2022 Results announcement with the inclusion therein of our name and this letter.

We have examined the 1H FY2022 Results and have discussed the same with the management of the Manager of the Trust who are responsible for its preparation. We have also considered the report by KPMG LLP (the Group's auditors) dated 1 April 2022 on their review of the Interim Financial Information (as defined in the report by KPMG LLP) of the Group for the half year ended 28 February 2022. For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us by the Manager. Save as provided in this letter, we do not express any other opinions or views on the 1H FY2022 Results. The Board of Directors of the Manager remains solely responsible for the 1H FY2022 Results.

Based on the above, we are of the opinion that the 1H FY2022 Results have been prepared by the Manager after due and careful enquiry.

This letter is provided to the Board of Directors of the Manager solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person(s), other than the Board of Directors of the Manager in respect of, arising out of, or in connection with this letter.

Yours sincerely

For and on behalf of

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

A handwritten signature in black ink, appearing to read "Mark Liew", with a horizontal line underneath it.

Mark Liew

Chief Executive Officer and Executive Director

APPENDIX F

RELEVANT PROVISIONS OF THE SPH REIT TRUST DEED

The rights of Unitholders in respect of capital, distribution and voting as extracted and reproduced from the SPH REIT Trust Deed are set out below:

All capitalised terms used in the following extracts shall have the same meanings given to them in the SPH REIT Trust Deed, a copy of which will be available for inspection at the office of the SPH REIT Manager at 290 Orchard Road, #14-05/06, Paragon, Singapore 238859, during normal business hours for the period which the Chain Offer remains open for acceptance

I. The rights of Unitholders in respect of capital

“2. Provisions as to Units, Holders and Statements of Holdings

2.1 No Certificates

2.1.1 *No certificate shall be issued to Holders by either the Manager or the Trustee in respect of Units (whether Listed or Unlisted) issued to Holders. For so long as the Trust is Listed on the SGX-ST, the Manager shall, pursuant to the Depository Services Terms and Conditions, appoint the Depository as the Unit depository for the Trust, and all Units issued will be deposited with the Depository and represented by entries in the Register in the name of the Depository as the registered Holder thereof.*

2.1.2 *For so long as the Trust is Listed on the SGX-ST, the Manager or the agent appointed by the Manager shall issue to the Depository not more than 10 Business Days after the issue of Units, a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a moratorium and the expiry date of such moratorium. For the purposes of this Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.*

2.2 Form of Statements of Holdings

2.2.1 *In the event the Trust is or becomes Unlisted, the Manager or the agent appointed by the Manager shall issue to each Holder not more than one month after the allotment of Units to such Holder a confirmation note confirming such allotment. The Manager or its agent shall, for so long as the Trust is Unlisted, issue to each Holder on a calendar quarterly basis (or such other period as may be agreed between the Manager and the Trustee) a statement of holdings (the “**Statement of Holdings**”). A Statement of Holdings shall be dated and shall specify the number of Units held by each Holder in respect of the preceding quarter (or such other relevant period) and the transactions in respect of such Units and shall be in such form as may from time to time be agreed between the Manager and the Trustee.*

2.2.2 *For so long as the Trust is Listed and Units are registered in the name of the Depository, the Depository shall issue to each Depositor such contract statements, confirmation notes, statements of accounts balances and statements of transactions and accounts balances, and at such intervals, as may be provided for in the Depository’s terms and conditions for operation of Securities Accounts.*

2.3 Sub-division and Consolidation of Units

The Manager may at any time, with the approval of the Trustee and on prior written notice, given by the Manager to each Holder (or (as the case may be) to each Depositor by the Manager or the Trustee delivering such notice in writing to the Depository for onward delivery to the Depositors), determine that each Unit shall be sub-divided into two or more Units or consolidated with one or more other Units and the Holders shall be bound accordingly. The Register shall be altered accordingly to reflect the new number of Units held by each Holder as a result of such sub-division or consolidation and, where applicable, the Trustee shall cause the Depository to alter the Depository Register accordingly in respect of each Depositor's Securities Account to reflect the new number of Units held by each Depositor as a result of such sub-division or consolidation.

2.4 Terms and Conditions of Trust Deed and Supplemental Deeds to Bind Holders

The terms and conditions of this Deed shall be binding on each Holder and all persons claiming through him as if he had been party thereto and as if this Deed contained covenants on the part of each Holder to observe and be bound by all the provisions hereof and an authorisation by each Holder to do all such acts and things as this Deed may require the Trustee or (as the case may be) the Manager to do.

2.5 Availability of Trust Deed

A copy of this Deed and of any supplemental deed for the time being in force shall be made available for inspection at the registered office of the Manager at all times during usual Business Hours and shall be supplied by the Manager to any person on application at a charge not exceeding S\$10 per copy document.

2.6 Units to be Held Free from Equities

A Holder entered in the Register as the registered holder of Units or (as the case may be) a Depositor whose name is entered in the Depository Register in respect of Units registered to him, shall be the only person recognised by the Trustee or by the Manager as having any right, title or interest in or to the Units registered in his name and the Trustee and the Manager may recognise such Holder or (as the case may be) such Depositor as absolute owner thereof and shall not be bound by any notice to the contrary or to take notice of or to see to the execution of any trust, express, implied or constructive, save as herein expressly provided or save as required by some court of competent jurisdiction to recognise any trust or equity or other interest affecting the title to any Units. Save as provided in this Deed, no notice of any trust, express, implied or constructive, shall be entered on the Register or the Depository Register.

2.7 Variation of Rights

Whenever the Units of the Trust is divided into different Classes, subject to the provisions of the Relevant Laws, Regulations and Guidelines, preference Units, other than redeemable preference Units, may be repaid and the special rights attached to any Class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued Units of the Class or with the sanction of an Extraordinary Resolution at a separate meeting of holders of the Units of the Class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Trust is a going concern or during or in contemplation of a winding-up. To every such meeting of Holders, all the provisions of this Deed relating to meetings of Holders (including, but not limited to the provisions of Schedule 1) shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued Units of

the Class and that any holder of Units of the Class present in person or by proxy, PROVIDED ALWAYS that where the necessary majority for such an Extraordinary Resolution is not obtained at such meeting of Holders, consent in writing if obtained from the holders of three-quarters of the issued Units of the Class concerned within two months of such meeting of Holders shall be as valid and effectual as an Extraordinary Resolution at such meeting of Holders. This Clause 2.7 shall apply to the variation or abrogation of the special rights attached to some only of the Units of any Class as if each group of Units of the Class differently treated formed a separate Class the special rights whereof are to be varied.

2.8 Rights of Manager in Respect of Units Not Registered

For so long as the Trust is Unlisted, the Manager shall be treated for all the purposes of this Deed as the Holder of each Unit during such times as there shall be no other person registered or entitled to be registered as the Holder and any such Unit shall be deemed to be in issue. Nothing herein contained shall prevent the Manager from becoming registered as the Holder of Units.

2.9 Restrictions

The Holders shall not give any directions to the Manager or the Trustee (whether at a meeting of Holders convened pursuant to Clause 30 or otherwise) and if such directions are given, the Manager and/or Trustee shall be entitled to disregard such instructions if it would require the Manager or Trustee to do or omit from doing anything which may result in:

2.9.1 the Trust, the Manager or the Trustee, as the case may be, ceasing to comply with the Listing Rules or, if applicable, the listing rules of the relevant Recognised Stock Exchange on or after the Listing Date and such other Relevant Laws, Regulations and Guidelines; or

2.9.2 the exercise of any discretion expressly conferred on the Trustee or the Manager by this Deed or the determination of any matter which under this Deed requires the agreement of either or both of the Trustee and the Manager; PROVIDED THAT nothing in this Clause 2.9.2 shall limit the right of a Holder to require the due administration of the Trust in accordance with this Deed.

3. Registration of Holders

3.1 Register of Holders

An up-to-date Register shall be kept in Singapore by the Trustee or the Registrar in such manner as may be required by any Relevant Laws, Regulations and Guidelines. The Register shall be maintained at all times whether the Trust is Listed or Unlisted. For so long as the Trust is Listed, the Trustee or the Registrar shall record the Depository as the registered holder of all Units in issue in the Register. In the event the Trust is Unlisted, the Trustee or the Registrar shall record each Holder as the registered holder of Units held by such Holder. There shall be entered in the Register, in respect of each Holder or person who has ceased to be a Holder, the following information as soon as practicable after the Trustee or the Registrar receives the following relevant information:

3.1.1 the names and addresses of the Holders (and in the case where the registered Holder is the Depository, the name and address of the Depository);

3.1.2 the number of Units held by each Holder;

- 3.1.3** *the date on which every such person entered in respect of the Units standing in his name became a Holder and where he became a Holder by virtue of an instrument of transfer a sufficient reference to enable the name and address of the transferor to be identified;*
- 3.1.4** *the date on which any transfer is registered and the name and address of the transferee; and*
- 3.1.5** *where applicable, the date on which a Holder ceases or ceased to be a Holder of Units.*

Units may be issued to Joint Holders with no limit as to the number of persons who may be registered as Joint Holders.

3.2 Unlisted Units

For so long as the Trust is Unlisted, the entries in the Register shall (save in the case of manifest error) be conclusive evidence of the number of Units held by each Holder and, in the event of any discrepancy between the entries in the Register and the details appearing on any Statement of Holdings, the entries in the Register shall prevail unless the Holder proves, to the satisfaction of the Manager and the Trustee, that the Register is incorrect.

3.3 Listed Units

For so long as the Trust is Listed, the entries in the Register shall (save in the case of manifest error) be conclusive evidence of the number of Units held by the Depository and, in the event of any discrepancy between the entries in the Register and the confirmation notes issued by the Manager to the Depository under Clause 2.1, the entries in the Register shall prevail unless the Manager, the Trustee and the Depository mutually agree that the Register is incorrect. For so long as the Trust is Listed, the Manager shall have entered into the Depository Services Terms and Conditions for the Depository to maintain a record in the Depository Register of the Depositors having Units credited into their respective Securities Accounts and to record in the Depository Register the information referred to in Clause 3.1.1 to 3.1.5 in relation to each Depositor. Each Depositor named in the Depository Register shall, for such period as the Units are entered against his name in the Depository Register, be deemed to be the owner in respect of the number of Units entered against such Depositor's name in the Depository Register, and the Manager and the Trustee shall be entitled to rely on any and all such information in the Depository Register kept by the Depository. Subject to the terms of the Depository Services Terms and Conditions, two or more persons may be registered as Joint Depositors of Units. The entries in the Depository Register shall (save in the case of manifest error) be conclusive evidence of the number of Units held by each Depositor and, in the event of any discrepancy between the entries in the Depository Register and the details appearing in any contract statements, confirmation notes, statements of account balances and statements of transactions and accounts balances issued by the Depository, the entries in the Depository Register shall prevail unless the Depositor proves, to the satisfaction of the Manager, the Trustee and the Depository, that the Depository Register is incorrect.

3.4 Change of Name or Address

For so long as the Trust is Unlisted, any change of name or address on the part of any Holder shall forthwith be notified to the Manager in writing or in such other manner as the Manager may approve. If the Manager is satisfied with the change in name or address and that all formalities as may be required by the Manager have been complied with, the Manager shall notify the Trustee of the same and the Trustee shall alter or cause to be altered the Register accordingly.

3.5 Inspection of Register

- 3.5.1** *The Trustee shall give the Manager and its representatives, or procure that the Manager and its representatives are given, access to the Register and all subsidiary documents and records relating thereto at all reasonable times during Business Hours and allow them to, or procure that they are allowed to, inspect and to take copies of the same with prior notice and without charge but neither the Manager nor its representatives shall be entitled to remove the same (save in the case where the Manager is required to produce the Register to a court of competent jurisdiction or otherwise as required by law) or to make any entries therein or alterations thereto. Except when the Register is closed in accordance with Clause 3.6, the Register shall during Business Hours (subject to such reasonable restrictions as the Trustee may impose but so that not less than two hours in each Business Day shall be allowed for inspection) be open to the inspection of any Holder without charge PROVIDED THAT if the Register is kept on magnetic tape or in accordance with some other mechanical or electrical system the provisions of this Clause 3.5 may be satisfied by the production of legible evidence of the contents of the Register.*
- 3.5.2** *If the Trustee is removed or retires in accordance with the provisions of Clause 23, the Trustee shall deliver to the Manager the Register and all subsidiary documents and records relating thereto. Thereafter, the Trustee shall not retain any copies of the aforesaid documents and records unless required by law.*

3.6 Closure of Register

Subject to the Relevant Laws, Regulations and Guidelines, the Register may be closed at such times and for such periods as the Trustee may from time to time determine, PROVIDED THAT it shall not be closed for more than 30 days in any one Year.

3.7 Transfer of Units

- 3.7.1** *For so long as the Trust is Listed on the SGX-ST, transfers of Units between Depositors shall be effected electronically through the Depository making an appropriate entry in the Depository Register in respect of the Units that have been transferred in accordance with the Depository Requirements and the provisions of Clauses 3.7.2 to 3.7.6 shall not apply. The Manager shall be entitled to appoint the Depository to facilitate transactions of Units within the Depository and maintain records of Units of Depositors credited into Securities Accounts and to pay out of the Deposited Property all fees, costs and expenses of the Depository arising out of or in connection with such services to be provided by the Depository. Any transfer or dealing in Units on the SGX-ST between a Depositor and another person shall be transacted at a price agreed between the parties and settled in accordance with the Depository Requirements. The broker or other financial intermediary effecting any transfer or dealing in Units on the SGX-ST shall be deemed to be the agent duly authorised by any such Depositor or person on whose behalf the broker or intermediary is acting. In any case of transfer, all charges in relation to such transfer as may be imposed by the Manager and/or the Depository shall be borne by the Depositor who is the transferor. There are no restrictions as to the number of Units (whether Listed or Unlisted) which may be transferred by a transferor to a transferee. For so long as the Trust is Listed on the SGX-ST, in the case of a transfer of Units from a Securities Account into another Securities Account, the instrument of transfer (if applicable) shall be in such form as provided by the Depository and the transferor shall be deemed to remain the Depositor of the Units transferred until the relevant Units have been credited into the Securities Account of the transferee or transferred out of a Securities Account and registered in the Depository Register. If the Units are Listed on any other Recognised Stock Exchange, the transfer of Units shall be in accordance with the requirements of the relevant Recognised Stock Exchange. No transfer or purported transfer of a Listed Unit other than a transfer made in accordance with this Clause 3.7.1 shall entitle the transferee to be registered in respect thereof.*

- 3.7.2** *For so long as the Trust is Unlisted, every Holder, Joint-All Holder (with the concurrence of all the other Joint-All Holders) and Joint-Alternate Holder shall be entitled to transfer all or any of the Units held by him as follows:*
- (i) a transfer of Units shall be effected by an instrument of transfer in writing in common form (or in such other form as the Manager and the Trustee may from time to time approve). The instrument of transfer need not be a deed;*
 - (ii) every instrument of transfer relating to Units must be signed by the transferor and the transferee and subject to the provisions of Clauses 3.7 to 3.13, the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof;*
 - (iii) all charges in relation to such transfer as may be imposed by the Trustee shall be borne by the Holder who is the transferor; and*
 - (iv) there are no restrictions as to the number of Units which may be transferred by a transferor to a transferee.*
- 3.7.3** *Every instrument of transfer must be duly stamped (if required by law) and left with the Manager for registration accompanied by any necessary declarations or other documents that may be required in consequence of any Relevant Laws, Regulations and Guidelines for the time being in force and by such evidence as the Manager may require to prove the title of the transferor or his right to transfer the Units.*
- 3.7.4** *For so long as the Trust is Unlisted, the Manager shall notify the Trustee of the date of each transfer effected in respect of Units and the name and address of the transferee and the Trustee shall alter or cause to be altered the Register accordingly.*
- 3.7.5** *For so long as the Trust is Unlisted, all instruments of transfer which shall be registered in respect of Units shall be forwarded by the Manager to, and retained by, the Trustee.*
- 3.7.6** *For so long as the Trust is Unlisted, a fee not exceeding S\$10 (or such other amount as the Manager and the Trustee may from time to time agree), which excludes any stamp duty or other governmental taxes or charges payable, may be charged by the Trustee for the registration of any transfer by an instrument of transfer of Units. Such fee must, if required by the Trustee, be paid before the registration of any transfer.*
- 3.7.7** *No transfer or purported transfer of a Unit other than a transfer made in accordance with this Clause 3.7 shall entitle the transferee to be registered in respect thereof; neither shall any notice of such transfer or purported transfer (other than as aforesaid) be entered upon the Register or the Depository Register.*
- 3.7.8** *The Trustee shall have the powers to rectify the Register if it appears to the Trustee that any of the particulars recorded in the Register (including those particulars set out in Clause 3.1) was wrongly entered or omitted.*

3.8 Death of Holders

The executors or administrators of a deceased Holder of Units (not being a Joint Holder) shall be the only persons recognised by the Trustee and the Manager as having title to the Units. In case of the death of any one of the Joint Holders of Units and subject to any Relevant Laws, Regulations and Guidelines, the survivor or survivors, upon producing such evidence of death as the Manager and the Trustee may require, shall be the only person or persons recognised by the Trustee and the Manager as having any title to or interest in the Units, PROVIDED THAT where the sole survivor is a Minor, the Manager or the Trustee shall act only on the requests, applications or instructions of the surviving Minor after he attains the age of 18 years and shall not be obligated to act on the requests, applications or instructions of the heirs, executors or administrators of the deceased Joint Holder, and shall not be liable for any claims or demands whatsoever by the heirs, executors or administrators of the deceased Joint Holder, the Minor Joint Holder or the Minor Joint Holder's legal guardian in omitting to act on any request, application or instruction given by any of them (in the case of the Minor, before he attains the age of 18 years).

3.9 Body Corporate

A body corporate may be registered as a Holder or as one of the Joint Holders of Units. The successor in title of any corporate Holder which loses its legal entity by reason of a merger or amalgamation shall, subject to Clause 3.13, be the only person recognised by the Trustee and the Manager as having title to the Units of such corporate Holder. The registration of a body corporate as a Depositor or as one of two or more Joint Depositors of Units shall be in accordance with the Depository's terms and conditions for the operation of Securities Accounts. The successor in title of any corporate Depositor resulting from a merger or amalgamation shall, upon producing such evidence as may be required by the Manager and the Trustee of such succession, be the only person recognised by the Trustee and the Manager as having title to the Units.

3.10 Minors

A Minor shall not be registered as a sole Holder or as one of the Joint-Alternate Holders of Units but may be registered as one of the Joint-All Holders of Units, PROVIDED THAT at least one of the Joint-All Holders is a person who has attained the age of 18 years. In the event that one of the Joint-All Holders is a Minor, the Manager and the Trustee need only act on the instructions given by the other Joint-All Holder or Joint-All Holders who has or have attained the age of 18 years.

3.11 Transmission

3.11.1 *Any person becoming entitled to a Unit in consequence of the death or bankruptcy of any sole Holder or being the survivor of Joint Holders may (subject as hereinafter provided), upon producing such evidence as to his title as the Trustee and the Manager shall think sufficient, either be registered himself as Holder of such Unit upon giving to the Manager notice in writing of his desire or transfer such Unit to some other person. The Manager shall notify the Trustee upon the receipt by it of any such notice and the Trustee shall alter or cause to be altered the Register accordingly. All the limitations, restrictions and provisions of this Deed relating to transfers shall be applicable to any such notice or transfer as if the death or bankruptcy had not occurred and such notice or transfer were a transfer executed by the Holder.*

3.11.2 *Any person becoming entitled to a Unit in consequence of death or bankruptcy as aforesaid may give a discharge for all moneys payable in respect of the Unit but he shall not be entitled in respect thereof to receive notices of or to attend or vote at any meeting of Holders until he shall have been registered as the Holder of such Unit in the Register or (as the case may be) the Depositor of such Unit in the Depository Register.*

3.11.3 *The Manager may retain any moneys payable in respect of any Unit of which any person is, under the provisions as to the transmission of Units hereinbefore contained, entitled to be registered as the Holder of or to transfer, until such person shall be registered as the Holder of such Units or shall duly transfer the same.*

3.12 Payment of Fee

In respect of the registration of any probate, letter of administration, power of attorney, marriage or death certificate, stop notice, order of the court, deed poll or any other document relating to or affecting the title to any Unit, the Trustee may require from the person applying for such registration a fee of S\$10 (or such other amount as the Trustee and the Manager may from time to time agree) together with a sum sufficient in the opinion of the Trustee to cover any stamp duty or other governmental taxes or charges that may be payable in connection with such registration. Such fee, if required by the Trustee, must be paid before the registration of any transfer.

3.13 Removal from Register

For so long as the Trust is Unlisted, upon the registration of a transfer in favour of the Manager, the name of the Holder shall be removed from the Register in respect of such Units but the name of the Manager need not be entered in the Register as the Holder of such Units. Such removal shall not be treated for any purposes of this Deed as a cancellation of the Units or as withdrawing the same from issue.

3.14 Registrar

The Trustee may, with the approval of the Manager, at any time or from time to time appoint an agent on its behalf to keep and maintain the Register. The fees and expenses of the Registrar (as may be agreed from time to time between the Manager, the Trustee and the Registrar) shall be payable out of the Deposited Property of the Trust.

4. Constitution of the Trust

4.1 Deposited Property

The Deposited Property shall be initially constituted out of the proceeds of the issue of Units.

4.2 Declaration of Trust

*The Trustee shall stand possessed of the Deposited Property for the time being held by the Trustee pursuant hereto on trust for the benefit of the Holders *pari passu*, each of whom has an undivided interest in the Deposited Property as a whole subject to the Liabilities and subject to the provisions of this Deed, and any moneys forming part of the Deposited Property shall from time to time be invested at the direction of the Manager in accordance with the provisions herein contained, and so that no Unit shall confer on any Holder or person claiming under or through him any interest or share in any particular part of the Deposited Property.*

4.3 Interest of Holder

4.3.1 Subject to this Deed:

- (i) a Holder has no equitable or proprietary interest in the Deposited Property and is not entitled to the transfer to it of the Deposited Property or any part of the Deposited Property or of any estate or interest in the Deposited Property or in any part of the Deposited Property;*
- (ii) the right of a Holder in the Deposited Property and under this Deed is limited to the right to require the due administration of the Trust in accordance with this Deed including, without limitation, by suit against the Trustee or the Manager; and*
- (iii) without limiting the generality of the foregoing, each Holder acknowledges and agrees that:*
 - (a) he will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the Deposited Property or any part of the Deposited Property and hereby waives any rights he may otherwise have to such relief;*
 - (b) if the Trustee or the Manager breaches or threatens to breach its duties or obligations to a Holder under this Deed, that Holder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction; and*
 - (c) damages or compensation is an adequate remedy for such breach or threatened breach.*

4.3.2 A Holder may not:

- (i) interfere or seek to interfere with the rights, powers, authority or discretion of the Manager or the Trustee;*
- (ii) exercise any right in respect of the Deposited Property or any part of the Deposited Property or lodge any caveat or other notice affecting the Deposited Property or any part of the Deposited Property; or*
- (iii) require that any part of the Deposited Property be transferred to the Holder.*

4.3.3 *In no event shall a Holder have or acquire any rights against the Trustee or the Manager or either of them except as expressly conferred on the Holder hereby nor shall the Trustee be bound to make any payment to any Holder except out of the funds held by it for that purpose under provisions of this Deed.*

4.3.4 *A Holder shall not be liable to the Manager or the Trustee to make any further payments to the Trust after it has fully paid the consideration to acquire its Units and no further liability shall be imposed on such Holder in respect of its Units.*

4.4 Charges and Fees

There shall be payable out of the Deposited Property (either directly or, if relevant, indirectly through one or more Special Purpose Vehicles), in addition to any other charges or fees expressly authorised by this Deed by way of direct payment or reimbursement of the Manager or the Trustee, all fees, costs, charges and expenses properly and reasonably incurred, or Liabilities and claims that the Manager or the Trustee may suffer in carrying out the duties and complying with the obligations of the Manager and the Trustee (whether imposed by the Relevant Laws, Regulations and Guidelines or this Deed) exercising all powers, authorities, discretions and rights under this Deed or pursuant to any undertaking, indemnity, representation or warranty given by or agreement entered into by the Manager or the Trustee pursuant to their powers, authorities, discretions and rights under this Deed or in managing and administering the Trust, including but not limited to:

- 4.4.1** *all outgoings (including fees, costs, charges and expenses) which are necessary or desirable for the investment, management, administration or operation of the Trust and the Deposited Property including, but not limited to, rates, development and redevelopment costs, quantity surveyors' fees, subdivision and building costs, property taxes and any other statutory or regulatory charges, utility charges, repairs, alterations and maintenance, valuations, normal building operating expenses, insurance, computer related charges including costs of leasing systems, energy charges, wages and salaries, cleaning charges and costs and expenses incurred in conducting baseline studies, the Property Expenses, costs and expenses incurred for any decontamination of the Deposited Property or any Investment or for compliance with any agreements relating to the Deposited Property or any service charges, land charges, licence fees, landscaping costs, administrative fees, land premium, regularisation fees, reasonable travel and accommodation expenses (including such reasonable expenses incurred by the directors and management of the Manager) and, to the extent permitted by the Code or any Relevant Laws, Regulations and Guidelines, marketing and promotional charges incurred in relation to any Investment or in connection with the Trust;*
- 4.4.2** *the cost of engaging or employing any expert, independent adviser or professionals (including, but not limited to auditors, solicitors and valuers) and the fees and expenses of such experts, independent advisers or professionals;*
- 4.4.3** *all stamp duty and other charges and duty payable from time to time on or in respect of this Deed;*
- 4.4.4** *all Acquisition Costs and Fiscal and Purchase Charges or Fiscal and Sale Charges, including any fees payable to third party real estate agents or brokers in connection with any acquisition or divestment of any Investment;*

- 4.4.5** *all expenses incurred and transaction fees charged in relation to the acquisition, holding, registration and realisation of any Investment or the holding in the name of the Trustee, any Special Purpose Vehicle or their nominees of any Investment or the custody of the documents of title thereto (including insurance of documents of title against loss in shipment, transit or otherwise and charges made by agents of the Trustee or the relevant Special Purpose Vehicle for retaining documents in safe custody) and all fees and expenses of the custodians, joint custodians and sub-custodians appointed pursuant to Clause 18.1 and all transactional fees of the Trustee as may be agreed from time to time between the Manager and the Trustee in relation to all transactions involving the whole or any part of the Deposited Property, and in the case of the relevant Special Purpose Vehicle, where applicable, such transactional fees should be pro-rated to the proportion of the Trust's interest in the relevant Special Purpose Vehicle;*
- 4.4.6** *all issuing fees, costs and expenses, underwriting fees and expenses, underwriter's co-ordination and structuring fees and expenses, placement fees and expenses and brokerage in connection with any subscription or sale of Units by any issue manager, financial adviser, underwriter or placement agent appointed in relation to any issue or sale of Units (whether or not any such subscription or sale is completed or aborted) and for the avoidance of doubt, shall also include the subscription or sale of Units before the Listing Date or in connection with the Listing;*
- 4.4.7** *to the extent permitted by the Code or any Relevant Laws, Regulations and Guidelines, all costs and expenses incurred in conducting non-deal roadshow presentations to and meetings with Holders, prospective investors and analysts (including but not limited to the preparation of reports and materials and reimbursement of out-of-pocket expenses in connection with the roadshow) for investors relations purposes or otherwise;*
- 4.4.8** *all fees, charges and expenses incurred in connection with the investigation, research, negotiation, acquisition, development, registration, custody, holding, management, supervision, repair, maintenance, valuation, sale of or other Dealing with an Investment (or attempting or proposing to do so) and the receipt, collection or distribution of income or other Investments notwithstanding that such fees, charges and expenses may be incurred by or payable to the Manager or any Related Party of the Manager;*
- 4.4.9** *if applicable, all fees, charges, expenses and liabilities incurred or to be incurred in relation to any indemnity given to the IRAS (including, without limitation, an indemnity to the IRAS in relation to any failure by a Holder, to pay any Tax payable by the Holder, on any part of a distribution by the Trustee under this Deed to the Holder);*
- 4.4.10** *all fees, charges and expenses incurred in relation to the assigning and maintaining of a credit rating to the Trust;*
- 4.4.11** *all taxation payable in respect of Income or the holding of or Dealings with the Deposited Property or any Investment;*
- 4.4.12** *all expenses incurred in the collection of Income (including expenses incurred in obtaining tax repayments or relief and agreement of tax liabilities), or the determination of taxation in relation to the Trust;*

- 4.4.13** *all interest, fees, charges and expenses (including, without limitation, legal fees and costs and fees and costs related to debt and hedging arrangement and underwriting of debt instruments) on any lending or borrowing effected under Clause 10.12 and in negotiating, entering into, varying, carrying into effect (with or without variation) and terminating any lending or borrowing arrangement (whether or not any such debt and hedging arrangement or underwriting is completed or aborted);*
- 4.4.14** *all costs and expenses of and incidental to preparing any such supplemental deed as is referred to in Clause 28 or any supplemental deeds for the purpose of ensuring that the Trust conforms to legislation coming into force after the date hereof;*
- 4.4.15** *all costs and expenses incurred in connection with the convening and holding of meetings in relation to the Trust, including but not limited to meetings of Holders (including Annual General Meetings), meetings on the affairs of the Trust, meetings with Holders and prospective investors, analysts and media briefings;*
- 4.4.16** *to the extent permitted by the Code or any Relevant Laws, Regulations and Guidelines, all costs and expenses incurred in connection with the maintenance of communication channels and relationships with investors;*
- 4.4.17** *any amounts required to indemnify the Trustee and the Manager under this Deed;*
- 4.4.18** *the Management Fee, the Acquisition Fee, the Divestment Fee and the remuneration of the Trustee pursuant to Clause 15;*
- 4.4.19** *all fees and expenses incurred for the provision and maintenance of the Register, including all fees, costs and expenses charged by the Registrar, and the provision of valuation and accounting services in relation to the Trust;*
- 4.4.20** *all fees or costs incurred in the administration of the Trust, including, without limitation, any expense, charge or fee incurred in relation to the appointment by the Trustee of any process agent outside of Singapore;*
- 4.4.21** *all GST and all other applicable taxes paid or to be paid in respect of services rendered to and by the Manager or the Trustee pursuant to Clause 17.10;*
- 4.4.22** *all fees and expenses of the Auditors incurred in connection with the Trust and all fees and expenses related to keeping of accounting records incurred by the Trustee or any of its agents in connection with the Trust;*
- 4.4.23** *all costs and disbursements incurred in connection with (i) the negotiation for and acquisition of any Investment and (ii) any Dealings with any Investment, including selling commissions and advisory fees payable to real estate agents, property managers, asset managers or advisers, notwithstanding that such real estate agents, property managers, asset managers or advisers may be the Manager or any Related Party of the Manager and such other fees, costs and expenses referred to in Clause 10.13;*
- 4.4.24** *all fees and expenses incurred in connection with the retirement or removal of the Manager (which, for the avoidance of doubt, shall not include the costs and expenses in connection with the winding up of the Manager), the Auditors, any property manager or the Trustee (which, for the avoidance of doubt, shall not include the costs and expenses in connection with the winding up of the Trustee) or the appointment of a new manager, new auditors, any property manager or a new trustee;*

- 4.4.25** *all fees, costs and expenses incurred in constituting, forming and terminating the Trust and, to the extent permitted by the Code or any Relevant Laws, Regulations and Guidelines, all fees, costs and expenses incurred in the initial and subsequent marketing, promotion, advertising and sale of Units and general profiling of the Trust, including the fees and expenses of any consultants and marketing and sales agents appointed by the Manager and all costs and expenses, including reimbursement of out-of-pocket expenses, incurred in connection with any exhibition and conference for the marketing, promotion or advertising of Units or the Trust;*
- 4.4.26** *all fees and expenses, including reimbursement of out-of-pocket expenses, of any bankers, accountants, financial advisers, legal advisers, tax advisers, computer experts, surveyors, Approved Valuers, real estate agents, property managers, asset managers, contractors, investment managers, investment advisers, qualified advisers, service providers or other persons employed or engaged:*
- (i) by the Manager and/or the Trustee in the performance of their respective obligations and duties under this Deed;*
 - (ii) by the Manager and/or the Trustee in connection with the acquisition, holding, registration and realisation of any Investment of the Trust; and/or*
 - (iii) by the Manager, the Trustee, issue managers, underwriters, placement agents and/or any vendor (in the event of a public offering of Units by way of sale of the vendor's Units) in connection with the Listing of the Trust and/or the trading of Units on the SGX-ST or any other Recognised Stock Exchange and the offer, subscription, sale and purchase of Units;*
- 4.4.27** *all costs and expenses of and incidental to preparing Statements of Holdings, cheques, warrants, statements, circulars, notices, annual reports and other publications;*
- 4.4.28** *to the extent permitted by the Code or any Relevant Laws, Regulations and Guidelines, all fees and expenses incurred as a result of and incidental to:*
- (i) preparing, printing, issuing, lodging and registering the Prospectus or an offer information statement pursuant to the Securities and Futures Act; and/or*
 - (ii) preparing, printing and issuing any explanatory memorandum, publicity material or other sales literature relating to the Trust; and/or*
 - (iii) determining and publishing the Current Unit Value, any Issue Price or any Repurchase Price;*
- 4.4.29** *all printing, publishing, postage, courier, telex, facsimile, telephone, internet, on-line computer and web development and maintenance costs and other disbursements properly incurred by the Manager or the Trustee in sending, publishing or otherwise disseminating to Holders or (as the case may be) to the Depository for onward delivery to the Depositors, copies of the Accounts or any reports or statements issued by the Manager to the Holders or otherwise in the performance of their respective obligations and duties under this Deed;*

- 4.4.30** *all other expenses, charges or fees properly and reasonably incurred by the Manager or the Trustee as a consequence of the due performance by the Manager or the Trustee of its obligations and duties under this Deed, including (without limitation) any expense, charge or fee incurred as a result of (i) all costs and expenses incurred to obtain and maintain any licenses which the Manager requires to manage the Trust (including the capital markets services license), (ii) the introduction of any change in, or in the interpretation or application of any law, regulation, rule or directive of any agency of state or regulatory or supervisory body or (iii) compliance by the Trustee or the Manager with any such law, regulation, rule or directive;*
- 4.4.31** *all costs and expenses incurred in the sub-division or consolidation of Units pursuant to Clause 2.3;*
- 4.4.32** *all fees, costs and expenses incurred in connection with the authorisation or approval of the Trust under any Relevant Laws, Regulations and Guidelines;*
- 4.4.33** *all fees, costs and expenses incurred by the Manager and/or the Trustee in obtaining and/or maintaining the Listing of the Trust and/or the trading of Units on the SGX-ST or any other Recognised Stock Exchange and/or the authorisation or other official approval or sanction of the Trust under the Securities and Futures Act or any other Relevant Laws, Regulations and Guidelines in any part of the world;*
- 4.4.34** *if applicable, all costs and expenses payable to the CPF Board or its agents for obtaining and maintaining the status of the Trust as a fund included under the CPF Investment Scheme;*
- 4.4.35** *all fees, costs and expenses charged by the Depository pursuant to the Depository Services Terms and Conditions and/or the Depository Requirements in relation to the Listing of the Trust and/or the trading of Units on the SGX-ST and all fees, costs and expenses relating to the listing of the Trust and/or trading of Units on any other Recognised Stock Exchange and all charges payable to the Depository in respect of Units to be credited or debited from Securities Accounts of Depositors;*
- 4.4.36** *all fees incurred in relation to the calculation of the Value of Authorised Investments and the Net Asset Value of the Deposited Property and related items of any Real Estate, the Value of the Deposited Property and/or preparing the financial statements of the Trust;*
- 4.4.37** *all costs and fees of and expenses whether incurred by the Manager and/or the Trustee or their respective agents or delegates in acquiring or incorporating or otherwise establishing any company or other entity, including Special Purpose Vehicles and Treasury Companies, and the costs of maintaining, managing and administering such company or other entity and, where applicable, the costs of liquidating, winding up or terminating such company or other entity;*
- 4.4.38** *all property management fees incurred by the Trustee and/or the Manager or its agent or payable to the Manager in respect of the Investments;*
- 4.4.39** *all fees, charges and expenses of asset managers, property managers, project managers and collection agents appointed in relation to the operation and management of the Investments (including airfare, hotel accommodation and other travelling expenses) notwithstanding that such asset managers, property managers, project managers and collection agents may be the Manager or a Related Party of the Manager; and*
- 4.4.40** *all fees, charges, expenses and liabilities incurred or to be incurred in relation to any indemnity given to the Depository,*

and, PROVIDED THAT there are sufficient funds in the Trust, (in the event that any of the foregoing fees, charges and expenses is invoiced to the Manager) the Trustee shall make the relevant payment of such fees, expenses and charges within 21 days upon the production by the Manager or the relevant persons, if applicable, of the supporting invoices and other documents.

5. Issue of Units

5.1 General

5.1.1 Subject to the provisions of this Deed and any Relevant Laws, Regulations and Guidelines, the Manager shall have the exclusive right to effect for the account of the Trust the issue of Units (whether on an initial issue of Units, a rights issue, an issue of new Units otherwise than by way of a rights issue or any issue pursuant to a reinvestment of distribution arrangement or any issue of Units pursuant to a conversion of any Securities) and any Units may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Manager may think fit PROVIDED THAT, in connection with the initial Listing of the Trust on the SGX-ST, the Manager shall not be bound to accept an application for Units so as to give rise to a holding of fewer than 1,000 Units (or such other number of Units as may be determined by the Manager) and for so long as the Trust is Listed, the Manager shall comply with the Listing Rules or, if applicable, the listing rules of the relevant Recognised Stock Exchange or any other Relevant Laws, Regulations and Guidelines when issuing Units. No fractions of a Unit shall be issued (whether on an initial issue of Units, a rights issue, an issue of new Units otherwise than by way of a rights issue, any issue pursuant to a reinvestment of distribution arrangement or any issue of Units pursuant to a conversion of any Securities) and in issuing such number of Units as corresponding to the relevant subscription proceeds (if any), the Manager shall, in respect of each Holder's entitlement to Units, truncate but not round off to the nearest whole Unit and any balance arising from such truncation shall be retained as part of the Deposited Property. Issues of Units shall only be made on a Business Day unless and to the extent that the Manager, with the previous consent of the Trustee, otherwise prescribes. Issues of Units for cash shall be made at a price hereinafter prescribed.

5.1.2 The Manager may by deed supplemental hereto with the Trustee issue Classes of Units under such terms and conditions as may be contained therein.

5.1.3 Preference Units may be issued subject to such limitation thereof as may be prescribed by the SGX-ST or any Recognised Stock Exchange upon which Units may be listed. Preference Holders shall have the same rights as ordinary Holders as regards receiving of notices, reports and balance sheets and attending meetings of Holders, and Preference Holders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Trust or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the distribution on the preference Units is more than six months in arrear.

5.1.4 The Manager has power to issue further preference capital ranking equally with, or in priority to, preference Units already issued.

5.1.5 The Trust may be Listed on the SGX-ST pursuant to Clause 9 and, if so Listed, the Units shall be traded on the SGX-ST and settled through the Depository. Units already in issue may be transferred or otherwise dealt with through Securities Accounts into which Units are credited in accordance with Clause 3.7.

- 5.1.6** For so long as the Trust is Listed, the Manager may issue Units PROVIDED THAT the Manager complies with the Listing Rules or, if applicable, the listing rules of the relevant Recognised Stock Exchange, the Property Funds Appendix or any other Relevant Laws, Regulations and Guidelines in determining the Issue Price, including the Issue Price for a rights issue on a pro-rata basis to all existing Holders, the Issue Price of a Unit issued other than by way of a rights issue offered on a pro-rata basis to all existing Holders and the Issue Price for any reinvestment of distribution arrangement. If the Issue Price determined by the Manager is at a discount to the Market Price, the discount shall not exceed such percentage as may, from time to time, be permitted under the Listing Rules or, if applicable, the listing rules of the relevant Recognised Stock Exchange, the Property Funds Appendix or any other Relevant Laws, Regulations and Guidelines.

5.2 Issue Price of Units Prior to the Listing Date and the Initial Offering Price

- 5.2.1** Prior to the Listing Date, the Manager may, subject to the provision of this Deed and any Relevant Laws, Regulations and Guidelines, issue Units at any time to any person at any issue price per Unit ("**Issue Price**") and on such terms and conditions as the Manager may determine in its absolute discretion.
- 5.2.2** The issue of Units for the purpose of an initial public offering of Units shall be at an Issue Price to be determined by the Manager, or within such range to be determined by the Manager, on or before the Listing Date for such Units, PROVIDED THAT the Manager may cede the right to make such determination to any underwriter, issue manager or placement agent engaged in connection with the initial public offering. The actual Issue Price shall be determined by the Manager and/or such underwriter, issue manager or placement agent following a book building process or through such other method of price determination as may be decided upon and agreed by the relevant persons. The manner of and amount payable and any applicable refund on an application for Units during the initial public offering will be stated in the relevant Prospectus. Any such offer of Units for the purpose of an initial public offering may remain open for a period as may be agreed between the Manager and the Trustee, subject to any Relevant Laws, Regulations and Guidelines.
- 5.2.3** Subject to Clause 5.2.2, the Manager may extend a discount to the Issue Price under an initial public offering of Units to any applicant who successfully applies to purchase more than such number of Units (as determined by the Manager in its absolute discretion) in a single application, subject to compliance with the Listing Rules and any Relevant Laws, Regulations and Guidelines.
- 5.2.4** The Manager may issue Units at the Issue Price determined in accordance with Clause 5.2.2 to the vendor of any Authorised Investments to be purchased by the Trust in conjunction with an initial public offering of Units, or to any person nominated by such vendor, in full or partial satisfaction of the consideration or any deferred purchase consideration payable by the Trust for such Authorised Investments.

5.3 Issue Price of Units when the Trust is Listed

5.3.1 Subject to Clauses 5.3.2, 5.3.3 and 15.1.4(iii) and to any Relevant Laws, Regulations and Guidelines, for so long as the Trust is Listed, the Manager may issue Units on any Business Day at an Issue Price equal to the Market Price, without the prior approval of the Holders in a meeting of Holders. For this purpose “**Market Price**” shall mean:

- (i) the volume weighted average price for a Unit (if applicable, of the same Class) for all trades on the SGX-ST, or such other Recognised Stock Exchange on which the Trust is Listed, in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST or the relevant Recognised Stock Exchange) immediately preceding the relevant Business Day; or
- (ii) if the Manager believes that the calculation in Clause 5.3.1(i) does not provide a fair reflection of the market price of a Unit, an amount as determined by the Manager and the Trustee (after consultation with a Stockbroker approved by the Trustee), as being the fair market price of a Unit.

5.3.2 For so long as the Trust is Listed, the Manager may issue Units at an Issue Price other than calculated in accordance with Clause 5.3.1 without the prior approval of the Holders in a meeting of Holders PROVIDED THAT the Manager complies with the Listing Rules or, if applicable, the listing rules of the relevant Recognised Stock Exchange, the Property Funds Appendix or any other Relevant Laws, Regulations and Guidelines in determining the Issue Price, including the Issue Price for a rights issue on a pro-rata basis to all existing Holders, the Issue Price of a Unit issued other than by way of a rights issue offered on a pro-rata basis to all existing Holders and the Issue Price for any reinvestment of distribution arrangement. If the Issue Price determined by the Manager is at a discount to the Market Price, the discount shall not exceed such percentage as may, from time to time, be permitted under the Listing Rules or, if applicable, the listing rules of the relevant Recognised Stock Exchange, the Property Funds Appendix or any other Relevant Laws, Regulations and Guidelines.

5.3.3 Where Units are issued as full or partial consideration for the acquisition of an Authorised Investment by the Trust in conjunction with an issue of Units to raise cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the Manager shall have the discretion to determine that the Issue Price of a Unit so issued as full or partial consideration shall be the same as the Issue Price for the Units issued in conjunction with an issue of Units to raise cash for the aforesaid purposes.

5.4 Issue Price of Units where the Units are Suspended or the Trust is Delisted

Where the Units and/or the Trust become Unlisted after the Listing Date, the Manager may issue Units at an Issue Price equal to the Current Unit Value on the date of the issue of the Unit plus, if so determined by the Manager, an amount equal to the Preliminary Charge and an amount to adjust the resultant total upwards to the nearest whole cent. The Preliminary Charge shall be retained by the Manager for its own benefit and the amount of the adjustment shall be retained as part of the Deposited Property.

5.5 Units Issued on Unpaid or Partly Paid Basis

5.5.1 *Capital paid on Units in advance of calls shall not, while carrying interest, confer a right to participate in distributions.*

5.5.2 *In the event that the Manager issues Units on an unpaid or partly paid basis to any person, the provisions of Clauses 5.5.3 and 5.5.4 shall apply.*

5.5.3 Calls on Units

- (i) The Manager may from time to time make calls upon the Holders in respect of any moneys unpaid on their Units but subject always to the terms of issue of such Units. A call may be made payable by instalments.*
- (ii) Each Holder shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Trust at the time or times and place so specified the amount called on his Units. The Joint Holders of a Unit shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Manager may determine.*
- (iii) If a sum called in respect of a Unit is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding 10.0% per annum) as the Manager may determine but the Manager shall be at liberty in any case or cases to waive payment of such interest wholly or in part.*
- (iv) Any sum which by the terms of issue of a Unit becomes payable upon allotment or at any fixed date shall for all the purposes of this Deed be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of this Deed as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.*
- (v) The Manager may on the issue of Units differentiate between the Holders as to the amount of calls to be paid and the times of payment.*
- (vi) The Manager may if it thinks fit receive from any Holder willing to advance the same, all or any part of the moneys uncalled and unpaid upon the Units held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the Units in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Trust may pay interest at such rate (not exceeding 8.0% per annum) as the Holder paying such sum and the Manager may agree. Capital paid on Units in advance of calls shall not, while carrying interest, confer a right to participate in profits.*

5.5.4 Forfeiture and Lien

- (i) If a Holder fails to pay in full any call or instalment of a call on the due date for payment thereof, the Manager may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Trust by reason of such non-payment.*

- (ii) *The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the Units on which the call has been made will be liable to be forfeited.*
- (iii) *If the requirements of any such notice as aforesaid are not complied with, any Unit in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by the Manager. Such forfeiture shall include all distributions declared in respect of the forfeited Unit and not actually paid before forfeiture. The Manager may accept a surrender of any Unit liable to be forfeited hereunder.*
- (iv) *A Unit so forfeited shall become the property of the Trust and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Manager shall think fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Manager thinks fit. The Manager may, if necessary, authorise some person to transfer or effect the transfer of a forfeited Unit to any such other person as aforesaid.*
- (v) *A Holder or Depositor whose Units have been forfeited or surrendered shall cease to be a holder in respect of the Units but shall notwithstanding the forfeiture or surrender remain liable to pay to the Trust all moneys which at the date of forfeiture or surrender were presently payable by him to the Trust in respect of the Units with interest thereon at 8.0% per annum (or such lower rate as the Manager may determine) from the date of forfeiture or surrender until payment and the Manager may at their absolute discretion enforce payment without any allowance for the value of the Units at that time of forfeiture or surrender or waive payment in whole or in part.*
- (vi) *The Trust shall have a first and paramount lien on every Unit (not being a fully paid Unit) and distribution from time to time declared in respect of such Units. Such lien shall be restricted to unpaid calls and instalments upon the specific Units in respect of which such moneys are due and unpaid and to such amounts as the Trust may be called upon by law to pay in respect of the Units of the member or deceased member. The Manager may waive any lien which has arisen and may resolve that any Unit shall for some limited period be exempt wholly or partially from the provisions of this Clause 5.5.4.*
- (vii) *The Trust may sell in such manner as the Manager thinks fit any Unit on which the Trust has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the Unit or the person entitled thereto by reason of his death or bankruptcy.*
- (viii) *The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the Units at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale the Manager may authorise some person to transfer or effect the transfer of the Units sold to the purchaser.*

- (ix) *A statutory declaration in writing that the declarant is a director or secretary of the Manager and that a Unit has been duly forfeited or sold to satisfy a lien of the Trust on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Unit. Such declaration and the receipt of the Trust for the consideration (if any) given for the Unit on the sale, re-allotment or disposal thereof together (where the same be required) with the confirmation note delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the Unit and the Unit shall be registered in the name of the person to whom the Unit is sold, re-allotted or disposed of or, where such person is a Depositor, the Manager shall procure that his name be entered in the Depository Register in respect of the Unit so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the Unit be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale, re-allotment or disposal of the Unit.*

5.6 Units Issued to Persons Resident Outside Singapore

Subject to any Relevant Laws, Regulations and Guidelines, if a Unit is to be issued to a person resident outside Singapore, the Manager shall be entitled to charge an additional amount to the Issue Price thereof which is equal to the excess of the expenses actually incurred over the amount of expenses which would have been incurred if such person had been resident in Singapore. In relation to any rights issue or (as the case may be) any preferential offering, the Manager may in its absolute discretion elect not to extend an offer of Units under the rights issue or preferential offering to those Holders whose addresses are outside Singapore after having regard to the relevant considerations including whether the Manager considers such election to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place. In the case of a rights issue, the provisional allocations of Units of such Holders may be offered for sale by the Manager (as the nominee and authorised agent of each such relevant Holder) in such manner and at such price as the Manager may determine. Where necessary, the Trustee shall have the discretion to impose such other terms and conditions in connection with the sale. The proceeds of any such sale if successful will be paid to the relevant Holders PROVIDED THAT, where the proceeds payable to any single Holder is less than S\$10, the Manager shall be entitled to retain such proceeds as part of the Deposited Property.

5.7 Updating of Securities Account

For so long as the Trust is Listed on the SGX-ST, the Manager shall cause the Depository to effect the book entry of Units issued to a Holder into such Holder's Securities Account no later than the tenth Business Day after the date on which those Units are agreed to be issued by the Manager.

5.8 Selling Price of Manager's Units

For so long as the Trust is Unlisted, each Unit of which the Manager is or is deemed to be the Holder may be sold or offered for sale by the Manager at a price equal to the total of the Current Unit Value of that Unit on the day of the sale or offer, the Preliminary Charge and an amount to adjust the resultant total upwards to the nearest whole cent. The Preliminary Charge shall be retained by the Manager for its own benefit and the amount of the adjustment shall be retained as part of the Deposited Property.

5.9 Discounts

In the event a Preliminary Charge is imposed on the issue of Units where the Trust is Unlisted, the Manager may on any day differentiate between applicants as to the amount of the Preliminary Charge to be imposed (within the permitted limit) on the Issue Price of Units issued to them respectively and likewise the Manager may on any day on the issue of Units allow any person or persons applying for larger numbers of Units than others a discount or discounts on the Issue Price of their Units on such basis or on such scale as the Manager may think fit (PROVIDED THAT no such discount shall exceed the Preliminary Charge included in the Issue Price of the Units concerned) and in any such case, the amount of such Preliminary Charge to be deducted from the proceeds of issue of such Units shall be reduced by the amount of the discount and accordingly the discount shall be borne by the Manager. Besides the number of Units purchased, the bases on which the Manager may differentiate between applicants as to the amount of the Preliminary Charge to be included in the Issue Price of their Units depends on several other factors, including but not limited to, the performance of and the marketing strategy adopted by the Manager for the Trust.

5.10 Statement of Dealings

The Manager shall furnish to the Trustee from time to time on demand a statement of all issues of Units and of the terms on which the same are issued and of any Investments which it determines to direct to be purchased for account of the Trust, and also a statement of any Investments which in accordance with the powers hereinafter contained it determines to direct to be sold for account of the Trust, and any other information which may be necessary so that the Trustee may be in a position to ascertain at any moment the Net Asset Value of the Deposited Property. The Trustee shall be entitled to require that the Manager refuse to issue a Unit if at any time the Trustee is of the opinion that the provisions of this Clause 5 in regard to the issue of Units are being infringed; but nothing in this Clause 5.10 or elsewhere in this Deed contained shall impose upon the Trustee any responsibility for satisfying itself before issuing Units that the Manager has complied with the conditions of this Clause 5.

5.11 Suspension of Issue

The Manager or the Trustee may, with the prior written approval of the other and subject to the Listing Rules or the listing rules of any other relevant Recognised Stock Exchange (while the Trust is Listed), suspend the issue of Units during any of the following events:

- 5.11.1** *any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;*
- 5.11.2** *the existence of any state of affairs which, in the opinion of the Manager or (as the case may be) the Trustee might seriously prejudice the interests of the Holders as a whole or of the Deposited Property;*
- 5.11.3** *any breakdown in the means of communication normally employed in determining the price of any Investments or (if relevant) the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange or when for any reason the prices of any Investments cannot be promptly and accurately ascertained;*
- 5.11.4** *any period when remittance of money which will or may be involved in the realisation of any Investments or in the payment for any Investments cannot, in the opinion of the Manager, be carried out at normal rates of exchange;*

- 5.11.5** *any period where the issuance of Units is suspended pursuant to any order or direction issued by the Authority or any other relevant regulatory authority;*
- 5.11.6** *in relation to any general meeting of the Holders, any 72 hour period before such general meeting or any adjournment thereof; or*
- 5.11.7** *when the business operations of the Manager or the Trustee in relation to the operation of the Trust are substantially interrupted or closed as a result of, or arising from nationalisation, expropriation, currency restrictions, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes, nuclear fusion or fission or acts of God.*

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Manager or (as the case may be) the Trustee and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorised under this Clause 5.11 shall exist upon the declaration in writing thereof by the Manager or (as the case may be) the Trustee. In the event of any suspension while the Trust is Listed, the Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST or the relevant Recognised Stock Exchange.

6. Valuation

6.1 Valuation of Investments

The Value of an Authorised Investment at any given date means:

- 6.1.1** *in the case of an Investment falling within any paragraph of the definition of "Authorised Investment" which is not in the nature of Real Estate, whether held directly by the Trust, or indirectly through a holding of shares, units, rights or interests (as the case may be) in a Special Purpose Vehicle, and subject to Clauses 6.1.4 to 6.1.6, the Acquisition Cost thereof on its Acquisition Date;*
- 6.1.2** *in the case of an Investment falling within any paragraph of the definition of "Authorised Investment" which is in the nature of Real Estate in the form of land, and subject to Clauses 6.2 to 6.4:*
 - (i) *on the Trust's acquisition of an Authorised Investment, its Acquisition Cost thereof on its Acquisition Date, or if a valuation by an Approved Valuer of such Authorised Investment had been obtained in connection with and prior to the Trust's acquisition of such Authorised Investment, the Value of such Authorised Investment as determined by such valuation; and*
 - (ii) *on a subsequent valuation by an Approved Valuer of such Authorised Investment obtained pursuant to any of the provisions of this Deed since the date of the Trust's acquisition of such Authorised Investment, the Value of such Authorised Investment as determined by such valuation;*
- 6.1.3** *in the case of an Investment falling within any paragraph of the definition of "Authorised Investment" which is in the nature of a Special Purpose Vehicle owning Real Estate in the form of land, the Acquisition Cost thereof on its Acquisition Date, less any impairment in net recoverable value. Net recoverable value of the Special Purpose Vehicle is determined based on the higher of the net selling price of the Special Purpose Vehicle or the net book values of the underlying assets less liabilities of the Special Purpose Vehicle;*

- 6.1.4** *in the case of an Investment falling within any paragraph of the definition of “Authorised Investment” which is in the nature of listed Securities or units in a unit trust or participation in a collective investment scheme or a money market investment, the Value of such Investment calculated by reference to the price appearing to the Manager to be the official closing price or the last known transacted price or the last transacted price as at the last official close on the relevant market at the time of calculation (or at such other time as the Manager may from time to time after consultation with the Trustee determine). If such Investment is listed, dealt or traded in more than one market, the Manager (or such person as the Manager shall appoint for the purpose) may in its absolute discretion select any one of such markets for the foregoing purposes and, if there be no such official closing price or the last known transacted price or last transacted price, the Value shall be calculated by reference to the mean of bid and offer prices quoted by any market maker for such Investment, or other appropriate price determined by the Manager in consultation with the Trustee, or by such other person approved by the Trustee in relation to such Investment PROVIDED THAT if such quotations do not, in the opinion of the Manager, represent a fair value of such Investment, then the Value of such Investment shall be any reasonable value as may be determined by the Manager with the consent of the Trustee, or by such other person approved by the Trustee, and in determining such reasonable value, the Manager may rely on quotations for such Investment on an over-the-counter or telephone market or any certified valuation by a Stockbroker. The Manager and the Trustee shall not incur any liability by reason of the fact that a price reasonably believed by them to be the last sale price or other appropriate closing price may be found not to be such PROVIDED THAT such liability shall not have arisen out of the fraud, gross negligence or wilful default of, or a breach of this Deed by the Manager or the Trustee or a breach of trust by the Trustee;*
- 6.1.5** *in the case of an Investment falling within any paragraph of the definition of “Authorised Investment” which is in the nature of Securities but not quoted, listed or dealt in on the SGX-ST or any Recognised Stock Exchange, the Value of such Investment shall be calculated by reference to the mean of the bid and offer prices quoted by such persons, firms or institutions determined by the Manager to be dealing or making a market in such Investment, or by such other person approved by the Trustee, at the close of trading in the relevant market on which such Investment is traded. However, if such price quotations are not available, the Value shall be determined by reference to the face value of such Investment, the prevailing term structure of interest rates and the accrued interest thereon for the relevant period; or*
- 6.1.6** *in the case of an Investment falling within any paragraph of the definition of “Authorised Investment” which is in the nature of Cash, deposits and other similar assets, such Investment shall be valued at its face value (together with accrued interest) unless, in the opinion of the Manager (after consultation with the Trustee), any adjustment should be made to reflect the value thereof,*

and the “Value of the Deposited Property” at any given date means the aggregate Value of all Authorised Investments comprising the Deposited Property at the relevant date based on the latest valuation. Any changes to the valuation rules as provided in this Clause 6.1 shall require the prior approval of the Trustee and the Trustee shall determine if the Holders should be informed of such changes.

6.2 Valuation of Real Estate Investments

The Trust shall comply with all the requirements of the Property Funds Appendix relating to the valuation of each of the Trust's Real Estate (including, but not limited to, the frequency and the method of valuation). The Manager or the Trustee may at any other time arrange for the valuation of any Real Estate of the Trust if it is of the opinion that it is in the best interests of Holders, to do so.

6.3 Basis of Valuation

Valuations made by Approved Valuers pursuant to this Clause 6 shall be carried out on such basis as the Approved Valuers respectively may determine to be appropriate subject always to the terms of this Deed and, where applicable, the provisions of the Property Funds Appendix.

6.4 Approved Valuer

The Trustee covenants that it will appoint an Approved Valuer recommended by the Manager or if the Trustee disagrees with any such recommendation, chosen by the Trustee, to make a valuation of Real Estate if the Approved Valuer complies with the requirements for a "valuer" set out in the Property Funds Appendix, PROVIDED THAT the Trustee shall not be liable for the acts or omissions of such Approved Valuer if the Trustee has acted in good faith and without gross negligence in the appointment of such Approved Valuer.

6.5 Approved Valuer to Receive Information

The Manager covenants that it will ensure that each Approved Valuer appointed pursuant to this Deed to make a valuation of Real Estate receives all information reasonably required by him to make the valuation including particulars of leases and/or licences relating thereto and the rents and/or fees currently payable under such leases and/or licenses.

6.6 Valuations Addressed to the Manager and the Trustee

Each valuation carried out pursuant to the foregoing provisions of this Clause 6 by an Approved Valuer shall be either addressed to the Manager and the Trustee or acknowledged in writing by the Approved Valuer as being able to be relied upon by the Manager and/or the Trustee and the cost of each and every such valuation shall be paid out of the Deposited Property.

7. Repurchase and Redemption of Units by Manager

7.1 Repurchase and Redemption Restrictions when Trust is Unlisted

When the Trust is Unlisted, the Manager may, but is not obliged to, repurchase or cause the redemption of Units more than once a year in accordance with the Property Funds Appendix and a Holder has no right to request for the repurchase or redemption of Units more than once a year. Where the Manager offers to repurchase or cause the redemption of Units issued when the Trust is Unlisted and, upon acceptance of such an offer, the Manager shall do so at the Repurchase Price calculated in accordance with Clause 7.3.1.

7.2 Repurchase and Redemption Restrictions when Trust is Listed

7.2.1 General

The Manager is not obliged to repurchase or cause the redemption of Units so long as the Trust is Listed. Where the Manager offers to repurchase or cause the redemption of Units issued when the Trust is Listed and, upon acceptance of such an offer, the Manager shall do so at the Repurchase Price calculated in accordance with Clause 7.3.2. In the event the Manager decides to repurchase or cause the redemption of Units, such repurchase or redemption must comply with the Relevant Laws, Regulations and Guidelines (including but not limited to the Listing Rules and/or the listing rules of any other relevant Recognised Stock Exchange and the Property Funds Appendix. The Manager may, subject to the Relevant Laws, Regulations and Guidelines (including but not limited to the Listing Rules and/or the listing rules of any other relevant Recognised Stock Exchange and the Property Funds Appendix) suspend the repurchase or redemption of Units for any period when the issue of Units is suspended pursuant to Clause 5.11.

7.2.2 Holders' Approval

*For so long as the Trust is Listed on the SGX-ST, the Manager may repurchase or otherwise acquire its issued Units on such terms and in such manner as the Manager may from time to time think fit if it has obtained the prior approval of Holders in general meeting by passing an Ordinary Resolution (the "**Unit Buy-back Mandate**"), in accordance with the provisions of this Deed but subject thereto and to other requirements of the Relevant Laws, Regulations and Guidelines.*

7.2.3 Maximum Limit

The total number of Units which may be repurchased pursuant to any Unit Buy-back Mandate is limited to that number of Units representing not more than 10% of the total number of issued Units as at the date of the general meeting when such Unit Buy-back Mandate is approved by Holders.

7.2.4 Duration of Authority

*Repurchases of Units may be made during the Relevant Period. "**Relevant Period**" is the period commencing from the date of the general meeting at which a Unit Buy-back Mandate is sought and the resolution relating to the Unit Buy-back Mandate is passed, and expiring on:*

- (i) the date the next Annual General Meeting is or is required by the Relevant Laws, Regulations and Guidelines or this Deed to be held, whichever is earlier; or*
- (ii) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-back Mandate are carried out to the full extent mandated,*

whichever is earlier.

For the avoidance of doubt, the authority conferred on the Manager by the Unit Buy-back Mandate to repurchase Units may be renewed at the next general meeting.

7.3 Repurchase Price

For the purposes of Clauses 7.1 and 7.2, the Repurchase Price shall be:

- 7.3.1** *in respect of the repurchase or redemption of Units prior to the Listing Date, an amount determined by the Manager in its absolute discretion. Such amount may be less than, equal to or more than the Current Unit Value of the relevant Units on the day the Manager's offer to repurchase or cause the redemption of Units is accepted; and*
- 7.3.2** *in respect of the repurchase or redemption of Units after the Listing Date (whether or not the Trust is Listed or has been Unlisted at the time the Manager's offer to repurchase or redeem Units is made), unless prohibited by the Relevant Laws, Regulations and Guidelines, the Current Unit Value of the relevant Units on the day the request is accepted by the Manager less the Repurchase Charge and less an amount to adjust the resultant total downwards to the nearest whole cent.*

The Repurchase Charge shall be retained by the Manager for its own benefit and the adjustment shall be retained as part of the Deposited Property. The Manager may on any day differentiate between Holders as to the amount of the Repurchase Charge to be included (within the permitted limit) in the Repurchase Price of Units to be repurchased by the Manager from them respectively. The bases on which the Manager may make any differentiation as between Holders shall include, without limitation, Holders with large holdings of Units and Holders who have opted for a distribution reinvestment arrangement. Once a request for repurchase or redemption is given, it cannot be revoked without the consent of the Manager. The Manager may, subject to the Listing Rules or the listing rules of any other relevant Recognised Stock Exchange, suspend the repurchase or redemption of Units during any period when the issue of Units is suspended pursuant to Clause 5.11.

7.4 Repurchase or Redemption Options of Manager

In the event the Manager decides to make any offer to repurchase or redeem Units, the Manager shall have the following options:

- 7.4.1** *to effect a repurchase out of its own funds (upon which repurchase the Manager shall be entitled to the Units concerned and to the benefit of the Units concerned);*
- 7.4.2** *to procure some other person to purchase the Units and such purchase shall be deemed to be a repurchase by the Manager within the meaning of this Clause 7; or*
- 7.4.3** *PROVIDED THAT there is sufficient Cash in the Trust, and subject to compliance with the Relevant Laws, Regulations and Guidelines, to request and cause the Trustee to redeem the Units out of the assets of the Trust by paying from the Deposited Property a sum sufficient to satisfy the Repurchase Price and the Repurchase Charge (if any) of the Units. The Trustee shall only comply if, in the opinion of the Trustee, sufficient Cash would be retained in the Deposited Property after the release of Cash necessary to comply with the redemption notice to meet other Liabilities, including but without limiting the generality thereof, the Property Expenses and the remuneration due to the Trustee and the Manager under this Deed. Should the Trustee advise the Manager that, in the opinion of the Trustee, sufficient Cash would not be retained in the Deposited Property to meet other Liabilities if the Trustee were to release the funds necessary to comply with any redemption notice, then the Manager may, at its absolute discretion, request the Trustee to sell, mortgage or otherwise deal with the Investments or borrow to raise sufficient Cash to redeem the Units pursuant to this Clause 7.4.3.*

7.5 Amendments to Register

Upon delivery to the Trustee of a written statement signed by or on behalf of the Manager that all the Units or a specified number of Units held by a Holder have been repurchased by the Manager or have been purchased by another person or have been redeemed, the Trustee shall remove or procure the removal of the name of the Holder from the Register in respect of all or (as the case may be) such number of Units.

7.6 Redeemed Units are Cancelled

Units which are redeemed shall thereupon be cancelled and shall not thereafter be reissued but this Clause 7.6 shall not limit or restrict the right of the Manager to cause the creation and/or issue of further or other Units.

7.7 Manner of Repurchase

Subject always to the requirements of the Relevant Laws, Regulations and Guidelines, for so long as the Trust is Listed on the SGX-ST, the Manager may:

7.7.1 *purchase or acquire Units on a securities exchange ("**Market Purchase**")*; or

7.7.2 *make an offer to repurchase Units, otherwise than on a securities exchange and by way of an "off-market" acquisition of the Units on an "equal access scheme" (as defined below) ("**Off-Market Purchase**")*,

*(each a form of "**Unit Buy-back**")*, and to deal with any of the Units so purchased or acquired in accordance with this Clause 7.

For the purpose of this Clause 7, an equal access scheme is a scheme which satisfies the following criteria:

- (i) the offers under the scheme are to be made to every person who holds Units to purchase or acquire the same percentage of their Units;*
- (ii) all of those persons have a reasonable opportunity to accept the offers made to them; and*
- (iii) the terms of all the offers are the same except that there shall be disregarded:*
 - (a) differences in consideration attributable to the fact that the offers relate to Units with different accrued distribution entitlements;*
 - (b) differences in consideration attributable to the fact that the offers relate to Units with different amounts remaining unpaid; and*

differences in the offers introduced solely to ensure that each Holder is left with a whole number of Units.

7.8 Procedure for Repurchase of Units via a Market Purchase

For so long as the Trust is Listed on the SGX-ST, where Units are repurchased via a Market Purchase, the notice of general meeting specifying the intention to propose a resolution to authorise a Market Purchase shall:

- 7.8.1** *specify the maximum number of Units or the maximum percentage of Units authorised to be acquired or purchased;*
- 7.8.2** *determine the maximum price which may be paid for the Units (either by specifying a particular sum or by providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion);*
- 7.8.3** *specify a date on which the authority is to expire, being a date that must not be later than the date on which the next Annual General Meeting is, or is required by law to be, held, whichever is earlier; and*
- 7.8.4** *specify the sources of funds to be used for the purchase or acquisition including the amount of financing and its impact on the Trust's financial position.*

The resolution authorising a Market Purchase may be unconditional or subject to conditions and shall state the particulars set out in Clauses 7.8.1 to 7.8.3.

7.8.5 *The authority for a Market Purchase may, from time to time, be varied or revoked by the Holders in a general meeting. A resolution to confer or vary the authority for a Market Purchase may determine the maximum price for purchase or acquisition by:*

- (i) specifying a particular sum; or*
- (ii) providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion.*

7.9 Procedure for Repurchase of Units via an Off-Market Purchase

7.9.1 *For so long as the Trust is Listed on the SGX-ST, where Units are repurchased via an Off-Market Purchase, the notice of general meeting specifying the intention to propose a resolution to authorise an Off-Market Purchase shall:*

- (i) specify the maximum number of Units or the maximum percentage of Units authorised to be acquired or purchased;*
- (ii) determine the maximum price which may be paid for the Units (either by specifying a particular sum or by providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion);*
- (iii) specify a date on which the authority is to expire, being a date that must not be later than the date on which the next Annual General Meeting is, or is required by law to be, held, whichever is earlier; and*
- (iv) specify the sources of funds to be used for the purchase or acquisition including the amount of financing and its impact on the Trust's financial position.*

The resolution authorising an Off-Market Purchase may be unconditional or subject to conditions and shall state the particulars set out in Clauses 7.9.1(i) to 7.9.1(iii).

The authority for an Off-Market Purchase may, from time to time, be varied or revoked by the Holders in a general meeting. A resolution to confer or vary the authority for an Off-Market Purchase may determine the maximum price for purchase or acquisition by:

- (a) specifying a particular sum; or*
- (b) providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion.*

7.9.2 *For so long as the Trust is Listed on the SGX-ST, in the event that the Manager decides to make any offer to repurchase Units via an Off-Market Purchase, the Manager will send an offer notice to Holders. Holders wishing to take up the offer will be asked to respond by sending a request in writing for the repurchase of their Units. At such request in writing of a Holder (or, in the case of Joint Holders, all the Joint Holders), the Manager will repurchase, in accordance with this Clause 7, such of the Units entered against his name in the Register or the Depository Register (as the case may be) as are required by the Holder to be repurchased.*

7.10 Reporting Requirements

Subject to the Relevant Laws, Regulations and Guidelines, for so long as the Trust is Listed on the SGX-ST, the Manager shall:

- 7.10.1** *notify the SGX-ST (in the form of an announcement on the SGX-ST) of all purchases of Units in accordance with the Listing Rules and in such form and with such details as the SGX-ST may prescribe; and*
- 7.10.2** *make an announcement on the SGX-ST at the same time it notifies the SGX-ST of any purchase of Units pursuant to any Unit Buy-back Mandate, that the board of directors of the Manager is satisfied on reasonable grounds that, immediately after the purchase of Units, the Manager will be able to fulfil, from the Deposited Property, the Liabilities as these liabilities fall due."*

II. The rights of Unitholders in respect of distributions

“11. Distributions

11.1 Distribution of Income

Subject to this Clause 11 and the Relevant Laws, Regulations and Guidelines, the Manager shall make regular distributions of all (or such lower percentage as determined by the Manager in its absolute discretion) of:

11.1.1 *the Net Taxable Income (excluding gains from sale of Authorised Investments determined by the IRAS to be trading gains); and*

11.1.2 *the Net Tax-Exempt Income,*

to Holders at quarterly, half-yearly or yearly intervals or at such other intervals as the Manager shall decide in its absolute discretion.

The Manager shall further procure that any Special Purpose Vehicle owned by the Trust will similarly distribute all (or such lower percentage as determined by the Manager in its absolute discretion) of their respective income and gains that are legally available for distribution.

11.2 Manager to Collect

The Manager must collect and pay to the Trustee and the Trustee must receive all moneys, rights and property paid or receivable in respect of the Trust.

11.3 Determination of Income and Reserves

The Manager (acting after consulting the Auditors) is to determine whether any item is income in nature or capital in nature and the extent to which reserves or provisions need to be made. If the Manager determines any item to be capital in nature, the Manager may apply it to any item in the balance sheet of the Trust including, without limitation, Holders' funds and Investments. This Clause 11.3 applies to distributions and to books of account.

11.4 Frequency of Distribution of Income

The Manager will endeavour to ensure that for each Financial Year there is at least one distribution and the last distribution covers the period up to the last day of the Financial Year. For each Distribution Period the Manager will calculate, and the Trustee will distribute, each Holder's Distribution Entitlement, in accordance with the provisions of this Clause 11.

11.5 Distribution Entitlement

11.5.1 ***“Distributable Amount”** for a Distribution Period is to be determined in accordance with the following formula:*

$$DA = NTI + I + E + C$$

Where:

“DA” is the Distributable Amount;

“NTI” (for any Distribution Period prior to the Listing Date) is the Net Taxable Income determined by the Manager; and

(for any Distribution Period after the Listing Date) is the Net Taxable Income for the Distribution Period determined by the Manager less an amount equal to so much of the Net Taxable Income for that Distribution Period directly assessed to Tax on the Trustee and in respect of which Tax has been paid or is payable by the Trustee;

“I” (for any Distribution Period prior to the Listing Date) is so much of the amount (which may be a negative amount) by which Net Taxable Income as agreed between the Manager and the IRAS for any Distribution Period preceding the Distribution Period for which the Distributable Amount is being calculated, exceeds or is less than the Net Taxable Income for that preceding Distribution Period distributed pursuant to this Clause as NTI, but so that the amount is only taken into account in determining the Distributable Amount for the Distribution Period prior to the Listing Date and ending immediately after the agreement between the IRAS and the Manager is reached; and

(for any Distribution Period after the Listing Date) is so much of the amount (which may be a negative amount) by which Net Taxable Income as agreed between the Manager and the IRAS for any Financial Year preceding the Financial Year in which the Distribution Period occurs (less an amount equal to so much of the Net Taxable Income for that Distribution Period directly assessed to Tax on the Trustee and in respect of which Tax has been paid or is payable by the Trustee), exceeds or is less than the Net Taxable Income for that preceding Financial Year distributed pursuant to this Clause 11 as NTI but so that the amount is only taken into account in determining the Distributable Amount for the Distribution Period ending immediately after the agreement between the IRAS and the Manager is reached;

“E” is any amount of Net Tax-Exempt Income which the Manager has determined is to be distributed; and

“C” is any additional amount (including capital), which may be a negative amount, which the Manager has determined is to be distributed or if thought fit by the Manager, to be transferred to or from an undistributed income reserve account.

11.5.2 *Each Holder's Distribution Entitlement is to be determined in accordance with the following formula:*

$$DE = DA \times \frac{UH}{UI}$$

where:

"DE" *is the Distribution Entitlement;*

"DA" *is the Distributable Amount;*

"UH" *is the number of Units held by the Holder, at the close of business on the Record Date for the relevant Distribution Period adjusted to the extent he is entitled to participate in the Distributable Amount; and*

"UI" *is the number of Units in issue in the Trust at the close of business on the Record Date for the relevant Distribution Period adjusted to the extent the Holder is entitled to participate in the Distributable Amount.*

11.6 Distribution of Entitlement

11.6.1 *The Trustee must in respect of each Distribution Period pay to each Holder, his Distribution Entitlement on or before the Distribution Date for the Distribution Period.*

11.6.2 *For the purpose of identifying the persons who are entitled to the Distribution Entitlement for a Distribution Period, the persons who are Holders on the Record Date for that Distribution Period have an absolute, vested and indefeasible interest in their respective Distribution Entitlements for that Distribution Period.*

11.6.3 *The Manager and the Trustee must deduct from each Holder's Distribution Entitlement all amounts which:*

- (i) are necessary to avoid distributing a fraction of a cent;*
- (ii) the Manager determines not to be practical to distribute on a Distribution Date;*
- (iii) equal any amount of Tax which has been paid or which the Manager determines is or may be payable by the Trustee or the Manager in respect of the portion of the income of the Trust attributable to such Holder or the amount of the distribution otherwise distributable to such Holder;*
- (iv) are required to be deducted by law, the Tax Ruling or this Deed; or*
- (v) are payable by the Holder to the Trustee or the Manager.*

11.6.4 *The Manager must direct the Trustee as to how any sum so retained is to be applied and/or paid.*

11.7 Holder Notification

Each Holder must as and when required by the Manager, provide such information as to his place of residence for taxation purposes as the Manager may from time to time determine.

11.8 Composition of Distribution

Following the end of each Financial Year, the Manager must notify each Holder of:

11.8.1 *the extent to which a distribution under this Clause 11 is composed of, and the types of, income and capital (which shall be determined by the Manager in its absolute discretion); and*

11.8.2 *any amounts deducted under 11.6.3(iii) and 11.6.3(iv).*

11.9 Tax Declaration Forms and Tax Distribution Vouchers

11.9.1 *The Manager shall, where necessary, in respect of each Distribution Period before the Distributable Amounts are paid out, send or procure to send to each Holder, a tax declaration form for the purpose of each Holder declaring his tax status. The Manager and the Trustee may rely on any representation made by a Holder as to his tax status made on each relevant tax declaration form returned to the Manager (or its agent) or the Trustee to determine whether or not to deduct Tax from the Distributable Amount. If a Holder fails to make any such declaration in time for a distribution, the Manager and the Trustee shall proceed to deduct the appropriate amount of Tax from the Distributable Amount due to that Holder.*

11.9.2 *On a distribution having been made, the Trustee shall, where necessary, issue to each Holder a tax distribution voucher prepared by the Manager in a form approved by the Trustee and the IRAS. In the case of any distribution made or on termination of the Trust, each tax distribution voucher shall show what proportion of the distribution represents capital, what proportion represents income exempt from Singapore income tax or income subject to Singapore income tax and what proportion represents the portion of any tax payable by the Trustee on income and gains attributable to the Holders.*

11.10 Categories and Sources of Income

11.10.1 *For any category or source of income the Manager may keep separate accounts and allocate the income from any category or source to any Holder.*

11.10.2 *The Manager may cause the distribution of any amount recorded in an account or record kept pursuant to Clause 11.10.1 before the distribution of any other amount.*

11.11 Distribution Policy

The Manager and the Trustee acknowledge that subject to Clause 11.1, the Trust's distribution policy on and after the Listing Date is to distribute as much of its income as practicable.

11.12 Distribution Reinvestment Arrangements

The Manager may advise Holders, from time to time in writing that Holders, may, on terms as permitted by the Property Funds Appendix, the Listing Rules or the listing rules of the relevant Recognised Stock Exchange and all other Relevant Laws, Regulations and Guidelines and as specified in the notice, participate in an arrangement under which Holders may request that all or a proportion of specified distributions due to them be applied to the issue of further Units PROVIDED THAT the Issue Price for any such Units to be issued shall be the Issue Price determined in accordance with Clause 5.3 if the Units are Listed and Clause 5.4 if the Units are Unlisted. The Units so issued shall be deemed to be purchased by such Holders. The Manager shall be entitled to amend the terms of any such distribution reinvestment arrangements from time to time by notice in writing to Holders.

11.13 Capitalisation of Undistributed Distributable Amount

Prior to the Listing Date, the Manager, with the agreement of all Holders, may elect not to distribute in accordance with Clause 11.4 and in lieu of such distribution capitalise the undistributed Distributable Amount.

11.14 Distribution of Capital and Unrealised Gains

The Manager may with the consent of the Trustee (which consent shall not be unreasonably withheld) cause the distribution of an amount which represents:

11.14.1 part of the capital of the Trust and which the Manager reasonably determines to be in excess of the financial needs of the Trust; or

11.14.2 part or all the unrealised gains (including any revaluation gains) due to the increase in the capital value of the Real Estate held by the Trust.

12. Place and Conditions of Payment

12.1 Place and Conditions of Payment

Any moneys payable by the Trustee to any Holder on the relevant Record Date under the provisions of this Deed shall be paid in the case of Holders who do not hold their Units jointly with any other person, by cheque or warrant (if applicable) sent through the post to the registered address of such Holder or, in the case of Joint Holders, to the registered address of the Joint Holder who is first named in the Register or to the registered address of any other of the Joint Holders as may be authorised by all of them. Every such cheque or warrant shall be made payable to the order of the person to whom it is delivered or sent and payment of the cheque or warrant by the banker upon whom it is drawn shall be a satisfaction of the moneys payable and shall be a good discharge to the Trustee. Where the Trustee receives the necessary authority in such form as the Trustee shall consider sufficient, the Trustee shall pay the amount due to any Holder to his bankers or other agent and the receipt of such an amount by such bankers or other agent shall be a good discharge therefor. Any moneys payable by the Trustee to any Depositor appearing in the Depository Register on the relevant Record Date under the provisions of this Deed shall be paid, in the case of such Depositor's Units credited into a Securities Account, by transferring such moneys into the Depository's bank account (as notified to the Manager and the Trustee) and by the Trustee causing the Depository to make payment thereof to such Depositor by cheque sent through the post to the address of such Depositor on record with the Depository or, in the case of Joint Depositors, to the registered address of the Joint Depositors on record with the Depository or by any other form as may be agreed between the Manager and the Depository. Payment of the moneys by the Trustee to the Depository shall be a satisfaction of the moneys payable to the relevant Depositor and shall be a good discharge to the Trustee. Any charges payable to the Depository for the distribution of moneys to Depositors under this Deed shall be borne out of the Deposited Property.

No amount payable to any Holder or Depositor shall bear interest.

12.2 Deductions

Before any payment is made to a Holder, there shall be deducted such amounts as any law of Singapore or any law of any other country in which such payment is made may require or allow in respect of any income or other taxes, charges or assessments whatsoever and there may also be deducted the amount of any stamp duties or other government taxes or charges payable by the Manager or (as the case may be) the Trustee for which the Manager or (as the case may be) the Trustee may be made liable in respect of or in connection therewith.

There may also be deducted from such payment the amount of any stamp duties or other governmental taxes or charges payable by the Manager or, as the case may be, the Trustee or for which either of them may be made liable in respect of such payment or any documents signed by it in connection therewith.

Neither the Manager or the Trustee shall be liable to account to a Holder for any payment made or suffered to be made by the Manager or (as the case may be) the Trustee in good faith and in the absence of fraud, gross negligence, wilful default, a breach of this Deed or a breach of trust (in the case of the Trustee) to any duly empowered fiscal authority of Singapore or elsewhere for taxes or other charges in any way arising out of or relating to any transaction of whatsoever nature under this Deed notwithstanding that any such payments ought not to be, or need not have been, made or suffered to be made.

12.3 Receipt of Holders

The receipt of the Holder or (as the case may be) the Depository on behalf of the Depositors, for any amounts payable in respect of Units shall be a good discharge to the Manager or (as the case may be) the Trustee and if several persons are registered as Joint Holders or, in consequence of the death of a Holder, are entitled to be so registered, any one of them may give effectual receipts for any such amounts.

12.4 Unclaimed Moneys

*Any moneys payable to a Holder under this Deed which remain unclaimed after a period of 12 months shall be accumulated in a special account (the “**Unclaimed Moneys Account**”) from which the Trustee may, from time to time, make payments to a Holder claiming any such moneys. Subject to Clause 26, the Trustee shall cause such sums which represent moneys remaining in the Unclaimed Moneys Account for five years after the date for payment of such moneys into the Unclaimed Moneys Account and interest, if any, earned thereon to be paid into court after deducting from such sum all fees, costs and expenses incurred in relation to such payment into court PROVIDED THAT if the said moneys are insufficient to meet all such fees, costs and expenses, the Trustee shall be entitled to have recourse to the Deposited Property.”*

III. The rights of Unitholders in respect of voting

“30. Meetings of Holders

The provisions set out in Schedule 1 relating to meetings of Holders shall have effect as if the same were included herein.

Schedule 1

MEETINGS OF HOLDERS

1. *A general meeting to be called the “Annual General Meeting” shall, in addition to any other meeting of Holders, be held once in every calendar year and not more than 15 months after the holding of the last preceding Annual General Meeting, but so long as the Trust holds its first Annual General Meeting within 18 months of its constitution, the Trust need not hold it in the year of its constitution or in the following year. Save as set out above and in Clause 21, all Annual General Meetings may be held at such time and place as may be determined by the Trustee and the Manager. All other general meetings shall be called Extraordinary General Meetings.*
2. *The Trustee or the Manager (and the Manager shall at the request in writing of not less than 50 Holders or Holders representing not less than 10.0% of the issued Units of the Trust) may at any time convene a meeting of Holders at such time and place (subject as hereinafter provided) as may be thought fit and the following provisions of this Schedule shall apply thereto. Any such meeting convened shall be held in Singapore.*
3. *Prior to the Listing Date, the Manager or (being a Holder) any Associate thereof shall be entitled to receive notice of and attend at any such meeting and shall be entitled to vote or be counted in the quorum thereof at a meeting convened to consider a matter in respect of which the Manager or any Associate has a material interest.*
4. *After the Listing Date, the Manager or (being a Holder), the controlling shareholders (as defined in the Listing Rules) of the Manager and any Associate thereof shall be entitled to receive notice of and attend at any such meeting but shall subject to paragraph 5(ii) of this Schedule, not be entitled to vote or be counted in the quorum thereof at a meeting convened to consider a matter in respect of which the relevant controlling shareholders of the Manager or any Associate has a material interest (including, for the avoidance of doubt, interested person transactions (as defined in the Listing Rules and/or the listing rules of other relevant Recognised Stock Exchange) and interested party transactions (as defined in the Property Funds Appendix) and accordingly for the purposes of the following provisions of this Schedule, Units held or deemed to be held by the Manager or any Associate shall not be regarded as being in issue under such circumstances. Any director, the secretary and any solicitor of the Manager, the Trustee and directors and any authorised official and any solicitor of the Trustee shall be entitled to attend and be heard at any such meeting.*

5. *A meeting of Holders duly convened and held in accordance with the provisions of this Schedule shall be competent by:*

(i) Extraordinary Resolution to:

- (a) sanction any modification, alteration or addition to the provisions of this Deed which shall be agreed by the Trustee and the Manager as provided in Clause 28 of this Deed;*
- (b) sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the Management Fee (including the Base Fee and the Performance Fee), the Acquisition Fee, the Divestment Fee and the Trustee's remuneration as provided in Clause 15 of this Deed;*
- (c) remove the Auditors and appoint other Auditors in their place as provided in Clause 22.3 of this Deed;*
- (d) remove the Trustee as provided in Clause 23.3.4 of this Deed;*
- (e) direct the Trustee to take any action pursuant to Section 295 of the Securities and Futures Act (relating to the winding up of the Trust); and*
- (f) delist the Trust after it has been Listed as provided in Clause 9.2 of this Deed,*

(ii) a resolution duly proposed and passed as such by a simple majority of Holders present and voting at a general meeting, with no Holder being disenfranchised, to remove the Manager as provided in Clause 24.1.4 of this Deed,

and shall have such further or other powers under such terms and conditions as may be determined by the Manager with the prior written approval of the Trustee. Any decision to be made by resolution of the Holders, other than those specified in this paragraph 5(i) and (ii), shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the Securities and Futures Act, the Code or the Listing Rules or the listing rules of any other relevant Recognised Stock Exchange.

5.1 *Subject to paragraph 5.2 below, at least two days' notice (in the case of Holders' meetings prior to the Listing Date) or 14 days' notice (in the case of Holders' meetings after the Listing Date to pass an Ordinary Resolution) or 21 days' notice (in the case of Holders' meetings after the Listing Date to pass an Extraordinary Resolution) (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Holders in manner provided in this Deed. The notice shall specify the place, day and hour of meeting and the terms of the resolutions to be proposed, and each such notice shall where required by any Relevant Laws, Regulations and Guidelines be given by advertisement in the daily press and in writing to each stock exchange on which the Trust is listed. A copy of the notice shall be sent by post to the Trustee unless the meeting shall be convened by the Trustee. Any accidental omission to give notice to or the non-receipt of notice by any of the Holders shall not invalidate the proceedings at any meeting.*

5.2 *Notwithstanding the provisions of paragraph 5.1 above, a meeting of Holders convened by the Trustee for the purposes of the winding up of the Trust pursuant to the Securities and Futures Act shall comply with the relevant requirements of the Securities and Futures Act.*

6. *The quorum shall be not less than two Holders (whether present in person or by proxy) together holding or representing one-tenth in value of all the Units for the time being in issue. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.*
7. *If within half an hour from the time appointed for the meeting a quorum is not present the meeting shall stand adjourned to such day and time being not less than 15 days thereafter and to such place as shall be determined for the purpose by the Chairman of the meeting. Notice of the adjourned meeting shall be given in the same manner as for an original meeting. Such notice shall state that the Holders present at the adjourned meeting whatever their number and the value of the Units held by them will form a quorum thereat.*

At any such adjourned meeting the Holders present in person or by proxy thereat shall be a quorum.
8. *A person nominated in writing by the Trustee shall preside at every meeting and if no such person is nominated or if at any meeting the person nominated shall not be present within fifteen minutes after the time appointed for holding the meeting, the Holders present shall choose one of their number to be Chairman.*
9. *The Chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.*
10. *At any meeting a resolution put to the vote of the meeting shall, subject to the requirements of the prevailing Relevant Laws, Regulations and Guidelines, be decided on a poll. A Holder shall not be entitled to vote unless all calls or other sums personally payable by him in respect of Units have been paid.*
11. *A poll shall be taken in such manner as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was conducted.*
12. *A poll shall be taken at such time and place as the Chairman directs.*
13. *On a poll every Holder who is present in person or by proxy shall have one vote for every Unit of which he is the Holder. A person entitled to more than one vote need not use all his votes or cast them the same way.*
14. *In the case of Joint Holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the vote of the other Joint Holders and for this purpose seniority shall be determined by the order in which the names stand in the Register, the first being the senior.*
15. *On a poll votes may be given either personally or by proxy.*
16. *The instrument appointing a proxy shall be in writing, under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised.*
17. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place as the Trustee or the Manager (with the approval of the Trustee) may in the notice convening the meeting direct or if no such place is appointed then at the registered office of the Manager not less than 72 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument*

proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. A person appointed to act as a proxy need not be a Holder. The valid instrument appointing a proxy to vote at a meeting of the Holders shall be deemed to confer the same authority to demand or join in demanding a poll as that of the appointing Holder.

18. *An instrument of proxy may be in the usual common form or in any other form which the Trustee shall approve.*
19. *A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the Units in respect of which the proxy is given PROVIDED THAT no intimation in writing of such death, insanity, revocation or transfer shall have been received at the place appointed for the deposit of proxies or if no such place is appointed at the registered office of the Manager before the commencement of the meeting or adjourned meeting at which the proxy is used.*
20. *Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Manager at the expense of the Manager and any such minute as aforesaid if purporting to be signed by the Chairman of the meeting shall be conclusive evidence of the matters therein stated and until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed thereat to have been duly passed.*
21. *A resolution in writing signed by or on behalf of all the Holders for the time being entitled to receive notice of any meeting of Holders shall be as valid and effectual as a resolution (including an Extraordinary Resolution) passed at a meeting of those Holders duly called and constituted. Such resolution may be contained in one document or in several documents in the like form each signed by or on behalf of one or more of the Holders concerned.*
22. *For the purpose of this Deed, an Extraordinary Resolution means a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Holders or (as the case may be) Depositors named in the Depository Register as at 72 hours before the time of such meeting as certified by the Depository to the Manager and an Ordinary Resolution means a resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Holders or (as the case may be) Depositors named in the Depository Register as at 72 hours before the time of such meeting as certified by the Depository to the Manager.*

An Extraordinary Resolution or (as the case may be) an Ordinary Resolution shall be binding on all Holders whether or not present at the relevant meeting and each of the Holders and the Trustee and the Manager shall, subject to the provision relating to indemnity in this Deed, be bound to give effect thereto accordingly.

23. *A corporation, being a Holder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of Holders and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.*

24. *For the purposes of determining the number of Units held in respect of Units registered in the name of the Depository and the number of votes which a particular Holder may cast in respect of such Units, each of the Trustee and the Manager shall be entitled and bound to accept as accurate the number of Units credited into the Securities Account(s) of the relevant Depositor as shown in the records of the Depository as at a time not earlier than 72 hours prior to the time of the relevant meeting, supplied by the Depository to the Trustee, and to accept as the maximum number of votes which in aggregate that Depositor and his proxy(ies) (if any) are able to cast on a poll a number which is the number of Units credited into the Securities Account(s) of the relevant Depositor, as shown in the aforementioned records of the Depository, whether that number is greater or smaller than that specified by the Depositor or in the instrument of proxy. Neither the Trustee nor the Manager shall under any circumstances be responsible for, or liable to any person as a result of it, acting upon or relying on the aforementioned records of the Depository.*
25. *Notwithstanding anything in this Deed, where a corporation is beneficially entitled to all the Units in issue and a minute is signed by a duly authorised representative of the corporation stating that any act, matter, or thing, or any Ordinary Resolution or Extraordinary Resolution, required by this Deed to be made, performed, or passed by or at a meeting of Holders has been made, performed, or passed, that act, matter, thing, or resolution shall, for all purposes, be deemed to have been duly made, performed, or passed by or at a meeting of Holders duly convened and at which a quorum is formed. For the avoidance of doubt, paragraph 8 of this Schedule need not be complied with when any act, matter, thing, or resolution is deemed to have been duly made, performed, or passed by or at a duly convened meeting of Holders by virtue of this paragraph 25.*
26. *Notwithstanding any provision to the contrary in this Deed, a Holder who is a relevant intermediary may appoint more than one proxy in relation to a general meeting to exercise all or any of its rights to attend and to speak and vote at the general meeting, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by it (and where relevant, which number and class of Units shall be specified).*

For the purpose of this Deed, “relevant intermediary” means:

- (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;*
- (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act and who holds Units in that capacity;
or*
- (iii) (if applicable) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under the Central Provident Fund Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.*

For the avoidance of doubt, notwithstanding anything in this Deed, Holders who have used their CPF monies to subscribe or purchase Units through the CPF Investment Scheme are allowed to attend any general meetings as observers, PROVIDED THAT such Holders have submitted their requests to attach the general meeting through their CPF agent banks.”

APPENDIX G

VALUATION REPORTS

Our Ref : V/2022/845/CORP/1

1 April 2022

DBS Trustee Limited
(in its capacity as Trustee of SPH REIT)
12 Marina Boulevard #44-01
Marina Bay Financial Centre Tower 3
Singapore 018982

SPH REIT Management Pte. Ltd.
(as Manager of SPH REIT)
1000 Toa Payoh North
News Centre
Singapore 318994



Savills Valuation and
Professional Services (S) Pte Ltd
Reg No.: 200402411G

30 Cecil Street
#20-03 Prudential Tower
Singapore 049712

T: (65) 6836 6888
F: (65) 6536 8611

savills.com

Dear Sirs

DESKTOP VALUATION OF PROPERTY LOCATED AT 290 ORCHARD ROAD, PARAGON, SINGAPORE 238859

We thank you for your instruction to carry out a desktop valuation to advise on the market value of the above property as at 28 February 2022 for financial reporting purpose.

This valuation is premised on the information as contained in our valuation report dated 4 October 2021 (Ref: V/2021/3182/CORP/1) and the updated financial information provided to us. Accordingly, the valuation is carried out without the benefit of site inspection and we have assumed that there is no material change in the property and the surroundings. No recent title search, legal requisitions nor structural survey has been carried out.

Market Value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The definition of market value is consistent with that as advocated by Singapore Institute of Surveyors and Valuers and is also in line with the Royal Institution of Chartered Surveyors (RICS) Standards and Guidelines and International Valuation Standards.

Savills Valuation And Professional Services (S) Pte Ltd ("Savills") has relied upon property data supplied by the Client which we assume to be true and accurate. We take no responsibility for inaccurate client supplied data and subsequent conclusions related to such data. We also accept no responsibility for subsequent changes in information.

This confidential document is for the sole use of persons directly provided with it by Savills. Use by, or reliance upon this document by anyone other than the Client is not authorised by us and we are not liable for any loss arising from such unauthorised use or reliance. Savills will only attend to queries and provide clarifications raised by the Client in relation to our valuation. This document should not be reproduced without our prior written authority.

Brief information of the subject property based on the aforesaid report is as follows:-

| | |
|---------------------|--|
| Type of Property | : A premier upscale retail mall comprising a 6-storey retail podium with 2 basement levels and incorporating a 14-storey medical suite/ office tower and a 3-level medical suite/ office block. |
| Legal Description | : Lot 1139C, Lot 981T and Lot 1273N, all of Town Subdivision 27 |
| Tenure | : Leasehold 99 years commencing 24 July 2013 (with un-expired lease of approximately 90.4 years) |
| Land Area | : 17,362.2 sm (186,885 sf), subject to government's re-survey |
| Gross Floor Area | : Approximately 94,394 sm (1,016,048 sf), as provided and subject to final survey |
| Lettable Floor Area | : Approximately 66,731.7 sm (718,293 sf) - comprising 46,005.2 sm (495,195 sf) of retail space and 20,726.5 sm (223,098 sf) of medical suite/ office space, according to the tenancy schedule as at February 2022 provided to us and subject to final survey |
| Tenancy Brief | The property is multi-tenanted. Based on the tenancy information provided as at 8 February 2022, the property is about 99.2% let and has a total monthly gross rent of \$13,311,189. |
| Year of Completion | : The development was originally completed in 1998 but has undergone two major phases of asset enhancement works. |
| Condition | : Assume good |
| Annual Value | : \$157,089,400 (Aggregate). Property tax is payable at 10.0% per annum of the assessed AV. |

Master Plan Zoning (2019) : Zoned "Commercial" with a gross plot ratio of 4.9

Legal Requisitions

The official Master Plan Zoning, Road/ Drainage/ MRT Interpretation Plans and other legal requisitions have not been applied for and/or made available to us.

Basis of Valuation : As-Is Basis, subject to existing tenancies

Methods of Valuation : Income Capitalisation Method and Discounted Cash Flow Analysis

Capitalisation Rate : Retail: 4.50%; Medical Suite/Office: 3.75%

Terminal Capitalisation Rate : Retail: 4.75%; Medical Suite/Office: 4.00%

Discount Rate : Retail: 7.25%; Medical Suite/Office: 6.50%

With due regard to the foregoing and taking into consideration the prevailing market conditions and other relevant factors, we are of the opinion that the market value of the un-expired leasehold interest in the subject property, subject to the existing tenancies but free from all other encumbrances, is as follows:

Material Date of Valuation : 28 February 2022

Market Value : \$2,670,000,000
(Singapore Dollars Two Billion Six Hundred And Seventy Million Only)

In view of the outbreak of the Coronavirus Disease 2019 (COVID-19) and the prevailing uncertainty in the global economy, we recommend more frequent reviews on the market value of the property to be carried out as a precaution.

Prepared by:
Savills Valuation And Professional Services (S) Pte Ltd



Cynthia Ng
Licensed Appraiser No. AD041-2003388A
Managing Director



Goh Seow Leng
Licensed Appraiser No. AD041-2003809B
Executive Consultant

GSL/CN/k

LIMITING CONDITIONS



Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation report.

| | |
|-------------------------------------|---|
| Valuation Standards: | The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices. |
| Valuation Basis: | <p>The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation report.</p> <p>The opinion expressed in the valuation report applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.</p> |
| Currency of Valuation: | Values are reported in Singapore currency unless otherwise stated. |
| Confidentiality: | Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose(s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties. |
| Copyright: | Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear. |
| Limitation of Liability: | <p>The liability of Savills and its employees is only limited to the party to whom the valuation report is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted.</p> <p>Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).</p> |
| Validity Period: | This valuation represents our opinion of value as at the date of valuation. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon after the expiration of 3 months from the date of valuation, or such earlier date if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills. |
| Titles: | A brief on-line title search on the property has been carried out for formal valuation with site inspection only, unless otherwise stated. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments. |
| Planning Information: | Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation report and/or property is affected by public scheme(s), this report should then be referred back to Savills for review on possible amendment. |
| Other Statutory Regulations: | Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority. |
| Site Condition: | We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be constructed thereon. |
| Condition of Property: | While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements. |
| Source of Information: | Where it is stated in the valuation report that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement. |
| Floor Areas: | We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation. |
| Plans: | Plans included in the valuation report are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise. |
| Tenant: | No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant. |
| Reinstatement Cost: | Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the reinstatement cost be sought from a qualified quantity surveyor, if considered appropriate. |
| Attendance in Court: | Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation report or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed. |

Our Ref : V/2022/845/CORP/2

1 April 2022

DBS Trustee Limited
(in its capacity as Trustee of SPH REIT)
12 Marina Boulevard #44-01
Marina Bay Financial Centre Tower 3
Singapore 018982

SPH REIT Management Pte. Ltd.
(as Manager of SPH REIT)
1000 Toa Payoh North
News Centre
Singapore 318994

The Savills logo consists of the word "savills" in a lowercase, sans-serif font. The letters are dark red, and the 'i' has a distinctive dot. The logo is set against a solid yellow square background.

Savills Valuation and
Professional Services (S) Pte Ltd
Reg No.: 200402411G

30 Cecil Street
#20-03 Prudential Tower
Singapore 049712

T: (65) 6836 6888
F: (65) 6536 8611

savills.com

Dear Sirs

DESKTOP VALUATION OF PROPERTY LOCATED AT 3155 COMMONWEALTH AVENUE WEST, THE CLEMENTI MALL, SINGAPORE 129588

We thank you for your instruction to carry out a desktop valuation to advise on the market value of the above property as at 28 February 2022 for financial reporting purpose.

This valuation is premised on the information as contained in our valuation report dated 4 October 2021 (Ref: V/2021/3182/CORP/2) and desktop report dated 9 February 2022 (Ref: V/2021/4451/CORP/3) respectively and the updated financial information provided to us. Accordingly, the valuation is carried out without the benefit of site inspection and we have assumed that there is no material change in the property and the surroundings. No recent title search, legal requisitions nor structural survey has been carried out.

Market Value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The definition of market value is consistent with that as advocated by Singapore Institute of Surveyors and Valuers and is also in line with the Royal Institution of Chartered Surveyors (RICS) Standards and Guidelines and International Valuation Standards.

Savills Valuation And Professional Services (S) Pte Ltd ("Savills") has relied upon property data supplied by the Client which we assume to be true and accurate. We take no responsibility for inaccurate client supplied data and subsequent conclusions related to such data. We also accept no responsibility for subsequent changes in information.

This confidential document is for the sole use of persons directly provided with it by Savills. Use by, or reliance upon this document by anyone other than the Client is not authorised by us and we are not liable for any loss arising from such unauthorised use or reliance. Savills will only attend to queries and provide clarifications raised by the Client in relation to our valuation. This document should not be reproduced without our prior written authority.

Brief information of the subject property based on the aforesaid report is as follows:-

| | |
|---------------------|--|
| Type of Property | : A suburban mall comprising 5 levels of retail podium and 2 basement levels with connecting links to Clementi MRT Station and Clementi Bus Interchange. |
| Legal Description | : Strata Lots U71433V and U71434P, both of Mukim 5 |
| Tenure | : Leasehold 99 years commencing 31 August 2010 (with un-expired lease of approximately 87.5 years) |
| Gross Floor Area | : 26,975.7 sm (290,364 sf), as provided and subject to final survey |
| Strata Floor Area | : 50,524 sm (543,835 sf) inclusive of strata void 6,856 sm (73,797 sf) |
| Lettable Floor Area | : Approximately 18,201.8 sm (195,922 sf) including an area of 1,970.2 sm (21,207 sf) used for Community/Sports Facilities Scheme ("CSFS"), as provided and subject to final survey |
| Tenancy Brief | The property is multi-tenanted. Based on the tenancy information provided as at 22 February 2022, the property is 99.6% let and has a total monthly gross rent of \$3,271,855. |
| Year of Completion | : We understand that the subject property was completed in phases, having obtained its Temporary Occupation Permit ("TOP") on 13 January 2011 and 25 March 2011. |
| Condition | : Assume good |
| Annual Value | : \$35,869,901 (Aggregate). Property tax is payable at 10.0% per annum of the assessed AV. |

Master Plan Zoning (2019) : Zoned "Commercial & Residential" with a gross plot ratio of 3.0

Legal Requisitions

The official Master Plan Zoning, Road/ Drainage/ MRT Interpretation Plans and other legal requisitions have not been applied for and/or made available to us.

Basis of Valuation : As-Is Basis, subject to existing tenancies

Methods of Valuation : Income Capitalisation Method and Discounted Cash Flow Analysis

Capitalisation Rate : 4.50%

Terminal Capitalisation Rate : 4.75%

Discount Rate : 7.25%

With due regard to the foregoing and taking into consideration the prevailing market conditions and other relevant factors, we are of the opinion that the market value of the un-expired leasehold interest in the subject property, subject to the existing tenancies but free from all other encumbrances, is as follows:

Material Date of Valuation : 28 February 2022

Market Value : \$597,500,000

(Singapore Dollars Five Hundred Ninety-Seven Million And Five Hundred THousand Only)

In view of the outbreak of the Coronavirus Disease 2019 (COVID-19) and the prevailing uncertainty in the global economy, we recommend more frequent reviews on the market value of the property to be carried out as a precaution.

Prepared by:

Savills Valuation And Professional Services (S) Pte Ltd



Goh Seow Leng

Licensed Appraiser No. AD041-2003809B

Executive Consultant

LHS/GSL/pt



Liaw Hin Sai

Licensed Appraiser No. AD041-2007108I

Senior Director

LIMITING CONDITIONS



Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation report.

| | |
|-------------------------------------|---|
| Valuation Standards: | The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices. |
| Valuation Basis: | <p>The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation report.</p> <p>The opinion expressed in the valuation report applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.</p> |
| Currency of Valuation: | Values are reported in Singapore currency unless otherwise stated. |
| Confidentiality: | Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose(s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties. |
| Copyright: | Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear. |
| Limitation of Liability: | <p>The liability of Savills and its employees is only limited to the party to whom the valuation report is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted.</p> <p>Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).</p> |
| Validity Period: | This valuation represents our opinion of value as at the date of valuation. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon after the expiration of 3 months from the date of valuation, or such earlier date if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills. |
| Titles: | A brief on-line title search on the property has been carried out for formal valuation with site inspection only, unless otherwise stated. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments. |
| Planning Information: | Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation report and/or property is affected by public scheme(s), this report should then be referred back to Savills for review on possible amendment. |
| Other Statutory Regulations: | Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority. |
| Site Condition: | We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be constructed thereon. |
| Condition of Property: | While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements. |
| Source of Information: | Where it is stated in the valuation report that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement. |
| Floor Areas: | We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation. |
| Plans: | Plans included in the valuation report are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise. |
| Tenant: | No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant. |
| Reinstatement Cost: | Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the reinstatement cost be sought from a qualified quantity surveyor, if considered appropriate. |
| Attendance in Court: | Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation report or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed. |

Our Ref : V/2022/845/CORP/3

1 April 2022

DBS Trustee Limited
(in its capacity as Trustee of SPH REIT)
12 Marina Boulevard #44-01
Marina Bay Financial Centre Tower 3
Singapore 018982

SPH REIT Management Pte. Ltd.
(as Manager of SPH REIT)
1000 Toa Payoh North
News Centre
Singapore 318994

The Savills logo consists of the word "savills" in a lowercase, red, sans-serif font, positioned on a yellow rectangular background.

Savills Valuation and
Professional Services (S) Pte Ltd
Reg No.: 200402411G

30 Cecil Street
#20-03 Prudential Tower
Singapore 049712

T: (65) 6836 6888
F: (65) 6536 8611

savills.com

Dear Sirs

**DESKTOP VALUATION OF PROPERTY LOCATED AT
380 - 400 (EVEN NOS.) & 422 – 484 (EVEN NOS.) UPPER BUKIT TIMAH ROAD,
THE RAIL MALL, SINGAPORE 678040 TO 678054, 678056/58/60, 678062 TO 678069, 678206, 678071 TO 678074,
AND 678076 TO 678087**

We thank you for your instruction to carry out a desktop valuation to advise on the market value of the above property as at 28 February 2022, for financial reporting purpose.

This valuation is premised on the information as contained in our valuation report dated 4 October 2021 (Ref: V/2021/3182/CORP/3) and the updated financial information provided to us. Accordingly, the valuation is carried out without the benefit of site inspection and we have assumed that there is no material change in the property and the surroundings. No recent title search, legal requisitions nor structural survey has been carried out.

Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

The definition of market value is consistent with that as advocated by Singapore Institute of Surveyors and Valuers and is also in line with the Royal Institution of Chartered Surveyors (RICS) Standards and Guidelines and International Valuation Standards Council.

Savills Valuation And Professional Services (S) Pte Ltd has relied upon property data supplied by the Client which we assume to be true and accurate. We take no responsibility for inaccurate client supplied data and subsequent conclusions related to such data. We also accept no responsibility for subsequent changes in information.



This confidential document is for the sole use of persons directly provided with it by Savills. Use by, or reliance upon this document by anyone other than the Client is not authorised by us and we are not liable for any loss arising from such unauthorised use or reliance. Savills will only attend to queries and provide clarifications raised by the Client in relation to our valuation. This document should not be reproduced without our prior written authority.

Brief information of the subject property based on the aforesaid report is as follows:-

| | |
|--|--|
| Type of Property | : 43 single-storey shop units in two rows with open car parks between the 2 blocks and along the service driveways. |
| Legal Description | : Lots 599C and 1173M, both of Mukim 16 |
| Tenure | : Leasehold 99 years commencing 18 March 1947 (with un-expired lease of approximately 24.0 years) |
| Land Area | : 9,807 sm (105,562 sf), as provided and subject to final survey |
| Lettable Floor Area | : Approximately 4,622.6 sm (49,757 sf), as provided and subject to final survey |
| Tenancy Brief | The property is multi-tenanted. Based on the tenancy information provided as at 8 February 2022, the property is 100% let and has a total monthly gross rent of \$460,231. |
| Year of Completion | : We understand that additions and alteration works were carried out to the buildings in mid 1990s. |
| Condition | : Assume average |
| Annual Value | : \$5,296,100 (Aggregate). Property tax is payable at 10.00% per annum of the assessed AV. |
| Master Plan Zoning (2019)/ Legal Requisitions | : Zoned "Residential" and within an area designated for "3-storey mixed landed housing" The official Master Plan Zoning, Road/ Drainage/ MRT Interpretation Plans and other legal requisitions have not been applied for and/or made available to us. |

380 - 400 (even nos.) & 422 - 484 (even nos.) Upper Bukit Timah Road, The Rail Mall,
Singapore 678040 to 678054, 678056/58/60, 678062 to 678069, 678206, 678071 to 678074,
and 678076 to 678087
Our Ref: V/2022/845/CORP/3



Basis of Valuation : As-Is Basis, subject to existing tenancies

Methods of Valuation : Income Capitalisation Method and Discounted Cash Flow Analysis

Capitalisation Rate : 6.00%

Terminal Capitalisation Rate : 6.50%

Discount Rate : 8.00%

With due regard to the foregoing and taking into consideration the prevailing market conditions and other relevant factors, we are of the opinion that the market value of the un-expired leasehold interest in the subject property, subject to the existing tenancies but free from all other encumbrances, is as follows:

Date of Valuation : 28 February 2022

Market Value : \$62,200,000
(Singapore Dollars Sixty-Two Million And Two Hundred THousand Only)

In view of the outbreak of the Coronavirus Disease 2019 (COVID-19) and the prevailing uncertainty in the global economy, we recommend more frequent reviews on the market value of the property to be carried out as a precaution.

Prepared by:
Savills Valuation And Professional Services (S) Pte Ltd

A blue ink signature, appearing to read "Goh Seow Leng", written in a cursive style.

Goh Seow Leng
Licensed Appraiser No. AD041-2003809B
Executive Consultant

GSL/CN/k

LIMITING CONDITIONS



Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation report.

| | |
|-------------------------------------|---|
| Valuation Standards: | The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices. |
| Valuation Basis: | <p>The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation report.</p> <p>The opinion expressed in the valuation report applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.</p> |
| Currency of Valuation: | Values are reported in Singapore currency unless otherwise stated. |
| Confidentiality: | Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose(s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties. |
| Copyright: | Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear. |
| Limitation of Liability: | <p>The liability of Savills and its employees is only limited to the party to whom the valuation report is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted.</p> <p>Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).</p> |
| Validity Period: | This valuation represents our opinion of value as at the date of valuation. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon after the expiration of 3 months from the date of valuation, or such earlier date if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills. |
| Titles: | A brief on-line title search on the property has been carried out for formal valuation with site inspection only, unless otherwise stated. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments. |
| Planning Information: | Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation report and/or property is affected by public scheme(s), this report should then be referred back to Savills for review on possible amendment. |
| Other Statutory Regulations: | Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority. |
| Site Condition: | We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be constructed thereon. |
| Condition of Property: | While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements. |
| Source of Information: | Where it is stated in the valuation report that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement. |
| Floor Areas: | We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation. |
| Plans: | Plans included in the valuation report are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise. |
| Tenant: | No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant. |
| Reinstatement Cost: | Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the reinstatement cost be sought from a qualified quantity surveyor, if considered appropriate. |
| Attendance in Court: | Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation report or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed. |

1 Executive Summary

INSTRUCTIONS/RELIANCE

| | |
|---|---|
| Instructing Party | Jeffrey Pickthall (Executive Director) of MAAM TT (Marion) as trustee for Marion Sub Trust. |
| Instruction Date | 1 March 2022 |
| Reliant Party/Purpose | MAAM TT (Marion) as trustee for Marion Sub Trust for Financial Reporting purposes only. Moelis Australia Funds Management Pty Ltd for Financial Reporting purposes only. DBS Trustee Limited in its capacity as trustee of SPH REIT for Financial Reporting purposes only. Singapore Press Holdings Limited for Financial Reporting purposes only. |
| Limitation of Liability (Condition of Reliance) | To the fullest extent permitted by law, the total aggregate liability of CBRE under or in relation to this valuation, however caused, and whether arising under contract, tort (including negligence) or otherwise, is limited to the prescribed liability caps in the Terms of Engagement. |
| Reliance Period | Reliance on our Valuation Report is extended to the Reliant Parties for a maximum period of 90 days from the date of valuation (refer to the Valuation Synopsis for further qualifications). |
| Interest Valued | Freehold (100%) |
| Interest for Reliance | Freehold (50%) |
| Basis of Valuation | Market Value - As Is - Subject to existing occupancy arrangements |

PROPERTY PARTICULARS

| | |
|--------------------|---|
| Brief Description | Westfield Marion is a fully enclosed Super Regional Shopping Centre. The Centre accommodates two Department Stores, four Discount Department Stores (DDS), three supermarkets and a large cinema offer. Attached to the centre is an office tower together with several pad sites including a Bunnings Warehouse and a Dan Murphy's store. The Centre commenced trading in circa 1968 with several major refurbishments and extensions since that time, most notably the major expansion completed in 1997. |
| Tenancy Details | The property currently accommodates DAVID JONES, TARGET, HARRIS SCARFE, MYER, EVENT CINEMAS, BIG W, WOOLWORTHS, K MART, COLES, ALDI, DAN MURPHYS, BUNNINGS, 15 mini-majors and 288 specialty tenancies (including 6 external/pad sites, 6 ATMs and 19 office tenancies). Of these tenancies, there are 53 tenancies currently occupied on monthly agreements and 22 tenancies currently vacant. |
| Title Details | Multiple titles - refer to body of report. |
| Registered Owners | Multiple registered owners - refer to body of report. |
| Site Area | 228,242 sqm |
| Lettable Area | 137,983 sqm |
| Car Spaces Ratio | 5,549 bays, reflecting a rate of 4.02 bays per 100 sqm of lettable area. |
| Zoning | Community Facilities and Urban Activity Centre Zones - refer to body of report. |

ASSESSMENT This valuation is exclusive of GST. **Date of Issue: 1 April 2022**

Valuation Approach Capitalisation, Discounted Cash Flow
Date of Inspection 20 February 2022
Date of Valuation 28 February 2022 (Date of Financial Reporting: 28 February 2022)

MARKET VALUE **Market Value - As Is - Subject to existing occupancy arrangements**

(100% Interest) **\$1,285,000,000**
(One Billion, Two Hundred and Eighty Five Million Dollars)

Reliance - 50% Interest
\$642,500,000

(Six Hundred and Forty Two Million, Five Hundred Thousand Dollars)

Principal Valuer



Stephen Thomas | AAPI
Certified Practising Valuer
National Director - Institutional Valuations | Valuation & Advisory Services
*Property Inspection - No (desktop)**

Secondary Valuer



Rebecca McCrea | AAPI, B.Bus.Prop
Certified Practising Valuer
Director | Valuation & Advisory Services
Property Inspection - Yes | Job Involvement - Full Valuation & Analysis

Conditional Terms This summary must not be read independently of the valuation report in its entirety. This valuation is subject to all content, assumptions, disclaimers, qualifications and recommendations throughout the report. The report is prepared for the use of and reliance by the Reliant Party only and limited only to the Purpose specifically stated. No responsibility is accepted or assumed to any third party for the whole or any part of the report.

Liability limited by a scheme approved under Professional Standards Legislation.

CBRE Valuations Pty Limited | ABN 15 008 912 641 | Valuation & Advisory Services
Level 34, 8 Exhibition Street, Melbourne VIC 3000 | T 61 3 8621 3333 | www.cbre.com.au

1 Executive Summary

INSTRUCTIONS/RELIANCE

| | |
|-----------------------|---|
| Instructing Party | Jeffrey Pickthall (Executive Director) of MA Asset Management. |
| Instruction Date | 15 February 2022 |
| Reliant Party/Purpose | MA Investment Management Pty Ltd for Financial Reporting purposes only. MAAM RE Ltd as trustee for SPH REIT Moelis Australia Trust for Financial Reporting purposes only. SPH REIT Management Pty Ltd (as manager of SPH REIT) for Financial Reporting purposes only. DBS Trustee Ltd (as trustee of SPH REIT) for Financial Reporting purposes only. Singapore Press Holdings Limited for Financial Reporting purposes only. |
| Reliance Period | Reliance on our Valuation Report is extended to the Reliant Party/ies for a maximum period of 90 days from the date of valuation (refer to the Valuation Synopsis for further qualifications). |
| Interest Valued | Freehold (100%) |
| Basis of Valuation | Market Value - As Is - Subject to existing occupancy arrangements |

PROPERTY PARTICULARS

| | |
|--------------------|--|
| Brief Description | Figtree Grove Shopping Centre comprises a two-level Sub Regional Shopping Centre which originally commenced trading in 1965 which has been periodically refurbished and extended, most recently in 2009. |
| Tenancy Details | The property currently accommodates Woolworths, Coles, Kmart, 1 mini-major and 85 specialty tenancies (including 2 external/pad sites and 1 ATM). Of these tenancies, there are 9 tenancies currently occupied on monthly agreements and 2 tenancies currently vacant. |
| Title Details | Multiple titles - refer to body of report. |
| Registered Owner/s | MAAM TT (FIGTREE) Pty Ltd |
| Site Area | 51,366 sqm |
| Lettable Area | 21,961 sqm |
| Car Spaces Ratio | 960 bays, reflecting a rate of 4.37 bays per 100 sqm of lettable area. |
| Zoning | B2 Local Centre |

ASSESSMENT

This valuation is exclusive of GST.

Date of Issue: 1 April 2022

| | |
|--------------------|--|
| Valuation Approach | Capitalisation, Discounted Cash Flow |
| Date of Inspection | 16 February 2022 |
| Date of Valuation | 28 February 2022 (Date of Financial Reporting: 28 February 2022) |

MARKET VALUE

(100% Interest)

Market Value - As Is - Subject to existing occupancy arrangements

\$200,000,000

(Two Hundred Million Dollars)

Principal Valuer



Paul Satara | AAPI
Registered Valuer No. 13025 | Certified Practising Valuer
Senior Director | Valuation & Advisory Services
Property Inspection - Yes

Secondary Valuer



Mitchell Smith | AAPI
Registered Valuer No. 102731 | Certified Practising Valuer
Director | Valuation & Advisory Services
Property Inspection - Yes | Job Involvement - Select

Conditional Terms

This summary must not be read independently of the valuation report in its entirety. This valuation is subject to all content, assumptions, disclaimers, qualifications and recommendations throughout the report. The report is prepared for the use of and reliance by the Reliant Party only and limited only to the Purpose specifically stated. No responsibility is accepted or assumed to any third party for the whole or any part of the report.

Liability limited by a scheme approved under Professional Standards Legislation.

CBRE Valuations Pty Limited | ABN 15 008 912 641 | Valuation & Advisory Services
Level 21, 363 George Street, Sydney NSW 2000 | T 61 2 9333 3333 | www.cbre.com.au

APPENDIX H

ANNOUNCEMENT ISSUED BY THE SPH REIT MANAGER IN RESPECT OF THE 1QFY2022 DISTRIBUTION



SPH REIT MANAGEMENT PTE. LTD.
(Registration No: 201305497E)
(Incorporated in the Republic of Singapore)

1Q FY2022 DISTRIBUTION

INTRODUCTION

The board of directors (the “**Board**”) of SPH REIT Management Pte. Ltd., as manager of SPH REIT (the “**Manager**”), refers to:

- (i) the announcement dated 4 February 2022 in respect of the appointment by the Manager of the independent financial adviser (“**IFA**”) to advise the directors of the Manager who are considered independent for the purposes of the possible chain offer for SPH REIT (the “**Appointment of IFA Announcement**”); and
- (ii) the announcement dated 4 February 2022 in respect of the notice of books closure and distribution payment date on SPH REIT’s distribution payment for the first quarter financial period (“**1Q FY2022**”) from 1 September 2021 to 30 November 2021 (the “**1Q FY2022 Distribution**”, and the announcement, the “**Books Closure Date Announcement**”).

Further to the Appointment of IFA Announcement and the Books Closure Date Announcement, the Board wishes to inform Unitholders (as defined below) that the IFA and auditor of SPH REIT have completed their respective reports on SPH REIT’s 1Q FY2022 Distribution in connection with Rule 25 of the Singapore Code on Take-overs and Mergers (the “**Take-Over Code**”). Accordingly, the Board is pleased to announce the quantum of the distribution per unit of SPH REIT (“**Unit**”) as set out below.

1Q FY2022 DISTRIBUTION

The Board wishes to announce SPH REIT’s distribution of **1.24 cents** per Unit for the period from **1 September 2021 to 30 November 2021** (“**Distribution**”).

The Distribution comprises the two components of:-

- (a) taxable income distribution of 1.19 cents; and
- (b) tax-exempt income distribution of 0.05 cents.

Unitholders of SPH REIT (“**Unitholders**”) whose securities accounts with The Central Depository (Pte) Limited are credited with Units as at the Record Date, being 14 February 2022 at 5.00 p.m., will be entitled to the Distribution to be paid on **28 February 2022**.

Unitholders are advised to refer to the Books Closure Date Announcement for instructions on declaration for Singapore tax purposes.

IMPORTANT DATES AND TIMES

| Date / Deadline | Event |
|-------------------------------|--|
| 14 February 2022 at 5.00 p.m. | Closure of the Transfer Books and Register of Unitholders of SPH REIT (Record Date) |
| 18 February 2022 at 5.00 p.m. | Unitholders and depository agents must have completed and returned Form A or Form B, as applicable, to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. |
| 28 February 2022 | Payment of Distribution |

REPORTS OF AUDITOR AND IFA

The accompanying reports as attached to this Announcement from the auditor and IFA of SPH REIT have been prepared and provided to Unitholders solely for the purpose of complying with Rule 25 of the Take-over Code in light of the possible chain offer for SPH REIT.

RESPONSIBILITY STATEMENT

The directors of the Manager (including those who have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement (the omission of which would render any statement in this Announcement misleading in any material aspect), and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of the Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

Issued by SPH REIT Management Pte. Ltd.
As manager of SPH REIT
9 February 2022

IMPORTANT NOTICE

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet kpmg.com.sg

**The Board of Directors
SPH REIT Management Pte. Ltd.
(in its capacity as Manager of SPH REIT)**

**Review of the Interim Financial Information
For the First Quarter Ended 30 November 2021**

We have reviewed the accompanying Interim Financial Information of SPH REIT (the “Trust”) and its subsidiaries (collectively the “Group”) for the first quarter ended 30 November 2021. The Interim Financial Information consists of the following:

- Statements of financial position of the Group and the Trust as at 30 November 2021;
- Portfolio statements of the Group and Trust as at 30 November 2021;
- Statement of total return of the Group for the first quarter ended 30 November 2021;
- Distribution statement of the Group for the first quarter ended 30 November 2021;
- Statements of changes in unitholders’ funds of the Group and the Trust for first quarter ended 30 November 2021;
- Statement of cash flows of the Group for the first quarter ended 30 November 2021; and
- Certain explanatory notes to the above financial information.

The Manager of the Trust is responsible for the preparation and presentation of this Interim Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants. Our responsibility is to express a conclusion on these Interim Financial Statements based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



SPH REIT and its Subsidiaries
Review of the interim financial information
For the First Quarter Ended 30 November 2021

Other matter

The Interim Financial Information for the comparative period ended 30 November 2020 have not been audited or reviewed.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the provisions of RAP 7 issued by the Institute of Singapore Chartered Accountants.

Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting the Trust to comply with the requirements of Rule 25 of the Singapore Code on Take-overs and Mergers issued by the Monetary Authority of Singapore and for no other purpose. Our report is included in the Trust's announcement of its 1Q FY2022 distribution for the information of its unitholders. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.



KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
9 February 2022



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

9 February 2022

DBS Trustee Limited (as trustee of SPH REIT)
c/o SPH REIT Management Pte Ltd (the "Manager")
1000 Toa Payoh North
News Centre
Singapore 318994

Dear Sirs,

**REPORT FROM THE IFA IN RESPECT OF THE 1Q FY2022 DISTRIBUTION (AS DEFINED HEREIN)
MADE BY THE MANAGER OF SPH REIT (THE "TRUST" AND ITS SUBSIDIARIES, THE "GROUP")**

POSSIBLE CHAIN OFFER FOR THE UNITS IN SPH REIT

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the announcement relating to the possible chain offer released on 15 November 2021.

On 15 November 2021, the Trust announced a possible chain offer that may arise upon the completion of the Cuscaden Scheme depending on the eventual level of election by SPH Eligible Shareholders for either the All Cash Consideration or the Cash and Units Consideration.

On 9 February 2022, the Trust announced the quantum of its distribution for the first quarter ended 30 November 2021 (the "1Q FY2022 Distribution"). This letter has been prepared for inclusion in the 1Q FY2022 Distribution announcement and we have given and have not withdrawn our consent to the release of the 1Q FY2022 Distribution announcement with the inclusion therein of our name and this letter.

We have examined the 1Q FY2022 Distribution and have discussed the same with the management of the Manager of the Trust who are responsible for its preparation. We have also considered the report by KPMG LLP (the Group's auditors) dated 9 February 2022 on their review of the Interim Financial Information (as defined in the report by KPMG LLP) of the Group for the first quarter ended 30 November 2021. For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us by the Manager. Save as provided in this letter, we do not express any other opinions or views on the 1Q FY2022 Distribution. The Board of Directors of the Manager remains solely responsible for the 1Q FY2022 Distribution.

Based on the above, we are of the opinion that the 1Q FY2022 Distribution has been prepared by, and proposed to the Board of Directors by the Manager after due and careful enquiry.

This letter is provided to the Board of Directors of the Manager solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person(s), other than the Board of Directors of the Manager in respect of, arising out of, or in connection with this letter.

Yours sincerely
For and on behalf of
PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

A handwritten signature in black ink, appearing to read "Mark Liew", with a stylized flourish at the end. The signature is written over a horizontal line.

Mark Liew
Chief Executive Officer and Executive Director