



SINGAPORE PRESS HOLDINGS LIMITED
(Registration No. 198402868E)
Incorporated in the Republic of Singapore

**RESPONSE TO QUESTIONS SUBMITTED BY SHAREHOLDERS
IN ADVANCE OF ANNUAL GENERAL MEETING**

Singapore Press Holdings Limited (“**SPH**”) would like to thank all shareholders for submitting their questions in advance of our Annual General Meeting (“**AGM**”) which will be convened and held by way of electronic means on 27 November 2020 at 2.30 p.m. (Singapore time).

Due to the high volume of questions received which resulted in overlaps for many of the questions raised, we will not be providing specific responses to every question received. For ease of reference, we have instead categorised related and similar questions into the following themes and provided our responses accordingly:

1. Financials
2. Corporate Governance
3. Business Segments
 - a. Media & Digital
 - b. Retail
 - c. Purpose-Built Student Accommodation (“**PBSA**”)
 - d. Aged Care
 - e. Other Investments
4. Strategy and Outlook

In addition to the above key topics of interest, we have also received a number of questions relating to the impact of COVID-19 on our business segments. Mr Ng Yat Chung, our Group CEO, will discuss these topics in greater details through his presentation during the AGM.

The presentation slides for the Group CEO’s presentation will be made available on SPH’s website at the URL <https://investor.sph.com.sg/agm2020.html> and will also be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>, before the AGM.

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SPH AGM 2020 Investor Questions

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Financials

1. SPH has diversified into several different business sectors, what is the performance of each different business?

Covid-19 has impacted all segments of the Group resulting in fair value losses, higher provisions and impairments across the businesses. Despite this, SPH reported an operating profit of \$110.2m at the Group level.

Media reported a loss before tax of \$11.4m after 2 restructuring exercises which recognised costs of \$16.6m. SPH intensified efforts to share its content resources across its print, digital and voice platforms. SPH has also integrated the various business functions within Media into one unit and accordingly streamlined operations for greater efficiency and synergies.

Property also recorded a loss of \$75.8m due to lower operating profit and non-cash revaluation decline for both Retail and PBSA portfolios.

Others improved by \$1.9m due to an increase in share of profits from M1 and divestment gain on Media Centre.

For accounting purposes, only the performances of major segments are disclosed and SPH continues to share key information relating to the performance of its various new segments. SPH will review and evaluate further breakdowns of the business segments in accordance with the latest accounting principles. As part of SPH's ambitions to be a long-term industry player in the PBSA and given the Group's material investments in this business segment, we are assessing to have a new reporting segment for PBSA be introduced in the new financial year to provide greater visibility of the business developments to shareholders.

2. What is SPH's capital management strategy?

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

This may be seen in FY2020 with several corporate developments such as the divestments of AXA Tower and Buzz business. In addition, the Group entered into a joint venture with Keppel Data Centres to develop Media centre at Genting Lane into a data centre. With this, SPH looks to maximise economic returns and improve the return on capital of an existing asset with the opportunity to participate in a growing sector.

The Group has during the year optimised its capital structure to ensure sufficient liquidity across all business segments against a prolonged Covid-19 pandemic. This includes drawing down on existing credit facilities to strengthen liquidity and bolster the resiliency of its balance sheet. This will help the Group buffer against the long-term uncertainty resulting from prolonged Covid-19 impact.

	Current Update as at 31 Aug 2020	Previous Update as at 29 Feb 2020
Net Debt to Asset Ratio	32.7%	31.8%
Weighted Average Debt to Maturity	3.4yr	3.1yr
Interest Coverage Ratio	3.8x	5.2x

3. Does SPH conduct share buybacks? Will SPH consider doing more share buybacks to show confidence in its transformation strategy?

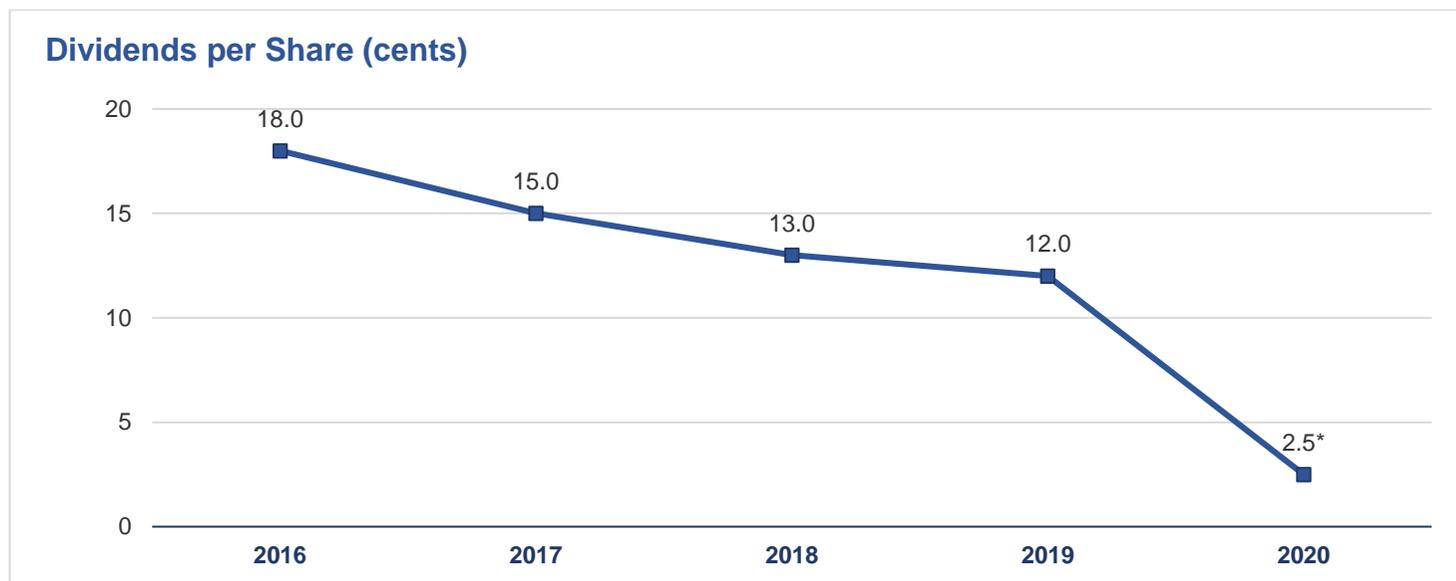
Yes, SPH has a share buyback mandate and had bought back a total of 4,698,100 shares in FY2020. SPH is seeking shareholders' approval at this AGM to renew its share buyback mandate.

SPH is unable to comment on doing more share buy backs as this is price sensitive information. The Board and management will exercise full diligence and prudence in making any decisions about share buybacks to ensure that it is the best allocation of capital to deliver shareholders' returns.

4. What is SPH's dividend policy and has SPH considered a scrip dividend scheme instead of cash payment for dividends?

SPH does not have a stated dividend policy. However, the Group always aim to have a sustainable dividend payout from our operating profit. The Board has declared a final dividend of 1 Singapore cent per share, subject to approval by shareholders at the upcoming AGM on 27 November 2020. SPH has also paid out an interim dividend of 1.5 Singapore cents on 5 May 2020.

Please refer to our dividend history in the chart below:



The Management and the Board have considered the scrip dividend scheme carefully, and decided against implementing this for now for the following reasons:

- The scheme will create odd lots. The company has many retail shareholders with small holdings.
- The scheme will be dilutive for those shareholders who do not elect to take up the scrip dividend.
- SPH shares are freely traded such that it is very easy for shareholders to buy shares from the open market with their cash dividend.
- As a regulated company, SPH has management shareholders which must be issued with 1% of any new share capital issued under the law. We cannot presume that management shareholders will agree to take up the additional shares as a consequence of the scheme.

This does not preclude SPH reviewing this area in the future if there are changes in the law or factors that would support the implementation of the scrip dividend scheme.

5. What contributed to the fair value adjustments and impact to profit in FY2020?

Impairment of goodwill and intangibles, and fair value change on investment properties were a result of assessed impact from Covid-19 and are non-cash in nature.

Please refer to the table below for the significant items impacting Profit Before Taxation:

Gain / (Loss)	FY2020 S\$'000
Jobs Support Scheme	33,411
Other Covid-19 related grants: Income	35,097
Gain on divestment of a property	25,712
Retrenchment costs	(17,416)
Other Covid-19 related grants: Expense	(28,255)
Impairment of goodwill and intangibles (OV, PBSA and Exhibitions)	(17,451)
Impairment of an associate (MindChamps)	(10,008)
Fair value change on investment properties	(232,013)
Total	(210,923)

Please refer to the table below for the breakdown of fair value adjustments on investment properties for FY2020:

Breakdown of FV Change on Investment Properties	FV Change (S\$m)	FV Change (%)
Paragon	(114.0)	(3.9)
The Clementi Mall	(14.6)	(2.4)
The Rail Mall	(2.5)	(3.9)
Westfield Marion	(31.6)	(4.6)
Figtree Grove	(16.0)	(7.7)
Seletar Mall	(17.8)	(3.6)
PBSA	(31.9)	(2.2)
Others	(3.6)	(1.7)
Total	(232.0)	(3.5)

Corporate Governance

6. SPH has had cost control measures implemented prior and during the pandemic, will the Management and Board be taking any remuneration cuts for FY2020?

SPH has consistently adopted a disciplined approach in managing its operating costs. Since FY2018, there has been an 8.0% decline in headcount and correspondingly, a 6.6% decline in staff costs. As an expression of sympathy and solidarity with fellow Singaporeans facing the Covid-19 pandemic, SPH board members undertook a voluntary 10% cut in directors' fees. SPH CEO had also taken a pay cut of 10% while other senior management staff saw a salary reduction of 5%. The cuts were effective from April 2020.

The CEO's remuneration package is recommended by the Remuneration Committee and approved by the Board each year. It comprises principally a base salary, a variable bonus component and performance share grant. The variable component and share grant are based on the Company's and the CEO's individual performance and have been designed to align his interests with those of shareholders.

The remuneration of SPH's Directors and the fee structure are in line with the prevailing rates of comparable listed companies, and the scale has been held flat since 2007. For a company with a market capitalization like SPH's, the remuneration is considered to be fairly modest. Further, talent of the nature and level of the SPH Directors are hard to find.

7. Why is there a need to increase the size of the board of directors with the addition of Ms Tracey Woon? Can SPH provide an update on Board renewal going forward?

Overall, there was no increase in board size. Ms Tracey Woon was appointed in July 2020, after Ms Chong Siak Ching retired from the Board at the last AGM in Nov 2019, hence replacing Ms Chong.

The Board reviews the composition of the Board and Board Committees periodically, taking into account the need for progressive renewal of the Board and each Director's competencies, commitment, contribution and performance. To ensure that the governance and business needs of the Group are adequately addressed, the Nomination Committee regularly reviews the capabilities of the Directors collectively by taking into account their skills, experience, diversity, and company and industry knowledge.

The Nomination Committee also decides the optimum size of a Board for effective deliberation and decision making, taking into account the nature and scope of the operations of the Group and the requirements of the Group's businesses, amongst other factors.

8. Will SPH consider setting up regular shareholder engagements to obtain shareholder feedback on the progress of SPH?

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

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

Since the onset of the Covid-19 pandemic, SPH has been providing increased disclosure through regular voluntary updates on its business operations via SGXNET, to enable investors to make better informed decisions. SPH also participates in investor roadshows to maintain regular dialogue with shareholders as well as to solicit and understand the views of shareholders. Information disclosed is as descriptive, detailed and forthcoming as possible. The Company provides on its website an investor relations email address, through which shareholders are able to ask questions and receive responses in a timely manner.

Business Segments

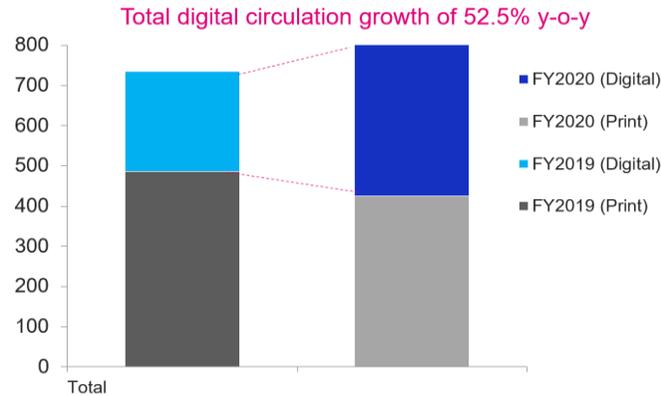
Media & Digital

9. SPH provides a valuable news service to Singapore, however, print media continues to be on the decline. What is SPH's plan to restructure the business?

As part of the SPH's ongoing transformation strategy, there is a disciplined approach to cost control where 2 rounds of restructuring exercises have taken place in FY20 to realign and integrate the marketing division and Magazines businesses. In line with the evolving demands and industry trends driven by disruptions to the Media business, SPH is accelerating its media transformation roadmap underpinned by digitalisation efforts, which will continue to be an ongoing process. This involves investing strategically in technological capabilities to enhance its offering such as the news tablet campaign which delivers the best features of the print product to a digital platform, offering a seamless e-paper reading experience with the flexibility to access websites and apps.

With an increase in focus on digitalisation, this has translated to a 52.5% year-on-year growth in digital circulation, particularly boosted by higher sales from news of Covid-19 and GE2020.

Daily Average Newspaper Circulation '000



10. What was the rationale for investing into M1 and could we have an update on M1's progress?

SPH's effective stake in M1 is 16.1%. M1's performance has been progressing according to business plans. Being a founding member of M1, we continue to see the potential for long-term value creation in M1 from the growth and business transformation initiatives to be undertaken together with Keppel Corporation post privatisation of the company. The transaction SPH undertook in 2018 was earnings accretive for SPH shareholders and is part of SPH's ongoing strategy to enhance value for its shareholders. SPH also saw opportunities to leverage on M1's mobile platform to offer on demand and ready digital content to better serve SPH's customers.

M1 and Starhub were granted final 5G network license from the Infocomm Media Development Authority (IMDA) in June 2020 and was Singapore's first and only telco to open up 5G access to all its customers then, without any limitation on the number of sign-ups or restrictions on any plans in September 2020.

M1 and MyRepublic have earlier in October 2020 announced a collaboration to bring an enhanced suite of mobile services through their Mobile Virtual Network Operator (MVNO) partnership where MyRepublic will utilise M1's mobile network infrastructure to offer better value, customised products and services, and an unparalleled mobile experience to its customers.

Retail

11. Could we have an update on Woodleigh Residences on the funding, completion and sales progress?

As at 20 November 2020, about 60% of total units have been sold at an average price of approximately S\$1,908. SPH and JV partner, Kajima are comfortable with funding requirements through to the completion of the project. Revenue and expense recognition are in line with the relevant Singapore Financial Reporting Standards (International).

The construction progress was affected by the Covid-19 pandemic. The government has announced additional temporary relief measures on 8 October 2020, extending project completion by a further six months, which comes on top of the six-month extension announced on 6 May 2020.

PBSA

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

Despite Covid-19 disruption, net operating income increased 29.0% year-on-year for FY2020. 88% of target revenue has been achieved as at 20 Nov 2020 for FY2021.

In terms of operational performances, the in-house development team successfully delivered greenfield asset, Student Castle Oxford on 11 September in time for Academic Year 20/21. Covid-19 however resulted in a slight delay of Student Castle Brighton construction and completion of asset due to disruption in supplies of building materials, but the greenfield asset was also successfully delivered in November 2020.

Since diversifying into the defensive cash-yielding PBSA asset class, SPH is on track to become a sizeable PBSA owner-operator with 7,723 beds across 28 assets in UK and Germany worth over S\$1.4bn. SPH has scaled up with two distinct brands, Capitol Students and Student Castle to capture both the domestic and international student demand. SPH has also developed organic sales and marketing capabilities with a comprehensive network of PBSA partners and strong relationship with key stakeholders. During the Covid-19 period, the Group remains committed to accelerate the integration of operations to achieve higher economies of scale.

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

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

Aged Care

14. What is the rationale of keeping the Singapore Aged Care assets and why expand overseas?

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

Given that Orange Valley is already one of the largest operators in Singapore, it was important for us to identify growth opportunities within this asset class in other markets such as Japan. Japan is a super-aged society with ballooning ageing population and rising ageing rate, which boost demand for senior care facilities.

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

The business operations were stable for the Orange Valley assets and the Japan assets are on master leases with credible operators who continue to pay rent in full and on time. There were no new Covid-19 cases since the four cases reported at Orange Valley Simei in May 2020, of which all have recovered fully.

Aged Care revenue improved by S\$26.3m for FY2020, an increase of 93.6% year-on-year, boosted by the sale of Personal Protective Equipment by its subsidiary, Life Medic.

For Orange Valley, occupancy rates improved from 75% in September 2019 to 80% in August 2020. Occupancy rates remained in the high 90s for the Japan assets in August 2020.

Other Investments

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

SPH's investment will be capped at \$139.6m, calculated based on the cash flow requirements and will be funded by a combination of the proceeds from the sale of property, Media Centre at Genting Lane, internal resources and external borrowings. The redevelopment plans are progressing according to schedule.

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

17. Will SPH consider re-assessing the value of its investments such as MindChamps and iFast?

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

18. What are the Group's investment funds invested in?

The Group's investment funds comprise mainly investments in iFast, Prime US REIT and the Media fund.

The Group has progressively reduced the size of its treasury investments over the years and redeployed it into recurring income-generating assets with higher yields.

Strategy & Outlook

19. What is SPH's strategy going forward?

As part of the Group's transformation journey, it continues to digitalise its Media business and seek new recurring income streams. SPH continues to invest in its core Media business and change the way the Group sells advertising. SPH also looks to increase recurring income from the Property segments which include Retail and PBSA businesses, complemented by growth in Digital and Aged Care. In addition, the Group continues to manage its costs and balance sheet prudently while seeking new growth in defensive income producing assets.

20. How will the Board address decline in share price?

The Group's strategy of transforming the media business and growing the non-media business is designed to improve its financial performance and share price. The Board and senior management continue to monitor the impact of Covid-19 on its business and prioritise efforts in executing its corporate strategies.

The Group will provide timely disclosures on business segments to help investors independently assess and make informed decisions. Management and the investor relations team are proactive in engaging with research analysts and investors to ensure that they are kept updated about the Group's developments.

21. What is the Board's view of being excluded from the STI and MSCI Singapore index?

The global economy, including Singapore, has been battered by the Covid-19 pandemic. SPH has not been spared in this challenging business environment. However, the Group has a resilient balance sheet to weather the impact from Covid-19 and will continue to transform the media business with digital innovations and grow our recurring income as well as diversify our revenue streams. The Group also reviews its existing businesses and investments regularly with a view to recycling capital and enhancing capital management with the aim of delivering sustainable shareholder returns.

IMPORTANT NOTICE

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares in SPH (“Shares”).

The value of shares and the income derived from them may fall as well as rise. Shares are not obligations of, deposits in, or guaranteed by, SPH or any of its affiliates. An investment in Shares is subject to investment risks, including the possible loss of the principal amount invested. The past performance of SPH is not necessarily indicative of its future performance.

This announcement may also 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.