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## SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 AUGUST 2020

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

### **Introduction**

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

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

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

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## For The Year Ended 31 August 2020

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

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

	<u>Group</u>					
	2H 2020	2H 2019	Change	FY 2020	FY 2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue <sup>1</sup>	108,058	116,707	(7.4)	241,463	228,635	5.6
Property operating expenses	(29,611)	(24,570)	20.5	(59,520)	(48,856)	21.8
<b>Net property income</b>	<b>78,447</b>	<b>92,137</b>	<b>(14.9)</b>	<b>181,943</b>	<b>179,779</b>	<b>1.2</b>
Manager's management Fees	(9,237)	(9,097)	1.5	(19,245)	(17,790)	8.2
Investment management Fee	(1,258)	(394)	NM	(2,143)	(542)	NM
Trust expenses <sup>2</sup>	(895)	(1,099)	(18.6)	(2,282)	(1,995)	14.4
Impairment loss on trade receivables relating to COVID-19 <sup>3</sup>	(8,100)	-	NM	(8,100)	-	NM
Finance income	90	389	(76.9)	1,775	765	NM
Finance costs	(16,075)	(16,534)	(2.8)	(32,905)	(30,480)	8.0
Grant income <sup>4</sup>	24,774	-	NM	24,774	-	NM
Grant expense <sup>4</sup>	(24,774)	-	NM	(24,774)	-	NM
<b>Net income</b>	<b>42,972</b>	<b>65,402</b>	<b>(34.3)</b>	<b>119,043</b>	<b>129,737</b>	<b>(8.2)</b>
Fair value change on investment properties <sup>5</sup>	(177,679)	34,300	NM	(179,939)	19,443	NM
Net foreign currency exchange differences <sup>6</sup>	474	-	NM	917	-	NM
<b>Total (loss)/return before taxes and distribution</b>	<b>(134,233)</b>	<b>99,702</b>	<b>NM</b>	<b>(59,979)</b>	<b>149,180</b>	<b>NM</b>
Less: income tax <sup>7</sup>	(2,732)	(193)	NM	(4,045)	(359)	NM
<b>Total (loss)/return after taxes and before distribution</b>	<b>(136,965)</b>	<b>99,509</b>	<b>NM</b>	<b>(64,024)</b>	<b>148,821</b>	<b>NM</b>
<b>Attributable to:</b>						
Unitholders	(141,143)	98,907	NM	(74,907)	149,898	NM
Perpetual securities holders <sup>8</sup>	6,235	34	NM	12,333	34	NM
Non-controlling interests	(2,057)	568	NM	(1,450)	(1,111)	30.5
<b>Total (loss)/return for the period</b>	<b>(136,965)</b>	<b>99,509</b>	<b>NM</b>	<b>(64,024)</b>	<b>148,821</b>	<b>NM</b>

NM Not Meaningful

## For The Year Ended 31 August 2020

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

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

Notes:

1. The gross revenue includes rental waivers and reliefs granted by landlord to eligible tenants in Singapore affected by COVID-19 amounting to S\$31.8 million.
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 relating to COVID-19 relate to rental arrears and relief that may be waived for tenants in Australia affected by COVID-19.
4. Grant income relates to property tax rebates and cash grants from Singapore government as part of the COVID-19 relief measures. Grant expense relates to the property tax rebates and cash grants being passed on to eligible tenants in the form of rental reliefs in FY2020.
5. This relates to the fair value change on the investment properties as at 31 August 2020, based on independent valuations conducted by Edmund Tie & Company (SEA) Pte Ltd (2019: Edmund Tie & Company (SEA) Pte Ltd) for investment properties in Singapore, Urbis Valuations Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd (2019: M3property Pty Ltd) for investment properties in Australia.  
  
In FY2020, the Group recognised a fair value loss of S\$179.9 million. This comprises a fair value loss of S\$126.0 million and S\$53.9 million contributed by the investment properties in Singapore and Australia respectively.
6. The net foreign currency exchange differences relate mainly to:
  - Realised foreign currency exchange gain upon settlement on completion of Westfield Marion Shopping Centre's acquisition; and
  - Unrealised foreign exchange gain from revaluing of the monetary assets and liabilities that were denominated in Australian dollars.
7. Income tax includes deferred tax for Singapore investment properties and withholding tax payable for Australia income.
8. On 30 August 2019, the Trust issued S\$300.0 million of subordinated perpetual securities (the 'Perpetual Securities') at a rate of 4.10% per annum, with the first distribution rate reset falling on 30 August 2024 and subsequent resets occurring every five years thereafter. The Perpetual Securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative.

## For The Year Ended 31 August 2020

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

	<u>Group</u>					
	2H 2020 S\$'000	2H 2019 S\$'000	Change %	FY 2020 S\$'000	FY 2019 S\$'000	Change %
<b>Total (loss)/return for the period attributable to Unitholders and perpetual securities holders</b>	<b>(134,908)</b>	<b>98,941</b>	<b>NM</b>	<b>(62,574)</b>	<b>149,932</b>	<b>NM</b>
Less: Amount reserved for distribution to perpetual securities holders	(6,235)	(34)	NM	(12,333)	(34)	NM
Add: Non-tax deductible items <sup>1</sup>	156,021	(26,745)	NM	167,133	(4,864)	NM
<b>Income available for distribution<sup>2, 3</sup></b>	<b>14,878</b>	<b>72,162</b>	<b>(79.4)</b>	<b>92,226</b>	<b>145,034</b>	<b>(36.4)</b>
<b>Distribution to Unitholders<sup>4</sup></b>	<b>28,720</b>	<b>73,748</b>	<b>(61.1)</b>	<b>72,851</b>	<b>144,790</b>	<b>(49.7)</b>

*NM Not Meaningful*

Notes:

1. Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, straight-line rental adjustments, amortisation of debt issuance costs, fair value change on investment properties and net income from subsidiaries.
2. S\$14.5 million of income available for distribution will be deferred as allowed under COVID-19 relief measures announced by IRAS.
3. Net of approximately S\$15.0 million of capital allowance claim for FY2020 and 2H FY2020.
4. Distribution for 2H 2020 and 2H 2019 includes income available for distribution retained earlier in the year.

## For The Year Ended 31 August 2020

### 1(b)(i) 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>	
	<u>As at 31 Aug 20 S\$'000</u>	<u>As at 31 Aug 19 S\$'000</u>	<u>As at 31 Aug 20 S\$'000</u>	<u>As at 31 Aug 19 S\$'000</u>
<b>Non-current assets</b>				
Plant and equipment	589	630	589	630
Investment properties <sup>1</sup>	4,125,447	3,597,756	3,286,200	3,405,800
Subsidiaries	-	-	184,410	981
Trade and other receivables	-	-	377,876	97,149
Derivative financial instruments <sup>2</sup>	-	1,865	-	1,865
	<u>4,126,036</u>	<u>3,600,251</u>	<u>3,849,075</u>	<u>3,506,425</u>
<b>Current assets</b>				
Trade and other receivables <sup>3</sup>	32,653	5,494	26,612	2,603
Cash and cash equivalents <sup>4</sup>	81,974	342,657	52,770	336,761
	<u>114,627</u>	<u>348,151</u>	<u>79,382</u>	<u>339,364</u>
<b>Total assets</b>	<b><u>4,240,663</u></b>	<b><u>3,948,402</u></b>	<b><u>3,928,457</u></b>	<b><u>3,845,789</u></b>
<b>Non-current liabilities</b>				
Borrowings	1,083,708	811,514	778,759	713,739
Derivative financial instruments <sup>2</sup>	9,398	1,243	6,607	1,243
Deferred tax liabilities <sup>5</sup>	3,119	-	3,119	-
Trade and other payables <sup>6</sup>	34,217	34,764	34,217	34,764
	<u>1,130,442</u>	<u>847,521</u>	<u>822,702</u>	<u>749,746</u>
<b>Current liabilities</b>				
Borrowings	214,877	279,625	214,877	279,625
Derivative financial instruments <sup>2</sup>	680	1,561	680	1,561
Trade and other payables <sup>6</sup>	79,955	48,258	65,817	45,156
	<u>295,512</u>	<u>329,444</u>	<u>281,374</u>	<u>326,342</u>
<b>Total liabilities</b>	<b><u>1,425,954</u></b>	<b><u>1,176,965</u></b>	<b><u>1,104,076</u></b>	<b><u>1,076,088</u></b>
<b>Net assets</b>	<b><u>2,814,709</u></b>	<b><u>2,771,437</u></b>	<b><u>2,824,381</u></b>	<b><u>2,769,701</u></b>
<b>Represented by:</b>				
Unitholders' funds	2,503,324	2,458,864	2,526,457	2,471,777
Perpetual securities holders' funds <sup>7</sup>	297,924	297,924	297,924	297,924
Non-controlling interests	13,461	14,649	-	-
<b>Total Equity</b>	<b><u>2,814,709</u></b>	<b><u>2,771,437</u></b>	<b><u>2,824,381</u></b>	<b><u>2,769,701</u></b>

## For The Year Ended 31 August 2020

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### 1(b)(i) 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 31 August 2020 were S\$2,640.0 million, S\$584.0 million, S\$62.2 million, S\$648.6 million and S\$190.6 million respectively. The fair values of the investment properties were based on independent valuations conducted by Edmund Tie & Company (SEA) Pte Ltd for Paragon, The Clementi Mall and The Rail Mall, Urbis Valuations Pty Ltd for Westfield Marion, and Jones Lang LaSalle Advisory Services Pty Ltd for 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, deposits and grant receivable. The increase was mainly due to grant receivable from the Singapore Government as part of the COVID-19 relief measures, higher receivables from tenants and the inclusion of receivable balances from the newly acquired asset, Westfield Marion Shopping Centre in FY2020.
4. The decrease in cash and cash equivalents was mainly due to cash used to acquire Westfield Marion Shopping Centre on 6 December 2019.
5. Deferred tax liabilities are mainly in respect of the capital expenditures incurred for Singapore investment properties, and have been estimated based on the differences between the carrying amount and tax carrying value of these capital expenditures.
6. Trade and other payables comprised mainly rental deposits, accrued interests and other expenses, deferred grant liability and collection in advance. The increase was mainly due to payable balance from Westfield Marion Shopping Centre, deferred grant liability arising from the recognition of the Singapore Government's property tax rebates and cash grants which will be passed to the tenants in the form of rental reliefs and higher rent collection in advance.
7. On 30 August 2019, the Trust issued S\$300.0 million of fixed rate Perpetual Securities. The Perpetual Securities, net of issuance costs, are classified as equity instruments and recorded as equity in the Statement of Changes in Unitholders' Funds.

## For The Year Ended 31 August 2020

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### (b)(ii) Borrowings

#### Secured borrowings

	<u>Group</u>		<u>Trust</u>	
	As at 31 Aug 20 S\$'000	As at 31 Aug 19 S\$'000	As at 31 Aug 20 S\$'000	As at 31 Aug 19 S\$'000
Amount repayable within one year	214,877	279,625	214,877	279,625
Amount repayable after one year	1,083,708	811,514	778,759	713,739
Total	1,298,585	1,091,139	993,636	993,364

#### Details of collateral

The Group's secured term loans amounted to S\$1.3 billion. These relate to term loans comprising S\$995 million secured by way of a legal mortgage on Paragon, A\$105 million secured by way of a legal mortgage on Figtree Grove Shopping Centre and A\$200 million secured by way of a legal mortgage on Westfield Marion Shopping Centre.

A loan tranche of S\$280 million which matured in July 2020 was successfully refinanced as a five-year loan tranche.



## For The Year Ended 31 August 2020

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

#### Statement of Cash Flows

	<u>Group</u>			
	2H 2020 S\$'000	2H 2019 S\$'000	FY 2020 S\$'000	FY 2019 S\$'000
<b>Cash flows from operating activities</b>				
Net (loss)/return	(136,965)	99,509	(64,024)	148,821
Adjustments for:				
Fair value change on investment properties	177,679	(34,300)	179,939	(19,443)
Manager's fee paid/payable in units	9,237	8,097	19,245	16,791
Depreciation of plant and equipment	115	92	224	187
Finance income	(90)	(389)	(1,775)	(765)
Finance costs	16,075	16,534	32,905	30,480
Straight-line rental adjustments	(271)	115	(1,135)	64
Impairment loss on trade receivables relating to COVID-19	8,100	-	8,100	-
Deferred tax expenses	3,119	-	3,119	-
Operating cash flow before working capital changes	76,999	89,658	176,598	176,135
Changes in operating assets and liabilities				
Trade and other receivables	(28,458)	895	(35,880)	(2,468)
Trade and other payables	15,169	4,896	25,591	6,804
<b>Net cash from operating activities</b>	<b>63,710</b>	<b>95,449</b>	<b>166,309</b>	<b>180,471</b>
<b>Cash flows from investing activities</b>				
Acquisition of investment properties	-	-	(627,594)	(207,670)
Additions to investment properties	(6,524)	(6,903)	(9,047)	(7,869)
Purchase of plant and equipment	(45)	(49)	(183)	(71)
Interest received	90	403	1,792	762
<b>Net cash used in investing activities</b>	<b>(6,479)</b>	<b>(6,549)</b>	<b>(635,032)</b>	<b>(214,848)</b>

## For The Year Ended 31 August 2020

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

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

	<u>Group</u>			
	2H 2020 S\$'000	2H 2019 S\$'000	FY 2020 S\$'000	FY 2019 S\$'000
<b>Cash flows from financing activities</b>				
Proceeds from issue of units to non-controlling interest	-	-	-	16,834
Proceeds from bank loan (net of transaction costs)	-	-	184,469	200,115
Proceeds from the issuance of new units	-	-	164,477	-
Issue costs paid in relation to the issuance of new units	-	-	(1,654)	-
Proceeds from issuance of perpetual securities	-	300,000	-	300,000
Issue costs paid in relation to perpetual securities	-	(2,110)	-	(2,110)
Distribution to unitholders	(22,070)	(72,393)	(95,725)	(143,773)
Distribution to perpetual securities holders	(6,201)	-	(12,333)	-
Distribution to non-controlling interests of a subsidiary	(325)	(450)	(810)	(450)
Payment of transaction costs related to borrowings	(560)	(478)	(560)	(478)
Interest paid	(16,437)	(15,615)	(31,872)	(28,879)
<b>Net cash (used in)/from financing activities</b>	<b>(45,593)</b>	<b>208,954</b>	<b>205,992</b>	<b>341,259</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>11,638</b>	<b>297,854</b>	<b>(262,731)</b>	<b>306,882</b>
Effect of exchange rate fluctuations on cash and cash equivalents held	2,684	(190)	2,048	(190)
Cash and cash equivalents at beginning of the period	67,652	44,993	342,657	35,965
<b>Cash and cash equivalents at end of the period</b>	<b>81,974</b>	<b>342,657</b>	<b>81,974</b>	<b>342,657</b>

## For The Year Ended 31 August 2020

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

	<u>Group</u>			
	2H 2020 S\$'000	2H 2019 S\$'000	FY 2020 S\$'000	FY 2019 S\$'000
<b><u>Unitholders' Funds</u></b>				
<b>Balance as at beginning of period</b>	<b>2,611,741</b>	<b>2,426,611</b>	<b>2,458,864</b>	<b>2,438,947</b>
<b><u>Operations</u></b>				
Total (loss)/return for the period after tax, attributable to Unitholders and perpetual securities holders	(134,908)	98,941	(62,574)	149,932
Less: Total return for the period after tax, attributable to perpetual securities holders	(6,235)	(34)	(12,333)	(34)
Net (decrease)/increase in assets from operations	(141,143)	98,907	(74,907)	149,898
<b><u>Hedging reserve</u></b>				
Effective portion of changes in fair value of cash flow hedges <sup>1</sup>	(2,874)	(2,108)	(6,939)	(3,295)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	2,279	610	3,405	1,549
<b><u>Foreign currency translation reserve</u></b>				
Translation differences from financial statements of foreign entities	28,838	(860)	23,178	(1,253)
Exchange differences on monetary item forming part of net investments in foreign operations	17,316	-	13,380	-
<b><u>Unitholders' transactions</u></b>				
Distribution to unitholders	(22,070)	(72,393)	(95,725)	(143,773)
Issuance of new units	-	-	164,477	-
Issuance costs for the new units	-	-	(1,654)	-
Manager's fee paid/payable in units	9,237	8,097	19,245	16,791
	(12,833)	(64,296)	86,343	(126,982)
<b>Unitholders' funds as at end of period</b>	<b>2,503,324</b>	<b>2,458,864</b>	<b>2,503,324</b>	<b>2,458,864</b>
<b><u>Perpetual Securities Holders' Funds</u></b>				
<b>Balance as at beginning of period</b>	<b>297,890</b>	<b>-</b>	<b>297,924</b>	<b>-</b>
Issue of perpetual securities	-	300,000	-	300,000
Issuance costs	-	(2,110)	-	(2,110)
Total return attributable to perpetual securities holders	6,235	34	12,333	34
Distribution to perpetual securities holders	(6,201)	-	(12,333)	-
<b>Balance as at end of period</b>	<b>297,924</b>	<b>297,924</b>	<b>297,924</b>	<b>297,924</b>

Notes:

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

## For The Year Ended 31 August 2020

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

	<u>Trust</u>			
	<u>2H</u> <u>2020</u> <u>S\$'000</u>	<u>2H</u> <u>2019</u> <u>S\$'000</u>	<u>FY</u> <u>2020</u> <u>S\$'000</u>	<u>FY</u> <u>2019</u> <u>S\$'000</u>
<b><u>Unitholders' Funds</u></b>				
<b>Balance as at beginning of period</b>	<b>2,631,053</b>	<b>2,438,990</b>	<b>2,471,777</b>	<b>2,438,947</b>
<b><u>Operations</u></b>				
Total (loss)/return for the period	(86,021)	98,615	(18,389)	161,592
Less: Total return for the period after tax, attributable to perpetual securities holders	(6,235)	(34)	(12,333)	(34)
Net (decrease)/increase in assets from operations	(92,256)	98,581	(30,722)	161,558
<b><u>Hedging reserve</u></b>				
Effective portion of changes in fair value of cash flow hedges <sup>1</sup>	(1,479)	(2,108)	(4,024)	(3,295)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	1,972	610	3,083	1,549
<b><u>Unitholders' transactions</u></b>				
Distribution to unitholders	(22,070)	(72,393)	(95,725)	(143,773)
Issuance of new units	-	-	164,477	-
Issuance costs for the new units	-	-	(1,654)	-
Manager's fee paid/payable in units	9,237	8,097	19,245	16,791
	(12,833)	(64,296)	86,343	(126,982)
<b>Unitholders' funds as at end of period</b>	<b>2,526,457</b>	<b>2,471,777</b>	<b>2,526,457</b>	<b>2,471,777</b>
<b><u>Perpetual Securities Holders' Funds</u></b>				
<b>Balance as at beginning of period</b>	<b>297,890</b>	<b>-</b>	<b>297,924</b>	<b>-</b>
Issue of perpetual securities	-	300,000	-	300,000
Issuance costs	-	(2,110)	-	(2,110)
Total return attributable to perpetual securities holders	6,235	34	12,333	34
Distribution to perpetual securities holders	(6,201)	-	(12,333)	-
<b>Balance as at end of period</b>	<b>297,924</b>	<b>297,924</b>	<b>297,924</b>	<b>297,924</b>

Notes:

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

## For The Year Ended 31 August 2020

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

	<b>Group and Trust</b>			
	<b>2H 2020</b>	<b>2H 2019</b>	<b>FY 2020</b>	<b>FY 2019</b>
	<b>No. of units '000</b>	<b>No. of units '000</b>	<b>No. of units '000</b>	<b>No. of units '000</b>
<b>Issued units as at beginning of period</b>	<b>2,757,221</b>	<b>2,584,364</b>	<b>2,588,701</b>	<b>2,571,845</b>
Issue of units <sup>1</sup>	-	-	156,645	-
Manager's fee paid in units <sup>2,4</sup>	5,901	4,337	17,776	16,856
	<b>2,763,122</b>	<b>2,588,701</b>	<b>2,763,122</b>	<b>2,588,701</b>
<b>Issuable units:</b>				
Manager's fee payable in units <sup>3,4</sup>	12,435	9,785	12,435	9,785
<b>Total issued and issuable units as at end of period</b>	<b>2,775,557</b>	<b>2,598,486</b>	<b>2,775,557</b>	<b>2,598,486</b>

Notes:

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

- On 2 December 2019, the Trust has issued 156,645,000 units at an issue price of \$1.05 per unit.
- For 2H 2020 and 2H 2019, the issued units relate to base management fee for Q2 & Q3 2020 and Q2 & Q3 2019 respectively.

For FY2020, the issued units relate to performance management fees for FY2019, partial satisfaction of base management fee for Q4 2019 and base management fee for YTD 3Q 2020.

For FY2019, the issued units relate to performance management fees for FY2018, base management fee for Q4 2018 and base management fee for YTD 3Q 2019.

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

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

As at 31 August 2020, SPH REIT had 2,763,122,035 units (31 August 2019: 2,588,701,358 units).

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

Not applicable.

## For The Year Ended 31 August 2020

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

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

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

Please refer to the attached auditor's audit report.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 August 2019.

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

The Group has adopted new Financial Reporting Standards in Singapore ("FRSs") and interpretations effective for the financial period beginning 1 September 2019 as follows:

FRS 116 Leases

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

There was no significant impact to the financial statements of the Group arising from the adoption of FRS 116.

Amendments to FRS 109 and FRS 107 Interest Rate Benchmark Reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates ("IBORs") with alternative rates. Such uncertainty may impact the Group's hedging relationships, for example its effectiveness assessment and highly probable assessment.

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

## For The Year Ended 31 August 2020

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

	<b>Group</b>			
	<b>2H 2020</b>	<b>2H 2019</b>	<b>FY 2020</b>	<b>FY 2019</b>
<b><u>Earnings per unit</u></b>				
Weighted average number of units <sup>1</sup> (‘000)	2,766,900	2,593,088	2,722,745	2,588,756
Total (loss)/return for the period after tax attributable to unitholders (S\$’000)	(141,143)	98,907	(74,907)	149,898
EPU <sup>2</sup> (basic and diluted) (cents)	(5.10)	3.81	(2.75)	5.79
EPU (cents), excluding fair value change and write down of intangible asset	1.23	2.49	3.77	4.97
<b><u>Distribution per unit</u></b>				
Total number of units in issue at end of period (‘000)	2,763,122	2,588,701	2,763,122	2,588,701
Distribution to Unitholders <sup>3</sup> (S\$’000)	28,720	73,748	72,851	144,790
DPU <sup>4</sup> (cents)	1.04	2.85	2.72	5.60

Notes:

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

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

	<b>Group</b>		<b>Trust</b>	
	<b>As at 31 Aug 20</b>	<b>As at 31 Aug 19</b>	<b>As at 31 Aug 20</b>	<b>As at 31 Aug 19</b>
NAV / NTA per unit <sup>1</sup> (S\$)	0.91	0.95	0.91	0.95

Note:

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

## For The Year Ended 31 August 2020

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### 8. Review of Performance

#### **Review of Results for the Second Half ended 31 August 2020 (“2H 2020”) compared with the Second Half ended 31 August 2019 (“2H 2019”)**

Gross revenue for 2H 2020 decreased by S\$8.6 million (7.4%) to S\$108.1 million. The decrease was mainly due to rental waivers and reliefs granted by landlord to tenants amounting to S\$31.8 million.

The acquisition of a 50% interest in Westfield Marion was completed in December 2019. In 2H 2020, Westfield Marion contributed \$24.9m.

Property operating expenses increased by S\$5.0 million (20.5%) to S\$29.6 million for 2H 2020 which pertains mainly to the operations of Westfield Marion Shopping Centre.

Net property income (“NPI”) of S\$78.4 million for 2H 2020 was S\$13.7 million (14.9%) lower than 2H 2019.

Net income of S\$43.0 million for 2H 2020 was S\$22.4 million (34.3%) lower than 2H 2019.

Total loss of S\$137.0 million for 2H 2020 mainly because of the fair value loss on investment properties of S\$177.7 million. The Singapore investment properties recorded a fair value loss of S\$126.0 million, and the Australia investment properties fair value loss was S\$51.7 million. The fair value loss has no impact on the income available for distribution.

Income available for distribution for 2H 2020 was S\$14.9 million, which was S\$57.3 million (79.4%) lower as compared to 2H 2019.

#### **Review of Results for the Full year ended 31 August 2020 (“FY2020”) compared with the Full year ended 31 August 2019 (“FY2019”)**

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

The acquisition of a 50% interest in Westfield Marion in December 2019 contributed S\$37.5 million for 3 quarters and Figtree Grove which was acquired in December 2018 had its first full year contribution of S\$15.9 million.

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

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

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

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

Total loss of S\$64.0 million for FY2020 was mainly because of the fair value loss on investment properties of S\$179.9 million. The Singapore investment properties recorded a fair value loss of S\$126.0 million, and the Australia investment properties fair value loss was S\$53.9 million. The fair value loss has no impact on the income available for distribution.

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



## For The Year Ended 31 August 2020

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### 9. Variance from Prospect Statement

No forecast was made previously.

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

COVID-19 outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment and has negatively impacted the retail sector in Singapore and Australia. Global growth is projected to contract by 4.9% in 2020.

According to Ministry of Trade and Industry (MTI), GDP growth is forecasted at -7% to -5% for calendar year 2020. In second quarter (April to June 2020), the Singapore economy contracted by 13.2% year-on-year (y-o-y) due to the 'circuit breaker' measures implemented. Singapore Tourism Board international visitor arrivals from March 2020 to June 2020 declined 97% with the onset of COVID-19.

In Australia, Reserve Bank of Australia expects the Australian economy to experience negative growth in 2020. According to latest Australian Bureau of Statistics, retail turnover fell 4.2% from July 2020 to August 2020.

COVID-19 continues to impact the financial performance of SPH REIT's portfolio in the near future. Given the uncertainty and fluidity of the COVID-19 pandemic, the extent of the impact on the financial performance for the next reporting period and the next 12 months cannot be determined at this stage. The Manager's near term focus is to maintain healthy occupancy, sustainable rental income by working with our tenants, whilst carefully managing cost.

The Manager will stay focus to position the assets to be ready to capture the business opportunities when recovery begins with the core objective of preserving long term returns for unitholders.

## For The Year Ended 31 August 2020

### 11. Distribution

#### (a) Current Financial Period

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

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

## For The Year Ended 31 August 2020

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### 11. Distribution (Cont'd)

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

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

Name of distribution:	Distribution for the period from 1 June 2019 to 31 August 2019
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.46 cents per unit
Par value of units:	Not applicable.
Tax rate:	<p>Taxable Income Distribution:</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 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 March 2020.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p>

#### (c) Date payable

The date the distribution is payable: Tuesday, 20 November 2020.

#### (d) Record date

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 14 October 2020 for purposes of determining each Unitholder's entitlement to SPH REIT distribution.

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

Not applicable.

## For The Year Ended 31 August 2020

### 13. Segment Results

	<u>Group</u>					
	2H 2020 S\$'000	2H 2019 S\$'000	Change %	FY 2020 S\$'000	FY 2019 S\$'000	Change %
<b><u>Gross Revenue</u><sup>1</sup></b>						
<b><u>Singapore</u><sup>1</sup></b>						
Paragon	57,702	84,983	(32.1)	146,545	170,397	(14.0)
The Clementi Mall	15,277	20,967	(27.1)	36,557	41,849	(12.6)
The Rail Mall	2,439	2,460	(0.9)	4,978	4,942	0.7
	<u>75,418</u>	<u>108,410</u>	<u>(30.4)</u>	<u>188,080</u>	<u>217,188</u>	<u>(13.4)</u>
<b><u>Australia</u><sup>2</sup></b>						
Figtree Grove Shopping Centre	7,779	8,297	(6.2)	15,908	11,447	39.0
Westfield Marion Shopping Centre	24,861	-	NM	37,475	-	NM
	<u>32,640</u>	<u>8,297</u>	<u>NM</u>	<u>53,383</u>	<u>11,447</u>	<u>NM</u>
Total	<u>108,058</u>	<u>116,707</u>	<u>(7.4)</u>	<u>241,463</u>	<u>228,635</u>	<u>5.6</u>
<b><u>Net Property Income</u></b>						
<b><u>Singapore</u></b>						
Paragon	41,986	68,379	(38.6)	112,738	136,024	(17.1)
The Clementi Mall	10,463	15,719	(33.4)	26,559	31,340	(15.3)
The Rail Mall	1,940	1,904	(1.9)	3,908	3,871	1.0
	<u>54,389</u>	<u>86,002</u>	<u>(36.8)</u>	<u>143,205</u>	<u>171,235</u>	<u>(16.4)</u>
<b><u>Australia</u><sup>2</sup></b>						
Figtree Grove Shopping Centre	6,241	6,135	(1.7)	12,485	8,544	46.1
Westfield Marion Shopping Centre	17,817	-	NM	26,253	-	NM
	<u>24,058</u>	<u>6,135</u>	<u>NM</u>	<u>38,738</u>	<u>8,544</u>	<u>NM</u>
Total	<u>78,447</u>	<u>92,137</u>	<u>(14.9)</u>	<u>181,943</u>	<u>179,779</u>	<u>1.2</u>

1. The gross revenue includes rental waivers and reliefs granted by landlord to eligible tenants in Singapore affected by COVID-19 amounting to S\$31.8 million.
2. An impairment loss on trade receivables of S\$8.1 million relate to rental arrears that may be waived for tenants in Australia affected by COVID-19 has been recognised in the financial statements. This impairment loss is not included in the above Australia's revenue and net property income.

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

Please refer to paragraph 8 on page 16.

## For The Year Ended 31 August 2020

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

	<u>FY2020</u>	<u>Group</u> <u>FY2019</u>	<u>Change</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
<b><u>1 September to 28 February</u></b>			
<b>(First half year)</b>			
Gross revenue	133,405	111,928	19.2
Net income	76,071	64,335	18.2
<b><u>1 March to 31 August</u></b>			
<b>(Second half year)</b>			
Gross revenue	108,058	116,707	(7.4)
Net income	42,972	65,402	(34.3)

### 16. Breakdown of Total Distributions

	<u>FY2020</u>	<u>FY2019</u>
	<u>S\$'000</u>	<u>S\$'000</u>
1 September 2018 to 30 November 2018	-	34,602
1 December 2018 to 28 February 2019	-	36,440
1 March 2019 to 31 May 2019	-	35,953
1 June 2019 to 31 August 2019	-	37,795
1 September 2019 to 30 November 2019	35,860	-
1 December 2019 to 28 February 2020	8,271	-
1 March 2020 to 31 May 2020	13,799	-
1 June 2020 to 31 August 2020 <sup>1</sup>	14,921	-
	<u>72,851</u>	<u>144,790</u>

Notes:

- Please refer to paragraph 11(a) on page 18.

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

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

## For The Year Ended 31 August 2020

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

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

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

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

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

### BY ORDER OF THE BOARD

Sheryl Cher Ya Li

Company Secretary

Singapore,  
6 October 2020



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## **Independent auditors' report**

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

### ***Opinion***

We have audited the financial statements of SPH REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 August 2020, and the Statements of Total Return, Distribution Statements, Statements of Changes in Unitholders' Funds of the Group and the Trust and the Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS69.

In our opinion, the accompanying consolidated financial statements of the Group and the Statements of Financial Position, Portfolio Statements, Statements of Total Return, Distribution Statement and Statements of Changes in Unitholders' Funds of the Trust present fairly, in all material respects, the consolidated financial position and the consolidated portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 August 2020 and the consolidated total return, consolidated distributable income, consolidated changes in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and changes in Unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

### ***Basis for opinion***

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

### ***Key audit matters***

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



### **Valuation of investment properties**

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

#### **Risk:**

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

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

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

The valuation reports obtained from the external valuers also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that the Coronavirus Disease ("COVID-19") pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

#### **Our response:**

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

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

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





**Our findings:**

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

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

***Other information***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

  
KPMG LLP

*Public Accountants and  
Chartered Accountants*

**Singapore**  
6 October 2020