

## IMPORTANT NOTICE

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The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Mercatus Co-operative Limited (the “**Issuer**”), DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

**Restrictions:** The attached document is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the subscription or purchase of the securities described therein.

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Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, DBS Bank Ltd. or Oversea-Chinese Banking Corporation Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of the Issuer in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to subscribe for or purchase any of the securities described therein.**

**Actions that You May Not Take:** If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

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**MERCATUS CO-OPERATIVE LIMITED**

**(Registered in the Republic of Singapore on 31 May 2011)**

**(UEN Registration No. T11CS0004B)**

S\$1,000,000,000

Multicurrency Medium Term Note Programme

(the "Programme")

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by Mercatus Co-operative Limited (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, (iii) where the Notes are initially acquired pursuant to an offer in reliance of Section 274 or 275 of the SFA, pursuant to, and in accordance with the conditions of, Section 276 of the SFA and any other applicable provision of the SFA, or (iv) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in, and for quotation of, any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries and associated companies (if any), the Programme and/or the Notes.

*Arrangers*



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## NOTICE

DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited (each an “**Arranger**” and together, the “**Arrangers**”) have been authorised by the Issuer to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies (if any), the Programme and the Notes. The Issuer accepts responsibility for this Information Memorandum and, having made all reasonable enquiries, confirms that this Information Memorandum contains all information which is material in the context of the Programme or the issue and offering of the Notes, that the information contained herein is true and accurate in all material respects, and that there are no other facts the omission of which in the context of the Programme and the issue and offering of the Notes would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in Series (as defined herein) having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than Variable Rate Notes (as described in the section “*Summary of the Programme*”)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of Variable Rate Notes) for the issue prices and rates of interest. Each Series may be issued in one or more Tranches (as defined herein) on the same or different issue dates.

The Notes will be issued in bearer or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Note (as defined herein) in bearer form or a Permanent Global Note (as defined herein) in bearer form or a registered Global Note (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) or otherwise delivered as agreed between the Issuer and the relevant Dealers (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealers, and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealers. The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each Series or Tranche of Notes. Details applicable to each Series or Tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to herein) shall be S\$1,000,000,000 (or its equivalent in any other currencies) or such other amount as may be increased in accordance with the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arrangers, any of the Dealers, the Trustee (as defined herein) or any of the Agents (as defined herein). Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, or any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the

Programme may be used for the purpose of or in connection with, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arrangers, any of the Dealers, the Trustee or any of the Agents to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful or not authorised, or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information (or such part thereof) and the offer of the Notes in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information (or such part thereof) or into whose possession this Information Memorandum or any such other document or information (or such part thereof) comes are required to inform themselves about and to observe any such prohibitions or restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and include Notes in bearer form that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part hereof or thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arrangers or the Dealers to subscribe for or purchase any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Notes from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof (including copies thereof) in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the condition (financial or otherwise), prospects, business, results of operations, assets, properties or general affairs of the Issuer or any of its respective subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arrangers, the Dealers and the Trustee have not separately verified the information contained in this Information Memorandum. None of the Arrangers, the Dealers, the Trustee, the Agents and their respective officers, employees and agents is making any representation or warranty express or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof or the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, none of the Arrangers, the Dealers, the Trustee and the Agents makes any representation or warranty as to the Issuer or its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are referred to in or incorporated by reference in, and form part of, this Information Memorandum.



To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee and the Agents accept any responsibility for the contents of this Information Memorandum or for any other statement made or purported to be made by any of the Arrangers, the Dealers, the Trustee or the Agents or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Arranger, Dealer, Trustee and Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

Neither this Information Memorandum nor any other document or information (or any part hereof or thereof) delivered or supplied under or in relation to the Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arrangers, any of the Dealers, the Trustee or any of the Agents that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective subscriber or purchaser shall make its own assessment of the foregoing and other relevant matters including the business, financial condition, prospects, results, affairs and creditworthiness of the Issuer and its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the business, financial condition and affairs and its appraisal of the creditworthiness of the Issuer and its subsidiaries or associated companies (if any). Accordingly, notwithstanding anything herein, none of the Issuer or any of the Arrangers, the Dealers, the Trustee, the Agents or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part hereof and thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part hereof and thereof).

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “**Stabilising Manager(s)**”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be discontinued at any time and must in any event be brought to an end after a limited period. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws, rules and regulations.

Any subscription for, purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arrangers, the Dealers, the Trustee or the Agents) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on the resale of the Notes set out in the section “*Subscription, Purchase and Distribution*” on pages 105 to 108 of this Information Memorandum.

Any person who is invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for, purchase or otherwise acquire any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

Prospective purchasers of Notes are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of Notes.

Prospective investors should pay attention to the risk factors set out in the section titled “*Risk Factors*”.



## FORWARD-LOOKING STATEMENTS

Certain statements in this Information Memorandum may be deemed to be forward-looking statements. All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “anticipates”, “estimates”, “projects”, “expects”, “believes”, “intends”, “plans”, “aims”, “seeks”, “may”, “will”, “would”, “should”, “could” or other similar expressions. However, these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements include statements concerning the plans, objectives, goals, strategies, future operations, expected financial positions, prospects and performance of the Issuer and/or the Group (as defined herein) and the assumptions underlying these forward-looking statements. These forward-looking statements are contained in the sections entitled “*Risk Factors*” and “*Description of the Issuer*” and other sections of this Information Memorandum. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and/or achievements of the Issuer or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the discussion under the section “*Risk Factors*”.

If one or more of the risks or uncertainties materialise, or if any of the underlying assumptions of the Issuer and/or the Group prove to be incomplete or inaccurate, the actual results, performance or achievements of the Issuer and/or the Group may vary from those expected, expressed or implied by the forward-looking statements. Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the forward-looking statements in this Information Memorandum, undue reliance must not be placed on such forward-looking statements. None of the Issuer, the Arrangers, the Dealers, the Trustee and the Agents represents or warrants that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Any forward-looking statements contained in this Information Memorandum speak only as at the date of this Information Memorandum. Each of the Issuer, the Arrangers, the Dealers, the Trustee and the Agents expressly disclaims any obligation or undertaking to disseminate publicly or otherwise after the date of this Information Memorandum any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum:

- (a) any annual reports of the Issuer;
- (b) any audited consolidated financial statements of the Group;
- (c) any unaudited consolidated financial statements of the Group; and
- (d) any supplement or amendment to this Information Memorandum issued by the Issuer.

This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any Series or Tranche of Notes, any Pricing Supplement in respect of such Series or Tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

**Copies of all documents deemed incorporated by reference herein are available for inspection during normal business hours at the specified office of the Issuing and Paying Agent (as defined herein) or, as the case may be, the Non-CDP Paying Agent (as defined herein).**

## DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:—

<b>“Agency Agreement”</b>	:	The agency agreement dated 9 June 2017, made between (a) the Issuer, as issuer, (b) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent, CDP transfer agent and CDP registrar, (c) The Bank of New York Mellon, London Branch, as Non-CDP paying agent and calculation agent, (d) The Bank of New York Mellon SA/NV, Luxembourg Branch, as Non-CDP transfer agent and Non-CDP registrar, and (e) the Trustee, as trustee, as amended, modified or supplemented from time to time
<b>“Agents”</b>	:	The Paying Agents, the relevant Transfer Agent, the relevant Registrar, the Calculation Agent, the other Paying Agents, the other Transfer Agents or any of them and shall include such other agent or agents as may be appointed from time to time under the Agency Agreement
<b>“Arrangers”</b>	:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited
<b>“Board”</b>	:	The board of directors of the Issuer
<b>“business day”</b>	:	In respect of each Note, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and CDP, as applicable, are operating; (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country in which the Issuing and Paying Agent’s or (in the case of Notes other than those cleared through CDP) the Non-CDP Paying Agent’s specified office is situated and (iii) (if payment is to be made on that day) (1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Notes denominated in euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in euro and (3) (in the case of Notes denominated in a currency other than Singapore dollars and euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency
<b>“By-Laws”</b>	:	The by-laws of the Issuer and any amendment thereof as registered under the Co-operative Societies Act

<b>“Calculation Agent”</b>	:	The Bank of New York Mellon, London Branch
<b>“CCF”</b>	:	Central Contribution Fund
<b>“CDP” or the “Depository”</b>	:	The Central Depository (Pte) Limited
<b>“CDP Registrar”</b>	:	The Bank of New York Mellon, Singapore Branch
<b>“CDP Transfer Agent”</b>	:	The Bank of New York Mellon, Singapore Branch
<b>“Certificate”</b>	:	A registered certificate representing one or more registered Notes of the same Series and, save as provided in the Conditions, comprising the entire holding by a Noteholder of that Series
<b>“Clearstream, Luxembourg”</b>	:	Clearstream Banking S.A., and includes a reference to its successors and permitted assigns
<b>“Co-operative Societies Act”</b>	:	The Co-operative Societies Act (Chapter 62 of Singapore), as amended or modified from time to time
<b>“Common Depository”</b>	:	In relation to a Series of the Notes, a depository common to Euroclear and Clearstream, Luxembourg
<b>“Companies Act”</b>	:	The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time
<b>“Conditions”</b>	:	In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Note, by the provisions of such Global Note, and which shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Notes subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly
<b>“Couponholders”</b>	:	The holders of the Coupons
<b>“Coupons”</b>	:	The interest coupons appertaining to an interest bearing Definitive Note
<b>“Dealers”</b>	:	Persons appointed as dealers under the Programme

<b>“Definitive Note”</b>	:	A definitive Note in bearer form, being substantially in the form set out in Part I of Schedule 1 to the Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue
<b>“Directors”</b>	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum
<b>“euro”</b>	:	The currency of the member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended from time to time
<b>“Euroclear”</b>	:	Euroclear Bank SA/NV, and includes a reference to its successors and permitted assigns
<b>“FY” or “financial year”</b>	:	Financial year ended or ending 31 December
<b>“Global Note”</b>	:	A global Note representing Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons or a Talon
<b>“Group”</b>	:	The Issuer and its subsidiaries and <b>“member of the Group”</b> shall be construed accordingly
<b>“HDB”</b>	:	Housing and Development Board
<b>“IRAS”</b>	:	Inland Revenue Authority of Singapore
<b>“Issuer”</b>	:	Mercatus Co-operative Limited
<b>“Issuing and Paying Agent”</b>	:	The Bank of New York Mellon, Singapore Branch
<b>“ITA”</b>	:	The Income Tax Act (Chapter 134 of Singapore), as amended or modified from time to time
<b>“Latest Practicable Date”</b>	:	31 May 2017
<b>“MAS”</b>	:	The Monetary Authority of Singapore
<b>“Non-CDP Paying Agent”</b>	:	The Bank of New York Mellon, London Branch
<b>“Non-CDP Registrar”</b>	:	The Bank of New York Mellon, SA/NV, Luxembourg Branch
<b>“Non-CDP Transfer Agent”</b>	:	The Bank of New York Mellon, SA/NV, Luxembourg Branch
<b>“Note”</b>	:	A note issued or to be issued by the Issuer pursuant to the Programme Agreement and constituted by the Trust Deed

<b>“Noteholders”</b>	:	The holders of the Notes
<b>“NTUC”</b>	:	National Trade Union Congress
<b>“NTUC Enterprise”</b>	:	NTUC Enterprise Co-operative Limited
<b>“NTUC Fairprice”</b>	:	NTUC FairPrice Co-operative Limited
<b>“OMB”</b>	:	One Marina Boulevard
<b>“Paying Agents”</b>	:	The Issuing and Paying Agent and the Non-CDP Paying Agent, and the <b>“Paying Agent”</b> means either of them
<b>“Permanent Global Note”</b>	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note, being substantially in the form set out in Schedule 3 to the Trust Deed
<b>“Pricing Supplement”</b>	:	In relation to a Series or Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum issued by the Issuer specifying the relevant issue details in relation to such Series or Tranche
<b>“Programme”</b>	:	The S\$1,000,000,000 Multicurrency Medium Term Note Programme established by the Issuer pursuant to the Programme Agreement
<b>“Programme Agreement”</b>	:	The programme agreement dated 9 June 2017 made between (a) the Issuer, as issuer, (b) the Arrangers, as arrangers, and (c) DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, as dealers, as amended, restated or supplemented from time to time
<b>“Properties”</b>	:	The properties comprising the Issuer’s asset portfolio as at the Latest Practicable Date, namely AMK Hub, Thomson Plaza, OMB, NEX and the 38 strata-titled units in HDB sites and shopping malls collectively, and each a <b>“Property”</b>
<b>“Proposed Acquisition”</b>	:	The proposed acquisition by the Issuer of Jurong Point Mall
<b>“Registrars”</b>	:	The CDP Registrar and the Non-CDP Registrar, and the <b>“Registrar”</b> means either of them
<b>“relevant Dealer(s)”</b>	:	In relation to any Series or Tranche, the Dealer or Dealers with whom the Issuer has concluded or is negotiating an agreement on the issue of such Series or Tranche

<b>“S\$”, “\$” or “Singapore dollars” and “cents”</b>	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
<b>“Securities Act”</b>	:	Securities Act of 1933 of the United States, as amended or modified from time to time
<b>“Series”</b>	:	(1) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
<b>“SFA”</b>	:	The Securities and Futures Act (Chapter 289 of Singapore), as amended or modified from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shares”</b>	:	Ordinary shares in the capital of the Issuer
<b>“SLF”</b>	:	Singapore Labour Foundation
<b>“Talons”</b>	:	Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the relevant Conditions
<b>“TARGET System”</b>	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto
<b>“Temporary Global Note”</b>	:	A Global Note representing Notes of one or more Tranches of the same Series on issue
<b>“Tranche”</b>	:	Notes which are identical in all respects (including as to listing)
<b>“Transfer Agents”</b>	:	The CDP Transfer Agent and the Non-CDP Transfer Agent, and the <b>“Transfer Agent”</b> means either of them
<b>“Trust Deed”</b>	:	The trust deed dated 9 June 2017 made between (a) the Issuer, as issuer, and (b) the Trustee, as trustee, as amended, restated or supplemented from time to time
<b>“Trustee”</b>	:	The Bank of New York Mellon, Singapore Branch
<b>“United States” or “U.S.”</b>	:	United States of America



**“US\$” or “US dollars”** : United States dollars, being the lawful currency of the United States of America

**“%”** : Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum 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 or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act, or as the case may be, the SFA.

## CORPORATE INFORMATION

Board of Directors	:	May Ng Bee Bee ( <i>Chairman</i> ) Wong Heng Tew ( <i>Director</i> ) Willy Shee Ping Yah ( <i>Director</i> ) Ng Eng Kiong ( <i>Director</i> ) Lim Kok Guan ( <i>Director</i> ) Tan Kian Huay ( <i>Director</i> ) Yeo Chun Fing ( <i>Director</i> ) Soong Hee Sang ( <i>Director</i> ) Adeline Sum Wai Fun ( <i>Director</i> )
Manager	:	Michelle Chia Cai Wei
Registered Office	:	No. 1 Marina Boulevard #15-04 One Marina Boulevard Singapore 018989
Auditors to the Issuer	:	KPMG LLP #22-00 Hong Leong Building 16 Raffles Quay Singapore 048581
Arrangers of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982  Oversea-Chinese Banking Corporation Limited 63 Chulia Street #03-05 OCBC Centre East Singapore 049513
Legal Advisers to the Arrangers	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Issuer	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Issuing and Paying Agent, CDP Transfer Agent and CDP Registrar	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #03-01 Millenia Tower Singapore 039192
Non-CDP Paying Agent and Calculation Agent	:	The Bank of New York Mellon, London Branch One Canada Square London E14 5AL United Kingdom

Non-CDP Transfer Agent and Non-CDP Registrar	:	The Bank of New York Mellon SA/NV, Luxembourg Branch Vertigo Building-Polaris 2-4 rue Eugène Ruppert L-2453 Luxembourg
Trustee for the Noteholders	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #03-01 Millenia Tower Singapore 039192
Legal Advisers to the Trustee, the Issuing and Paying Agent, the CDP Registrar, the CDP Transfer Agent, the Non-CDP Paying Agent, the Non-CDP Registrar, the Non-CDP Transfer Agent and the Calculation Agent	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982

## SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with and qualified in its entirety by, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Mercatus Co-operative Limited
Arrangers	:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited
Dealers	:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement
Trustee	:	The Bank of New York Mellon, Singapore Branch
Issuing and Paying Agent, CDP Registrar and CDP Transfer Agent	:	The Bank of New York Mellon, Singapore Branch
Non-CDP Paying Agent and Calculation Agent	:	The Bank of New York Mellon, London Branch
Non-CDP Registrar and Non-CDP Transfer Agent	:	The Bank of New York Mellon SA/NV, Luxembourg Branch
Description	:	S\$1,000,000,000 Multicurrency Medium Term Note Programme
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S\$1,000,000,000 (or its equivalent in other currencies) or such other amount as may be increased in accordance with the terms of the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium to par.

Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes shall have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled in accordance with the Conditions, each Note will be redeemed at its redemption amount on the maturity date shown on its face (if it is shown on its face to be a Fixed Rate Note, Hybrid Note (during the fixed rate period or Zero Coupon Note)) or on the interest payment date falling in the redemption month shown on its face (if it is shown on its face to be a Floating Rate Note, Variable Rate Note or a Hybrid Note (during the floating rate period)).
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to SGD SIBOR or SGD SOR (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealers), as adjusted for any applicable margin. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealers, as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealers prior to their issue.
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealers, at a fixed rate of interest which will be payable in arrear on specified dates and during the floating rate period to be agreed between the Issuer and the relevant Dealers at the rate of interest to be determined by reference to SGD SIBOR or SGD SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealers), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealers), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealers.
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	:	The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealers. Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, the Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depositary and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.

Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg. Notes which are cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with the Common Depositary.
Status of the Notes	:	The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer. The Notes and Coupons shall at all times rank <i>pari passu</i> , without any preference or priority among themselves, and <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Optional Redemption and Purchase	:	If so provided on the face of the Notes and the relevant Pricing Supplement, the Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders. Further, if so provided on the face of the Notes and the relevant Pricing Supplement, the Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders.
Redemption at the Option of the Noteholders upon Change of Shareholding	:	<p>If, for any reason, a Change of Shareholding (as defined below) occurs, the Issuer shall within seven (7) days after becoming aware give notice to the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence of such event (the “<b>Notice</b>”) and shall, at the option of the Noteholder, redeem such Note at its redemption amount, together with interest accrued to the date fixed for redemption, on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day) provided that any failure by the Issuer to give the Notice shall not prejudice any Noteholder of such option.</p> <p>To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Issuer (as applicable), no later than 21 days from the date of the Notice.</p>



Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of the above paragraph:

**“Change of Shareholding”** occurs when NTUC Enterprise Co-operative Limited ceases to own, directly or indirectly, at least 51 per cent. of the issued share capital of the Issuer.

Redemption for Taxation  
Reasons

: If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (as defined in the Conditions) or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their redemption amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6.10) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Negative Pledge	:	<p>The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 10) will, create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest upon the whole or any part of its present or future undertakings, properties, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed).</p> <p><b>“Relevant Indebtedness”</b> means any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) and for the avoidance of doubt, excludes bilateral and syndicated loans arranged or granted by a bank or other financial institution.</p>
Other Covenants	:	<p>The Issuer has covenanted with the Trustee in the Trust Deed that for so long as any of the Notes remains outstanding, it will ensure that:</p> <p>(a) the Adjusted Consolidated Tangible Net Worth (as defined in Condition 4.2(b)) is not less than S\$1,000,000,000; and</p> <p>(b) the ratio of the Consolidated Total Debt (as defined in Condition 4.2(b)) to Adjusted Consolidated Tangible Net Worth (as defined in Condition 4.2(b)) shall not at any time exceed 2:1.</p>
Events of Default	:	See Condition 10.

Taxation	: All payments in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions.
	For further details, see Condition 8 of the Notes and the section on “ <i>Taxation</i> ” below.
Listing	: Application has been made to the SGX-ST for permission to deal in, and for quotation of the Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST.
	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealers, be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealers, subject to all necessary approvals having been obtained.
	If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	: For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on “ <i>Subscription, Purchase and Distribution</i> ” below. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	: The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.*

The Notes are constituted by a Trust Deed (as amended, restated or supplemented from time to time, the **“Trust Deed”**) dated 9 June 2017 made between (1) Mercatus Co-operative Limited, as issuer (the **“Issuer”**), and (2) The Bank of New York Mellon, Singapore Branch (the **“Trustee”**, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, restated or supplemented from time to time, the **“Deed of Covenant”**) dated 9 June 2017 executed by the Issuer, relating to Notes (**“CDP Notes”**) cleared or to be cleared through the CDP System (as defined in the Trust Deed). These terms and conditions (the **“Conditions”**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which include the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement dated 9 June 2017 (as amended, restated or supplemented from time to time, the **“Agency Agreement”**) made between (1) the Issuer, as issuer, (2) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent in respect of CDP Notes (in such capacity, the **“Issuing and Paying Agent”**), transfer agent in respect of CDP Notes (in such capacity, the **“CDP Transfer Agent”**) and registrar in respect of CDP Notes (in such capacity, the **“CDP Registrar”**), (3) The Bank of New York Mellon, London Branch, as paying agent in respect of Notes cleared or to be cleared through a clearing system other than the CDP System (**“Non-CDP Notes”**) (in such capacity, the **“Non-CDP Paying Agent”**) and, together with the Issuing and Paying Agent and any other paying agents that may be appointed, the **“Paying Agents”**) and calculation agent (in such capacity, the **“Calculation Agent”**), (4) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent in respect of Non-CDP Notes (in such capacity, the **“Non-CDP Transfer Agent”**) and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the **“Transfer Agents”**) and registrar in respect of Non-CDP Notes (in such capacity, the **“Non-CDP Registrar”**) and, together with the CDP Registrar, the **“Registrars”**), and (5) the Trustee, as trustee for the Noteholders. The Noteholders and the holders (the **“Couponholders”**) of the coupons (the **“Coupons”**) appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the **“Talons”**) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the **“Issuing and Paying Agent”** shall, in the case of a Series of CDP Notes, be deemed to be a reference to the Issuing and Paying Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Registrar and (c) the Transfer Agent shall, in the case of a

Series of CDP Notes, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective specified offices of the Paying Agents for the time being.

## **1. FORM, DENOMINATION AND TITLE**

### **1.1 Form and Denomination**

- (a) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), in each case in the Denomination Amount shown hereon. In the case of Registered Notes, such Notes are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.
- (b) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).
- (c) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 7.8 in these Conditions are not applicable).
- (d) Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2.3, each Certificate shall represent the entire holding of Registered Notes by the same holder.

### **1.2 Title**

- (a) Subject as set out below, title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (b) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (c) For so long as any of the Notes is represented by a Global Note (as defined below) or, as the case may be, a Global Certificate (as defined below), and such Global Note or Global Certificate is held by The Central Depository (Pte) Limited (the “**Depository**”) and/or a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the credit of the

account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent (as defined below), all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes standing to the credit of the account of such person. Other than with respect to the payment of principal, premium (if any), interest, redemption or purchase amount (if any) in respect of the Notes, for which purpose the bearer of the Global Note or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note or, as the case may be, the Global Certificate (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Note or, as the case may be, the Global Certificate and held by the Depository and/or a common depository for Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

For so long as any of the Notes is represented by a Global Note or, as the case may be, a Global Certificate and such Global Note or, as the case may be, Global Certificate is held by the Depository, the payment of principal, premium (if any), interest, redemption or purchase amount (if any) and any other amounts in respect of the Notes shall be made by the Depository to the persons shown in the records of the Depository as the holder of Notes in accordance with the rules and procedures for the time being of the Depository and the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Notes shall, unless otherwise specified by the Issuer, be the date falling five (5) business days prior to the relevant payment date (or such other date as may be prescribed by the Depository).

For so long as any of the Notes is represented by a Global Note or, as the case may be, a Global Certificate and such Global Note or, as the case may be, Global Certificate is held by a common depository for Euroclear and/or Clearstream, Luxembourg, the record date for purposes of determining entitlements to any payment of principal, premium (if any), interest, redemption or purchase amount (if any) and any other amounts in respect of the Note shall be the close of business on the Clearing System Business Day immediately prior to the relevant payment date, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January (or such other date as may be prescribed by Euroclear and/or Clearstream, Luxembourg).

- (d) In these Conditions, “**Global Note**” means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (i) a common depository for Euroclear and/or Clearstream, Luxembourg, (ii) the Depository and/or (iii) any other clearing system, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), “**Series**” means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are



identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “**Tranche**” means Notes which are identical in all respects (including as to listing).

- (e) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## **2. NO EXCHANGE OF NOTES AND TRANSFERS OF REGISTERED NOTES**

- 2.1 No Exchange of Notes: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.
- 2.2 Transfer of Registered Notes: Subject to Conditions 2.5 and 2.6 below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed (in the case of any regulation proposed by the Issuer) with the approval of the Trustee, the Transfer Agents and the Registrar and (in the case of any regulation proposed by the Registrar) with the approval of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- 2.3 Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- 2.4 Delivery of New Certificates: Each new Certificate to be issued pursuant to Condition 2.2 or 2.3 shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6.5) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant



form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2.4, “**business day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

- 2.5 Transfers Free of Charge: Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.
- 2.6 Closed Periods: No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6.4, (ii) after any such Note has been called for redemption or (iii) during the period of seven (7) days ending on (and including) any Record Date (as defined in Condition 7.2(b)).

### 3. STATUS

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

### 4. NEGATIVE PLEDGE AND OTHER COVENANTS

#### 4.1 Negative Pledge

The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes or Coupons remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 10) will, create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest upon the whole or any part of its present or future undertakings, properties, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed).

For the purposes of this Condition 4.1, “**Relevant Indebtedness**” means any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) and for the avoidance of doubt, excludes bilateral and syndicated loans arranged or granted by a bank or other financial institution.

## 4.2 Financial Covenants

The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes remains outstanding, it will ensure that:

- (a) the Adjusted Consolidated Tangible Net Worth is not less than S\$1,000,000,000; and
- (b) the ratio of the Consolidated Total Debt to Adjusted Consolidated Tangible Net Worth shall not at any time exceed 2:1.

For the purposes of these Conditions:

- (i) **“Adjusted Consolidated Tangible Net Worth”** means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the total equity of the Group (as defined in the Trust Deed) as shown in the latest audited or, as the case may be, unaudited consolidated balance sheet of the Group (as provided to the Trustee pursuant to Clause 16(e) of the Trust Deed) but after:
  - (1) making such adjustments as may be appropriate in respect of any variation between the book value (as shown in the latest audited or, as the case may be, unaudited consolidated balance sheet of the Group (as provided to the Trustee pursuant to Clause 16(e) of the Trust Deed)) and market value (as shown in the notes to the latest audited or, as the case may be, unaudited consolidated financial statements of the Group (as provided to the Trustee pursuant to Clause 16(e) of the Trust Deed)) of (i) the properties of the Group and (ii) properties held by joint ventures and associated companies (if any) and, in the case of (ii), only to the extent that adjustments have been made to the amounts representing the investments in joint ventures or, as the case may be, investments in associated companies of the Group (all as shown in in the latest audited, or as the case may be, unaudited consolidated financial statements of the Group) in order to record such properties at their respective book values;
  - (2) making such adjustments as may be appropriate in respect of any variation in the total equity of the Group set out in the first paragraph above since the date of the latest audited or, as the case may be, unaudited consolidated balance sheet of the Group (as provided to the Trustee pursuant to Clause 16(e) of the Trust Deed);
  - (3) excluding any sums set aside for future taxation;
  - (4) excluding any amount attributable to minority interests; and
  - (5) deducting:
    - (I) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited or, as the case may be, unaudited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group; and
    - (II) all goodwill and other intangible assets,

and so that no amount shall be included or excluded more than once;

- (ii) **“Consolidated Total Debt”** means in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:
- (1) bank overdrafts and all other indebtedness in respect of any borrowings;
  - (2) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
  - (3) the liabilities of the Issuer under the Trust Deed or the Notes;
  - (4) all other indebtedness whatsoever of the Group for borrowed moneys; and
  - (5) any redeemable preference shares issued by any member of the Group; and
- (iii) Certificates delivered by two Authorised Signatories of the Issuer in connection with this Condition 4.2 shall, in the absence of manifest error, be conclusive.

## **5. INTEREST AND OTHER CALCULATIONS**

### **5.1 Interest on Fixed Rate Notes**

#### **(a) Interest Rate and Accrual**

Each Fixed Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, the first payment will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5.1 to the Relevant Date (as defined in Condition 8).

#### **(b) Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one (1) year will be calculated on the Day Count Fraction shown on the face of the Note. The amount of interest payable per Calculation Amount in respect of any Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the face of the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

## 5.2 Interest on Floating Rate Notes or Variable Rate Notes

### (a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5.2(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding business day and (B) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5.2 to the Relevant Date.

### (b) Rate of Interest – Floating Rate Notes

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5.5(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the **"Rate of Interest"**.

- (ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:

- (1) in the case of Floating Rate Notes which are SIBOR Notes:

- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX-SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);
- (B) (in the event that the Calculation Agent has notified the Issuer that it is able to do so) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;
- (C) (in the event that the Calculation Agent has notified the Issuer that it is able to do so) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations;

- (D) (in the event that the Calculation Agent has notified the Issuer that it is able to do so) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the rates quoted by the Reference Banks or those of them (being at least two (2) in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be the most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date, one (1) only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and
- (E) If the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with paragraphs (b)(ii)(1)(A) to (b)(ii)(1)(D) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (b)(ii)(1)(A), (b)(ii)(1)(B), (b)(ii)(1)(C) or (b)(ii)(1)(D) above shall have applied.
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX1 Page under the caption “SGD SOR rates as of 11:00 hrs London Time” and under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
- (B) (in the event that the Calculation Agent has notified the Issuer that it is able to do so) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four (4) decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate



is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select;

- (C) (in the event that the Calculation Agent has notified the Issuer that it is able to do so) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two (2) in number) to the Calculation Agent at or about the Relevant Time as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and
  - (D) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with paragraphs (b)(ii)(2)(A) to (b)(ii)(2)(C) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (b)(ii)(2)(A), (b)(ii)(2)(B) or (b)(ii)(2)(C) above shall have applied;
- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page, subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
    - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
    - (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);



- (B) (in the event that the Calculation Agent has notified the Issuer that it is able to do so) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any);
  - (C) (in the event that the Calculation Agent has notified the Issuer that it is able to do so) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date; and
  - (D) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with paragraphs (b)(ii)(3)(A) to (b)(ii)(3)(B) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (b)(ii)(3)(A) or (b)(ii)(3)(B) above shall have applied.
- (iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.
  - (iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.
- (c) Rate of Interest – Variable Rate Notes
- (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.
  - (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:
    - (1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
      - (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

- (B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Rate of Interest for such Variable Rate Note for such Interest Period shall be zero); and
  - (C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
- (2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The Issuer has undertaken in the Agency Agreement that it will:
  - (1) as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined, but not later than 10.30 a.m. (Singapore time) on the next following business day, notify the Issuing and Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
  - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor an Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “**Fall Back Rate**”) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The “Spread” is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5.5(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5.2(c)(ii) above (*mutatis mutandis*) and references therein to “**Rate of Interest**” shall mean “**Fall Back Rate**”.

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period (as defined below) relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) **Minimum/Maximum Rate of Interest**

If the applicable Pricing Supplement specifies a Minimum Rate of Interest and/or a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with Condition 5.2(b) or Condition 5.2(c) above is less than such Minimum Rate of Interest, or more than such Maximum Rate of Interest, as the case may be, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest, or such Maximum Rate of Interest, as the case may be.

(e) **Definitions**

As used in these Conditions:

“**Benchmark**” means the rate specified as such in the applicable Pricing Supplement;

“**business day**” means, in respect of each Note, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country in which the specified office of the Issuing and Paying Agent, and (in the case of Non-CDP notes) the Non-CDP Paying Agent, is situated and (iii) (if a payment is to be made on that day) (A) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (B) (in the case of Notes denominated in Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euro and (C) (in the case of Notes denominated in a currency other than Singapore dollars and Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

“**Calculation Amount**” means the amount specified as such on the face of any Note or, if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest in accordance with Condition 5:

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

**“Euro”** means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

**“Interest Determination Date”** means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

**“Issue Date”** means the date specified as such in the applicable Pricing Supplement;

**“Primary Source”** means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Calculation Agent;

**“Reference Banks”** means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Issuer in the interbank market that is most closely connected with the Benchmark;

**“Relevant Currency”** means the currency in which the Notes are denominated;

**“Relevant Dealer”** means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

**“Relevant Financial Centre”** means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

**“Relevant Rate”** means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

**“Relevant Time”** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

**“Screen Page”** means such page, section, caption, column or other part of a particular information service (including, but not limited to Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

### 5.3 Interest on Hybrid Notes

#### (a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

#### (b) Fixed Rate Period

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption

thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5.3 to the Relevant Date.

- (iv) In the case of a Hybrid Note, interest in respect of a period of less than one (1) year will be calculated on the Day Count Fraction shown on the face of the Note during the Fixed Rate Period.

(c) Floating Rate Period

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.
- (ii) The period beginning on (and including) the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5.3 and the Agency Agreement to the Relevant Date.



- (iv) The provisions of Condition 5.2(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

#### 5.4 Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6.10). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6.10).

#### 5.5 Calculations

##### (a) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

##### (b) Notification

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so or otherwise procure the determination or calculation of the Rate of Interest for such Interest Period or Interest Amount. In doing so, the Trustee shall apply the provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances, and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(d) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

## **6. REDEMPTION AND PURCHASE**

### **6.1 Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

### **6.2 Purchase at the Option of Issuer**

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

All Notes in respect of which any such notice is given shall be purchased on the date specified in such notice in accordance with this Condition 6.2.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered



Notes, to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

### 6.3 Purchase at the Option of Noteholders

- (a) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.
- (b) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

#### 6.4 Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

#### 6.5 Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

#### 6.6 Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6.10 below) (together with interest accrued to the date fixed for redemption), if (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (b) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6.6, the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

- (i) a certificate signed by two (2) directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (ii) an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence that the satisfaction of the conditions precedent to the right of the Issuer so to redeem has occurred, in which event it shall be conclusive and binding on the Noteholders.

All Notes in respect of which any such notice of redemption is given in accordance with this Condition 6.6 shall be redeemed on the date specified in such notice.

#### 6.7 Redemption at the Option of Noteholders upon Change of Shareholding

If, for any reason, a Change of Shareholding (as defined below) occurs, the Issuer shall within seven (7) days after becoming aware give notice to the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence of such event (the “**Notice**”) and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day) provided that any failure by the Issuer to give such Notice shall not prejudice any Noteholder of such option.

To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmaturing Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with an Exercise Notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent or the Issuer (as applicable), no later than 21 days from the date of Notice. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

In this Condition 6.7:

“**Change of Shareholding**” occurs when NTUC Enterprise Co-operative Limited ceases to own, directly or indirectly, at least 51 per cent. of the issued share capital of the Issuer.

#### 6.8 Redemption in the case of Minimal Outstanding Amount

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any date on which interest is payable on the Notes or at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

## 6.9 Purchases

The Issuer and/or any of its subsidiaries may at any time purchase Notes at any price (provided that, in the case of Bearer Notes, they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer and/or any of its subsidiaries may be surrendered by the purchaser through the Issuer to, in the case of Bearer Notes, the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Issuer or, as the case may be, the relevant subsidiary be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

## 6.10 Early Redemption of Zero Coupon Notes

- (a) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6.6 or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (b) Subject to the provisions of sub-paragraph (c) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (c) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6.6 or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (b) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5.4.

Where such calculation is to be made for a period of less than one (1) year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

## 6.11 Cancellation

All Notes purchased by or on behalf of the Issuer and/or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered,

shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

## **7. PAYMENTS**

### **7.1 Principal and Interest in respect of Bearer Notes**

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Notes will, be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

### **7.2 Principal and Interest in respect of Registered Notes**

- (a) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7.2(b).
- (b) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

### **7.3 Payments subject to Law etc.**

Without prejudice to the provisions of Condition 8, all payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

### **7.4 Appointment of Agents**

The Issuing and Paying Agent, the Non-CDP Paying Agent, the Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, any other Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Calculation Agent and to appoint additional or other Paying Agents, Transfer Agents and Calculation Agents; provided that it will at all times maintain (a) an Issuing and Paying Agent having a specified office in Singapore and (in the case of Non-CDP Notes) a Non-CDP Paying Agent, as the case may be, (b) a Transfer Agent in relation to Registered Notes, (c) a Registrar in relation to Registered Notes and (d) a Calculation Agent where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given by the Issuer to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of any holder of any Note or Coupon, for the purpose of curing any ambiguity or of curing, correcting or

supplementing any defective provision contained therein of a formal, minor or technical nature, to correct a manifest error or to comply with mandatory provisions of Singapore law or which is required by Euroclear and/or Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held or in any manner which the Issuer, the Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, materially and adversely affect the interests of the holders of the Notes or the Coupons. Any such amendment shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer shall cause such amendment to be notified to the Noteholders as soon as practicable in accordance with Condition 16.

#### 7.5 Unmatured Coupons and Unexchanged Talons

- (a) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within the prescription period relating thereto under Condition 9 from the Relevant Date for the payment of such principal whether or not such Coupon has become void pursuant to Condition 9.
- (b) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmaturing Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (c) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (d) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmaturing Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (e) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.



## 7.6 Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

## 7.7 Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

## 7.8 Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two (2) per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

## 8. TAXATION

All payments in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (collectively, "**Taxes**") imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in Singapore);

- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by or on behalf of a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven (7) days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**interest**” and/or “**Early Redemption Amounts**” shall be deemed to include any additional amounts which may be payable under these Conditions.

## 9. **PRESCRIPTION**

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within three (3) years from the appropriate Relevant Date for payment.

## 10. **EVENTS OF DEFAULT**

If any of the following events (“**Events of Default**”) occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, give notice in writing to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

- (a) the Issuer does not pay the principal or any interest on any of the Notes when due and such default continues for a period of (in the case of non-payment of the principal) seven (7) days or (in the case of non-payment of any interest on any of the Notes) fourteen (14) days;
- (b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under the Trust Deed or any of the Notes, and if that default is capable of remedy, it is not remedied within 30 days of the Trustee having given written notice to the Issuer of the failure to perform or comply and requiring the same to be remedied;
- (c) any representation, warranty or statement made by the Issuer in the Trust Deed or any of the Notes or in any document delivered under the Trust Deed or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated, and if the circumstances resulting in such



non-compliance or incorrectness is capable of remedy, it is not remedied within 30 days of the Trustee having given written notice to the Issuer of such non-compliance or incorrect representation, warranty or statement and requiring the circumstances resulting in such non-compliance or incorrectness to be remedied;

- (d) (i) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed moneys is or is declared to be due and payable prior to its stated maturity by reason of any actual default, event of default or any analogous event (however described) or is not paid when due or, as the case may be, within any originally applicable grace period; or
- (ii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any monies borrowed or raised,

provided however that no Event of Default will occur under this paragraph (d)(i) or (d)(ii) unless and until the aggregate amount of the indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned in this paragraph (d)(i) or (d)(ii) has or have occurred equals or exceeds S\$50,000,000 or its equivalent in any other currency(ies);

- (e) the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or any material part of its indebtedness, begins negotiations with a view to the deferral, rescheduling or other readjustment of all or any material part of its indebtedness (or of any part which it will otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or any material part of the indebtedness of the Issuer or any of its Principal Subsidiaries;
- (f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the properties, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not removed, dismissed or discharged within 30 days;
- (g) any security on or over the whole or any material part of the properties, assets or revenues of the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce such security;
- (h) an order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries or for the appointment of a liquidator (including a provisional liquidator), manager, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its subsidiaries or over the whole or any material part of the properties, assets or revenues of the Issuer or any of its Principal Subsidiaries (other than that of a frivolous or vexatious nature and is discharged within 30 days), except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation of the Issuer or such Principal Subsidiary (i) which is made on solvent terms, (ii) where the Issuer remains the surviving entity and (iii) which is not reasonably likely to have a material adverse effect on the Issuer;
- (i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any material part of its business, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation of the Issuer or

such Principal Subsidiary (i) which is made on solvent terms, (ii) where the Issuer remains the surviving entity and (iii) which is not reasonably likely to have a material adverse effect on the Issuer;

- (j) the seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of the Issuer or any of its Principal Subsidiaries occurs and such event has a material adverse effect on the Issuer;
- (k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15(c) of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect (unless that consent or condition is no longer required or applicable);
- (l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its payment or material obligations under the Trust Deed or any of the Notes;
- (m) the Trust Deed or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;
- (n) any litigation, arbitration or administrative proceeding against the Issuer or any of its Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer;
- (o) any event occurs which, under the law of any relevant jurisdiction, has an analogous effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); and
- (p) the Issuer or any of its subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act (Chapter 50 of Singapore) or is subject to an inquiry conducted in accordance with Part VIII of the Co-operative Societies Act (Chapter 62 of Singapore).

In these Conditions:

**“Principal Subsidiary”** means, at any particular time, any subsidiary of the Issuer whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of an entity which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 15 per cent. of the total assets of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the **“transferor”**) shall at any time transfer the whole or a material part of its business, undertaking or assets to another subsidiary or the Issuer (the **“transferee”**) then:

- (i) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and
- (ii) if a material part of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (i) above or which remains or becomes a Principal Subsidiary by virtue of (ii) above shall continue to be a Principal Subsidiary until the earlier of (1) the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets as shown by the accounts of such subsidiary (consolidated in the case of an entity which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 15 per cent. of the total assets of the Group, as shown by such audited consolidated accounts and (2) a report by the Auditors (as defined in the Trust Deed) which shows the total assets of such subsidiary to be less than 15 per cent. of the total assets of the Group. A report by the Auditors, who shall also be responsible for producing any pro forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive;

**“related corporation”** means, in relation to the Issuer, any company, corporation, trust, fund, co-operative or other entity (whether or not a body corporate):

- (i) which is the holding entity of the Issuer;
- (ii) which is a subsidiary of the Issuer; or
- (iii) which is a subsidiary of the holding entity of the Issuer; and

**“subsidiary”** means, any company which is, for the time being, a subsidiary (within the meaning of Section 5 of the Companies Act, Chapter 50 of Singapore), and in relation to the Issuer, means any company, co-operative, corporation, trust, fund, or other entity (whether or not a body corporate):

- (i) which is controlled, directly or indirectly, by the Issuer;
- (ii) more than half of the voting power of which is beneficially owned, directly or indirectly, by the Issuer; or
- (iii) which is a subsidiary of any company, co-operative, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (i) or paragraph (ii) above applies,

and, for these purposes, a company, co-operative, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by a person if that person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

## **11. ENFORCEMENT OF RIGHTS**

At any time after an Event of Default shall have occurred or after the Notes shall have become due and payable pursuant to Condition 10 of the Notes, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, or to enforce the provisions of the Issue Documents but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to

proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

## **12. MEETING OF NOTEHOLDERS AND MODIFICATIONS**

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing at the time after the Notes of any Series shall have become repayable due to default by Noteholders holding not less than 10 per cent. in principal amount of the Notes of such Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series (save where provided to the contrary in the Trust Deed and these Conditions), whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any amount of interest in respect of the Notes, (iv) to vary the currency or currencies of payment or denomination of the Notes, (v) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (vii) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the calculation of the Amortised Face Amount, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may (but is not obliged to) (and is entitled to rely, at the expense of the Issuer, on external legal, financial or other professional advice for this purpose) agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer shall cause such modification, authorisation or waiver to be notified to the Noteholders as soon as practicable in accordance with Condition 16.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences

of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Notes Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Notes Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

For the purposes of ascertaining the right to attend and vote, and the determination of a quorum, at any meeting of the Noteholders convened for the purpose of and in relation to Conditions 10, 11 and 12 and Clauses 9 and 26 of, and Schedule 5 to, the Trust Deed those Notes (if any) which are beneficially held by, or are held on behalf of, the Issuer or any of its related corporations shall (unless and until resold (other than to the Issuer or any of its related corporations or ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Notes shall be disregarded and be null and void.

### **13. REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange requirements or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

### **14. FURTHER ISSUES**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to “**Notes**” shall be construed accordingly.

### **15. INDEMNIFICATION OF THE TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Noteholders or Couponholders or to the Issuer (or any of its subsidiaries) for any profit resulting from such transactions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

## **16. NOTICES**

Notices to the holders of Notes shall be valid if:

- (a) (in the case of Registered Notes) mailed to them at their respective addresses in the Register;
- (b) for so long as the Notes are listed on the SGX, published on the website of the SGX-ST at <http://www.sgx.com>; or
- (c) published in a daily newspaper of general circulation in Singapore (it is expected that such publication will be made in The Business Times),

and such notices shall be deemed to have been given:

- (i) in respect of mailed notices, on the fourth weekday (being a day other than a Saturday, Sunday or gazetted public holiday) after the date of mailing;
- (ii) in respect of notices published on the website of the SGX-ST, on the date of such publication or, if published more than once, on the first date on which publication is made; and
- (iii) in respect of notices published in such newspaper, on the date of such publication or, published more than once or on different dates, on the date of the first publication in such newspaper.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require or permit, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Note or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.



Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two (2) days from the date of despatch to the Noteholders.

## **17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore).

## **18. GOVERNING LAW AND JURISDICTION**

### **18.1 Governing Law**

The Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

### **18.2 Jurisdiction**

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, Notes, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

### **Issuing and Paying Agent, CDP Registrar and CDP Transfer Agent**

The Bank of New York Mellon, Singapore Branch  
One Temasek Avenue  
#03-01 Millenia Tower  
Singapore 039192

### **Non-CDP Paying Agent and Calculation Agent**

The Bank of New York Mellon, London Branch  
One Canada Square  
London E14 5AL  
United Kingdom

### **Non-CDP Registrar and Non-CDP Transfer Agent**

The Bank of New York Mellon SA/NV, Luxembourg Branch  
Vertigo Building – Polaris  
2-4 rue Eugène Ruppert  
L-2453 Luxembourg

## **RISK FACTORS**

*Prior to making an investment or divestment decision, prospective investors or existing holders of the Notes should carefully consider, amongst other things, all the information set forth in this Information Memorandum including any documents incorporated by reference hereto and the risk factors set out below.*

*Any of the following risks could adversely affect the Issuer and/or the Group's business, assets, financial condition, results of operations, performance or prospects and, as a result, investors could lose all or part of their investment. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the business, assets, financial condition, performance, results of operations and/or prospects of the Issuer, its subsidiaries and/or associated companies (if any) or any decision to purchase, own or dispose of the Notes. Additional risks which the Issuer is currently unaware of may also impair the businesses, assets, financial condition, performance and/or results of operations of the Issuer, its subsidiaries, associated companies (if any). If any of the following risk factors develop into actual events, the business, assets, financial condition, performance and/or results of operations of the Issuer, its subsidiaries and/or associated companies (if any) could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Notes may be adversely affected.*

*Prospective investors should not rely on the information set out herein as the sole basis for any investment decision in relation to the Notes but should seek appropriate and relevant advice concerning the appropriateness of an investment in the Notes for their particular circumstances.*

## **LIMITATIONS OF THIS INFORMATION MEMORANDUM**

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Notes issued under the Programme. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arrangers or the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries and/or associated companies (if any), the Arrangers, the Dealers, the Trustee, any of the Agents or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subsidiaries and/or its associated companies (if any), the Conditions and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax, financial and/or other advisers prior to deciding to make an investment in the Notes.



The investment considerations and risk factors discussed below also include forward-looking statements and the actual results of the Issuer and the Group may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and investment considerations and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

## **RISKS RELATING TO THE PROPERTIES OF THE GROUP**

### ***The Group operates in a capital intensive industry that relies on the availability of sizeable amounts of capital***

The real estate business is a capital intensive industry. If the Group is unable to access funds to create or maintain a premium condition and appearance for its properties, the attractiveness of its properties could suffer and the Group's recurring revenues, development revenues or both may decline. In order to maintain its properties' condition and appearance, ongoing renovations and other improvements, including periodic replacement of furniture, fixtures and equipment, are required.

All aforementioned investments and expenditures require ongoing funding and, to the extent the Group cannot fund these expenditures from its existing cash or cash flow generated from operations, the Group must borrow or raise capital through financing. The Group may not be able to access capital when necessary. If the Group fails to make investments necessary to maintain or improve its properties, the attractiveness of its properties and/or its brands could suffer, it could lose market share to its competitors and/or its commercial occupancy rates and profits may decline.

### ***The rental rates the Group earns from its commercial properties will depend on market conditions at the time of the Group's leasing programme***

Rental rates have experienced significant volatility in recent years due to global and regional economic instability as well as increases or decreases in supply that have become or may become available from time to time. Rental rates are also dependent on global and regional economic forces outside the Group's control. If rental rates decline as a result of this increase in supply or due to economic conditions, the Group may be unable to lease its commercial properties on commercially viable terms or at all. If actual market conditions at the time the Group enters into leases are not favourable, the Group's financial performance and results of operations may be materially and adversely affected.

Further, pursuant to the terms of the lease agreements for AMK Hub and OMB, the Group is required to lease no less than 50 per cent. of the gross floor area of each of these properties to its affiliates, public institutions and non-profit organisations at rental rates which may be below the market rate. Such restrictions affect the Group's rental income from the properties as the rental income from operating leases will not be maximised. In addition, the lease agreement for AMK Hub restricts the maximum permitted gross floor area for all retail, supermarket, hypermarket, food and beverage outlets to not more than 26,500 square metres while the remaining gross floor area of approximately 21,745 square metres is permitted for non-retail outlets such as banks, enrichment schools, childcare centres and sports and recreational health centres. While the non-retail outlets would be leased at market rates, such restrictions may affect the Group's rental income from the properties as the rental income from operating leases will not be maximised. If the Group fails to make adequate provisions for these restrictions in its investment strategy, the Group's financial performance and results of operations may be materially and adversely affected.

### ***Failure to find replacement tenants may affect the Group's performance***

In the event that the Group does not find replacement tenants or the terms of replacement tenancies are less favourable to the Group than current leases, the Group faces the risk that vacancies following non-renewal of leases may lead to reduced occupancy levels or that the terms of replacement tenancies could be less favourable than current leases, which may in turn reduce the Group's revenue. If the leases are not renewed or are renewed on terms less favourable to the Group than current leases in a concentrated manner in a year, this could affect the Group's business, financial condition and results of operations for that year. In addition, the fact that a concentration of leases expire at the same time might give the Group's existing or prospective tenants leverage in negotiating a lower rental price, which might adversely impact the Group's revenue and business.

### ***The Group's financial performance depends on the ability of its tenants to address challenges in the retail market***

Customer demand for many retail products offered for sale in the Group's retail space is subject to recession or other periods in which consumer confidence or purchasing power is negatively affected because such merchandise represent discretionary purchases. Retail market conditions have also historically been, and could in the future be, adversely affected by any of the following:

- adverse developments in the financial condition of any of the large retailing companies;
- the current weak macroeconomic environment or any future recession;
- an increase in consumer purchases through catalogues or the Internet and a reduction in demand for physical purchases of consumer items as a result of the Internet and e-commerce;
- an increase in labour costs arising from changes in government policies on employment, wages and levies;
- the timing and costs associated with property improvements and rentals; and
- adverse government regulation.

To the extent that any of these conditions occur, they are likely to negatively impact the performance of the Group's tenants under the leases and the continuity of its tenant base, and in turn may have an adverse effect on the Group's business, financial condition and results of operations.

### ***The retail industry is subject to changing trends and the Group's success is dependent upon the ability of its tenants to supply goods responsive to such changes***

The retail industry is subject to changing trends in fashion and consumer preferences. Selection and timing of merchandise purchases is crucial. The success of tenants in the Group's retail space is to a large degree contingent on their ability to anticipate these trends and to cater to the resulting tastes of their customers. Incorrect forecasting of future demand could result in an excess or shortage of inventory, which could lead to higher interest charges, price reductions or write downs on slow-moving or excess stock, and the risk of alienating consumers who might then seek alternative shopping experiences. In addition, the Group's tenants may suffer a loss of profits if the products they offer are superseded by more modern and popular merchandise and if the increasing speeds of innovation result in significant liabilities to the Group's tenants in the form of obsolete stock that is quickly outdated and difficult to sell. In these circumstances, the Group may

be exposed to the risk of tenant defaults under its lease agreements and damage to the image of the Group's retail properties, which would adversely affect the Group's business, financial condition and results of operations.

***The Group's retail rental income may decline if it is unable to successfully market its retail properties***

The Group's ability to attract retail vendors, which comprise a substantial portion of the Group's current tenant base, may be affected by the success or failure of the Group's marketing and promotional efforts. Future marketing efforts may be costly. If the Group were to undertake a major marketing campaign without success, it could have a negative impact upon the Group's revenue. In either event, increased costs and decreased margins, accompanied by static or decreased rental income, could materially and adversely impact the Group's business, financial condition and results of operations.

***The Group's future cash flow may be affected by the Group's exposure to key tenants***

Part of the Group's commercial space is leased to tenants considered "key" tenants because of their ability to attract customers and/or to attract other potential tenants. The Group's ability to lease vacant units and the value of such units in the Group's commercial properties could be adversely affected by the loss of a key tenant or in the event such key tenant files for bankruptcy or insolvency or experiences a downturn in its business. Space that has been vacated by a key tenant can reduce the demand for and value of other commercial units in the Group's commercial properties, for example, in the case of retail units, because of the loss of the departed key tenant's customer-drawing power. In addition, the Group may face difficulties in finding suitable replacement tenants for space vacated by key tenants in a timely manner, if at all, and if found, the lease terms with such replacement tenants may be less favourable or satisfactory.

Under certain market conditions, key tenants may receive more favourable terms, for example, lower rental rates or other incentives. Accordingly, the Group's ability to optimise its revenue and cash flow for such commercial space that has been leased to such key tenants could be adversely affected.

Any of these events could materially and adversely affect the Group's business, financial condition and results of operations.

***Risks associated with any asset enhancement works***

The Group may from time to time initiate asset enhancement and/or development works on its properties. The asset enhancement initiatives undertaken by the Group and the time and costs involved for asset enhancement works may be adversely affected by various factors, including, but not limited to, delays or inability to obtain all governmental and regulatory licences, permits, approvals and authorisations, construction risks, the need to incur significant capital expenditures without receiving revenue from the property during the course of the asset enhancement and uncertainties as to market demand or a loss of market demand by tenants and consumers after the asset enhancement has begun, whether resulting from a downturn in the economy, a change in the surrounding environment, or otherwise.

No assurance can be given that any asset enhancement initiatives will be completed within the anticipated time frame or budget, if at all, whether as a result of the factors specified above or for any other reason. The inability to implement any asset enhancement initiatives within the anticipated time frame and budget could have a material adverse effect on the Group's business, financial condition and results of operations. For instance, it is possible that the lease of some units may not be extended on its maturity or may be renewed on a short term basis to make way for asset enhancement initiatives. In addition, significant pre-operating costs may be incurred and

no assurance could be given that these costs can be recovered within a brief period or at all, and there may be a substantial length of time before an asset enhancement generates revenues and positive cash flows. The failure to adequately prepare for pre-operating costs could adversely affect the Group's business, financial condition and results of operations.

***The Group is subject to risks relating to the quality and extent of the title or to interests in the properties in the Group's portfolio***

The quality, nature and extent of the title to the properties in the Group's portfolio vary, depending on a number of factors, including:

- the stage of development of the property;
- the extent to which the contract pursuant to which the property interest was acquired has been performed, the extent to which the terms and conditions thereunder have been complied with, and the amount of the purchase consideration which has been paid;
- the extent of compliance by the Group or any other relevant party (including previous owners, the vendor of the property and the entity in which the Group invested that has acquired or is acquiring the property) with all relevant laws and regulations relating to the ownership, use, sale, development or construction of the property;
- the manner in which the interest in the property is held, whether through a joint venture, a development agreement, under a master lease, an option to purchase or a sale and purchase agreement, through asset-backed securities or otherwise;
- in the case where the property interests are leasehold interests, the extent of compliance by the Group or any other relevant party (including previous lessees or lessors, the vendor of the property and the entity in which the Group has invested that has acquired or is acquiring the property) with the terms and conditions of the state or head lease or any other document under which the title of the property is derived;
- the capacity, power, authority and general creditworthiness of the counterparties to the contractual and other arrangements through which the Group has acquired its interest in the property;
- the laws and regulations that apply to the property; and
- the country and location of the property.

The limitations described above on the quality, nature and extent of the title to the land and properties in the Group's portfolio of property interests could impact the Group's ability to deal with and have control over its property interests, and the conditions under which it may own, develop, operate or manage the property. No assurance can be given that the quality, nature and extent of the title to the Group's property interests will not be challenged or adversely impacted or will not adversely affect the Group's ability to deal with its property interests and in turn the value of its investments in these properties.

***Where the Issuer only owns a portion of the strata lots of a subdivided development with common property, there is no assurance that the other subsidiary proprietors of such subdivided development will co-operate with the Issuer on matters concerning the common property of this subdivided development***

The Issuer owns, and may acquire, a portion (and not all) of the strata lots of a subdivided development with common property. All the subsidiary proprietors of such subdivided development, who constitute the management corporation of the subdivided development, jointly own the common property in the subdivided development as tenants-in-common in proportion to the share values attributable to their respective strata lots. If the Issuer does not own all of the total share value of strata lots comprising the subdivided development, it cannot deal with the common property in the subdivided development as if the subdivided development is entirely owned by it. The other subsidiary proprietors of such subdivided development may vote against resolutions concerning the common property of such subdivided development and hence prevent such resolutions from being passed. If such resolutions are not passed, enhancement works involving the common property of the subdivided development cannot be carried out by the management corporation of the subdivided development. This may affect the ability of the subdivided development to attract customers which may adversely affect the operation results of the Issuer.

***Certain construction risks may arise during the development or redevelopment of any new or existing properties***

Development or redevelopment of new or existing properties entails significant risks, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference, floods and unanticipated cost increases, any of which could give rise to delays or cost overruns. Any significant increase in the price of construction materials, for example, would increase the Group's cost of development.

Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost of, or delay the construction or opening of, new developments. All of these factors may adversely affect the Group's business, financial condition and results of operations.

***The market values of the Group's properties may differ from their appraised values as determined in the valuation reports***

The valuations of the Group's properties are based on certain assumptions which are subjective and uncertain and may differ materially from actual measures of the market.

Property valuations generally include a subjective determination of certain factors relating to the relevant property, such as the property's relative market position, financial and competitive strengths and physical condition. Accordingly, no assurance can be given to prospective investors that the assumptions are accurate measures of the market or that the valuation of each of the Group's properties is accurate. The market value of the Group's properties or any future acquisitions may, therefore, differ from their appraised values. The appraised value of any of the Group's properties or any future acquisitions is not an indication of, and does not guarantee, a sale price at that value at present or in the future. The price at which the Group may sell a property may be lower than the appraised value or the initial acquisition price of that property.

***Any due diligence investigations on the Group's properties, tenancies, buildings and equipment and future acquisitions may not have identified all material defects, breaches of laws and regulations and other deficiencies***

While the Group believes that reasonable due diligence investigations have been conducted with respect to the Group's properties and will be conducted in respect of future acquisitions prior to their acquisition, there can be no assurance that such properties will not have certain defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the properties which may require additional capital expenditure, special repair or maintenance expenses). Such undisclosed defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse impact on the Group's business, financial condition and results of operations.

In addition, some of the properties may be in breach of laws and regulations (including those in relation to real estate) or may fail to comply with certain regulatory requirements in ways that the Group's due diligence investigations did not uncover. As a result, the Group may incur additional financial or other obligations in relation to such breaches or failures, which will have an adverse effect on its business, financial condition and results of operations.

***Material losses may exceed insurance proceeds***

The Group's properties could suffer physical damage caused by fire or natural disaster or other causes for which the Group may suffer public liability claims, all of which may result in losses that may not be fully compensated by insurance proceeds. In addition, certain types of risks (such as the risk of war and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, the Group could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property. The Group would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates. Such factors may adversely affect the Group's business, financial condition and results of operations.

***Some of the Group's properties may be subject to certain rights of the Land Transport Authority***

As some of the Group's properties are in close proximity to transportation infrastructures such as MRT and Light Rail Transit ("LRT") lines, such properties may from time to time be subject to rights of the Land Transport Authority (the "LTA") under the Rapid Transit Systems Act, Chapter 263A of Singapore for the purposes of facilitating the construction, operation and/or maintenance of MRT or LRT systems. Whilst the Group is of the view that it should be in a position to discharge its obligations under any undertaking which it may have given or may from time to time give in favour of the LTA, there is no guarantee that the Group's properties will not be materially and adversely affected by the exercise of such rights by the LTA.

***The Group's land may be subject to compulsory acquisition***

Under the Land Acquisition Act, Chapter 152 of Singapore, the State may compulsorily acquire land whenever any particular land is needed (i) for any public purpose; (ii) by any person, corporation or statutory board, for any work or an undertaking which, in the opinion of the Minister of Law, is of public benefit, public utility, or in the public interest; or (iii) for any residential, commercial or industrial purpose.



In determining the amount of compensation to be awarded for land acquired, only certain matters may be considered and no others. These matters include: (i) the market value of the acquired land as of the date of the publication of the relevant notice or declaration of intention to acquire the land; (ii) any damage caused by the acquisition of the property to the landowner's other property; and (iii) any re-location cost incurred by the landowner.

If the compensation awarded pursuant to a compulsory acquisition of the Group's land is lower than its market value, it could have an adverse effect on the Group's business, financial condition and results of operations.

## **RISKS RELATING TO INVESTING IN REAL ESTATE**

### ***The Group's business may be adversely affected by the illiquidity of real estate investments***

The Group invests only in real estate through the Properties. This involves a higher level of risk as compared to a portfolio which includes a diverse range of investments. Real estate investments, particularly investments in high value properties such as those in which the Group has invested or may invest in the future, are relatively illiquid. Such illiquidity may affect the Group's ability to vary its investment portfolio or liquidate part of its assets in response to changes in the economy, changes to the real estate market or other conditions.

For example, the Group may be unable to liquidate its portfolio's assets at short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Moreover, the Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on the Group's business, financial condition and results of operations.

### ***The profit earned from, and the value of, the Group's commercial properties may be adversely affected by a number of factors***

The revenue earned from, and the value of, the Group's commercial properties may be adversely affected by a number of factors, including:

- the inability to collect rent from tenants on a timely basis or at all;
- tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income, or delays in the termination of the tenant's lease, or which could hinder or delay the re-letting of the space in question;
- real estate market conditions (such as oversupply of, or reduced demand for, commercial space, changes in market rental rates and operating expenses for the Group's properties);
- the inability to arrange for adequate management and maintenance or to put in place adequate insurance;
- competition for tenants from other properties which may affect rental levels or occupancy levels at the Group's properties and competitors' initiatives to increase shopper traffic (such as advertising campaigns and mall promotions etc.);
- competition from online retailers that may deter existing tenants from renewing their leases or potential tenants from leasing space in the Group's properties;



- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment. Moreover, recent changes to laws, regulations and policies in respect of anti-money laundering/countering the financing of terrorism have resulted in the increase in costs of compliance for companies; and
- acts of God, wars, terrorist attacks, riots, civil commotions and other events beyond the Group's control.

***The Group faces competition that could adversely affect its business and financial position***

The Group operates in the property industry which is highly competitive and this could adversely affect the Group's business if it fails to compete successfully in the market. A number of leading international and domestic real estate development and investment groups currently operate in Singapore. Many of these groups, both private and state-owned, have significant financial, managerial, marketing and other resources, as well as experience in property and land development. Competition between property companies may result in, among other things, increased costs for the acquisition of land for development, oversupply of properties and a decrease in property prices. Any such consequences may adversely affect the Group's business and operations.

Further, whenever competing properties of a similar type are built in areas where the Group's properties are located or similar properties in their vicinities are substantially upgraded and refurbished, the revenue produced by the Group's properties could be reduced. The income from, and market value of, the properties will be largely dependent on the ability of the properties to compete against other commercial and retail properties in Singapore in attracting and retaining tenants. Historical operating results of the properties of the Group may not be indicative of future operating results and historical market values of the properties may not be indicative of future market values of the properties. Consequently, the performance of the properties may be adversely affected by a number of local real estate market conditions, including the attractiveness of competing properties, the supply of commercial and retail space and the demand for commercial and retail space.

If the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors, its ability to generate revenue, its financial condition and its results of operations will be adversely affected.

***RISKS RELATING TO THE OPERATIONS OF THE GROUP***

***The Issuer has a limited operating history or track record which may make it more difficult for investors to assess its future performance***

The Issuer was incorporated in Singapore and constituted under the Co-operative Societies Act on 31 May 2011. As such, the operating history and track record of the Issuer is not sufficiently established for its past performance to be judged. This will make it difficult for investors to assess the Issuer's future performance.

***The Issuer and its subsidiaries are co-operative societies and as such there is less available information on the Issuer and its subsidiaries in the public domain***

The Issuer and its subsidiaries are co-operative societies and their shares are not listed for quotation on the SGX-ST or on any other stock exchange. As such, the Issuer and its subsidiaries are not subject to disclosure requirements which are typically imposed on companies whose shares are listed for quotation on a stock exchange. Although the Issuer is still subject to various reporting requirements under the SGX-ST Listing Manual (to the extent that the reporting obligations are applicable to the Issuer as an issuer of debt securities) and the Trust Deed, investors may find that there is less available information on the Issuer and its subsidiaries in the public domain as compared to a company whose shares are listed for quotation on the SGX-ST or on any other stock exchange. This will make it more difficult for investors to assess the Issuer's future performance as compared to a company whose shares are listed for quotation on the SGX-ST or any other stock exchange.

***The unaudited pro forma financial information included in this document may not accurately reflect the Group's future financial position, results and cash flows***

This document includes the Unaudited Pro Forma Financial Information in Appendix III as at and for the year ended 31 December 2016 to reflect the financial position of the Group as if the significant events described in note 2 of the Unaudited Pro Forma Financial Information had occurred on 31 December 2016, and financial performance and cash flows of the Group as if the significant events described in note 2 of the Unaudited Pro Forma Financial Information had occurred on 1 January 2016. As this Unaudited Pro Forma Financial Information has been compiled for illustrative purposes only, it is, by its nature, subject to change and may not give a true picture of the actual financial position, financial performance and cash flows of the Group. If the various assumptions underlying the preparation of the Unaudited Pro Forma Financial Information do not come to pass, the actual results of the Issuer could be materially different from those indicated in the pro forma financial statements.

***There is no assurance that the Proposed Acquisition will be completed or that the anticipated benefits of the Proposed Acquisition will be realised***

The right of the Issuer to exercise its rights under the sale and purchase agreements relating to the Proposed Acquisition is subject to the requisite approvals or closing conditions for the Proposed Acquisition. As such, there is no certainty as at the date of this Information Memorandum that the Proposed Acquisition will be completed. In addition, whilst the Issuer believes that the Proposed Acquisition may help accelerate the achievement of its strategic goals, there can be no assurance that the anticipated benefits of the Proposed Acquisition will be realised.

***The Group's operations are susceptible to macro-economic conditions and the policies of the governments in the countries in which it could potentially do business***

While the Group remains open to potential investment opportunities overseas, the Group currently only has operations in Singapore. Therefore, the viability and profitability of the Group's business are affected by the general economic conditions in Singapore which are in turn affected by global economic conditions, which have experienced and continue to experience volatility and liquidity disruptions.

As the revenue of the Group and the performance of its properties depend, to a large extent, on the performance of the Singapore economy, any current or future prolonged deterioration of the economic climate in Singapore may have an adverse effect on the Group's business, financial condition and results of operations. In addition, the commercial and real estate markets may be adversely affected by economic, political, social or regulatory developments globally and in the

region. These factors include reduced demand for consumer goods affecting the Group's retail operations, any deterioration of business and economic sentiment which could affect the rental and occupancy of the Group's commercial properties or intense competition. The Group's business is also subject to the cyclical nature of the property industry in Singapore and is thus vulnerable to any downturn in the real estate market in Singapore.

Concerns over inflation, geopolitical issues, the availability and cost of credit, volatile oil prices and an unstable real estate market in Singapore and in the other countries in which the Group may operate have contributed to increased volatility for the global economy and the markets. The United Kingdom voted in a referendum to withdraw from the European Union on 23 June 2016. In addition, on 20 January 2017, the administration of the government of the United States changed. These political upheavals caused significant geopolitical and economic uncertainty across the world, which could have the effect of decreasing international trade and investment. In addition, the slide in oil prices has resulted in slowed growth in many resource-dependent economies. These events have damaged, and may continue to damage, market confidence, and access to and costs of funding, and may slow the activity of the Group and have other impacts on the entities with which it does business. Economic factors including, without limitation, changes in interest rates and inflation, changes in gross domestic product, economic growth, employment levels and consumer spending, consumer and investment sentiment, property market volatility and availability of debt and equity capital have had and may in the future have a significant impact on the commercial property market.

***The Group is subject to investment risks associated with its investment proposals***

As the Group looks for suitable investment opportunities, both in Singapore and overseas, the Group is subject to investment risks. These risks may vary depending on the structure of the investment undertaken. There is no assurance that the Group will be successful in any of its investments or that such investments will generate an adequate return. The Group may also face considerable financial risks if these new investments do not meet the expectations of customers in these new market segments.

***The Group may encounter problems with its joint ventures that may adversely affect its business***

The Group has, and expects to have in the future, interests in joint ventures in connection with its business plans. There may be disagreements between the Group and its joint venture partners regarding the business and operations of the joint ventures which the Group might not be able to resolve amicably. The Group's joint venture partners may (i) have economic or business interests that are inconsistent with those of the Group; (ii) take actions contrary to the Group's instructions, requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect the performance of the Group's joint ventures, which may in turn materially and adversely affect its financial condition and results of operations.

***Downturns in the retail industry and commercial property sectors will likely have a direct impact on the Group's revenues and cash flow***

The Group's financial performance will be linked to economic conditions in the Singapore market, and in the other markets in which it operates, for retail and commercial space generally. The demand for retail and commercial space could be adversely affected by any of the following:

- weakness in the national and regional economies;
- adverse financial condition of certain large corporations and retailing companies;

- supply exceeding demand for retail or commercial space in the Group's target markets;
- the timing of, and costs associated with, property improvements and rentals;
- any changes in taxation and zoning laws;
- adverse government regulation; and
- higher interest rates.

To the extent that any of these factors occur, they are likely to impact market rents for retail and commercial space which will then affect the Group's financial condition and results of operations.

***The Group is subject to legislation, regulation and government policies in the countries in which it operates***

The Issuer is registered as a co-operative society under the Co-operative Societies Act and is regulated by the Registry of Co-operative Societies under the Co-operative Societies Act and the Co-operative Societies Rules. If there is any change made to the Co-operative Societies Act and related legislation, such change may adversely affect the ability of the Issuer to comply with its obligations under the documents relating to the Programme and the Notes.

Under the Co-operative Societies Act, every co-operative society registered under the Co-operative Societies Act is required to contribute 20 per cent. of its surplus in excess of S\$500,000 from the operations of such co-operative society during the preceding financial year either to the Central Co-operative Fund or to the Singapore Labour Foundation, as the co-operative society may opt. There is no assurance that there will not be amendments to the Co-operative Societies Act. Any such amendments may adversely affect the Group's business, financial condition and results of operations.

Although the Group currently only has operations in Singapore, to the extent the Group undertakes any investment in other countries overseas, the Group is and will be subject to legislation, regulations and government policies in these countries, which in some cases are nascent. Changes in legislation, regulation and government policies in any of these countries, including changes relating to the business sectors in which the Group operates, foreign investments, tax and foreign exchange currency controls, may adversely affect the Group's business and operations.

***The Group may not be successful in implementing its strategies***

The Group's strategies include injecting quality properties into the Issuer, undertaking asset enhancement initiatives and managing rental reversions. The Group's growth strategies may not ultimately be successful and may not provide accretive returns. Acquisitions of new properties for development or redevelopment may cause disruptions to the Group's operations and divert management's attention away from day-to-day operations of the Group's existing assets. The Group may need to hire or engage additional staff, or enter into joint ventures or other contractual arrangements with third parties with appropriate expertise in particular fields in relation to the development or management or marketing, as the case may be, of particular commercial properties in order to successfully implement its commercial property strategies. If the Group is unable to attract and retain the appropriate skilled personnel, this will impact its ability to implement its business expansion plans.

***Intellectual property infringement by or against the Group could seriously harm its business***

Because of the complexity and variety of intellectual property laws and regulations, the Group may unintentionally infringe upon the intellectual property rights of others in the course of its business activities. This could result in financial damage to the Group. Furthermore, even if the Group does not infringe upon such rights, merely receiving an infringement claim could result in distraction to management, high litigation costs and reduced revenue. Issues relating to intellectual property rights can be complicated and there can be no assurance that disputes will not arise. Any or all of these factors, individually or in the aggregate, could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group faces risks associated with debt financing***

The property investment and development sector is capital intensive and the Issuer's ability to raise funds on acceptable terms will depend on a number of factors including capital market conditions, general and economic political conditions, the Issuer's performance and credit rating and credit availability. Both the cost and availability of funding may be negatively affected by disruptions in the global capital markets. Changes in the cost of current and future borrowings, including a rise in interest rates, may impact the earnings of the Issuer and result in the risk that its cash flow will be insufficient to meet required payments under such financing, which may adversely affect the Issuer's ability to make payments to Noteholders. The Group is also subject to the risk that it may not be able to refinance its existing borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings. Currently, 57% of the Group's property portfolio by value is mortgaged. If the Group is unable to meet interest or principal payments, the Group's mortgaged properties could be foreclosed by the lender or the lender could require a forced sale of the mortgaged properties with a consequent loss of income and asset value to the Group.

In addition, the Group may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and its ability to make payments to Noteholders. Such covenants may also restrict its ability to acquire properties or undertake other capital expenditures or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make available commercial real estate debt financing) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect the Group's cash flow and the amount of distributions the Group could make to its shareholders.

***Higher interest rates may have a significant impact on the Group's financial performance***

The Group currently partially funds, and expects to continue to partially fund, its business and future growth through debt. Some of the Group's existing debt carry floating interest rates and some of the Group's borrowings in future may carry floating interest rates, and consequently, the interest cost to the Group for such debt financing will be subject to fluctuations in interest rates. In addition, the Group is and may in future be subject to market disruption clauses contained in its debt financing agreements with banks. Such clauses will generally provide that to the extent that the banks may face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher cost of funds to the Group, notwithstanding the margins agreed. Furthermore, although the Group may enter into some hedging transactions to partially mitigate the risk of interest rate fluctuations, such hedging or its hedging policy may not adequately cover its exposure to interest rate fluctuations. Consequently, interest rate fluctuations could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is subject to risks inherent in hedging transactions which it may enter into***

The Group may enter into certain hedging transactions to partially protect itself against the effects of interest rate fluctuation on floating rate debts and foreign currency exposure. The Group may therefore be subject to risks inherent in hedging transactions which it may enter into. There may also be costs involved in hedging as there may be upfront fees payable or downward fair value adjustments to the mark-to-market values. In addition, no hedging can completely eliminate risks associated with changes in interest rates and exchange rates.

***The Group is subject to credit risk arising from defaulting counterparties***

Credit risk may arise when counterparties such as contractors, sub-contractors, suppliers, purchasers, lessees, tenants, financial institutions and other parties the Issuer enters into contractual agreements with default on their contractual obligations resulting in financial loss to the Group. Although the Group adopts a policy of only dealing with creditworthy counterparties and the Group regularly reviews its credit exposure to its customers, credit risks may nevertheless arise from events or circumstances that are difficult to anticipate or detect, including, but not limited to, political, social, legal, economic and foreign exchange risks, that may have an impact on its customers' ability to make timely payments and render the Group's enforcement for payments ineffective. Credit risk on cash and bank balances and derivative financial instruments including interest rate hedging is limited as these are placed or transacted with reputable institutions.

***The Group may be involved in disputes, legal and other proceedings arising from its operations from time to time and may be subject to regulatory reviews and queries***

The Group may be involved from time to time in disputes with various parties involved in the development, sale, lease and operation of its properties, such as contractors, sub-contractors, suppliers, construction companies, purchasers, lessees, co-tenants and other parties. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable decrees that result in financial losses and delay the construction or completion of its projects.

In addition, from time to time regulators may subject the Group to reviews, queries, investigations or other regulatory actions. If the outcomes of such regulatory actions are not favourable, this may have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to general risks associated with relying on third-party contractors to provide various services***

The Group engages or will engage third-party contractors to provide various services in connection with its asset enhancement initiatives, including property fitting-out works, alterations and additions, interior decoration, installation of air-conditioning units and lifts and gardening and landscaping works. The services rendered by independent third party contractors and operators may not be satisfactory or match the level of quality that the Group requires. Furthermore, major contractors may experience financial or other difficulties which may affect their ability to carry out construction works, thus delaying the completion of projects or resulting in additional costs to the Group. There can also be no assurance that the services rendered by the third-party contractors will always be satisfactory or match the Group's targeted quality levels. Any of these factors could adversely affect the Group's results of business, financial condition and results of operations.



***Renovation works on the Group's properties may disrupt its operations and collection of rental income or otherwise result in an adverse impact on the financial condition of the Group***

The Group's properties may need to undergo periodic renovation works to retain their attractiveness to tenants and shoppers. They may also require unforeseen *ad hoc* maintenance or repairs that may develop over structural defects or because of new planning laws and regulations. The costs of renovation work and unforeseen *ad hoc* maintenance requirements tend to increase over time as the building ages.

Furthermore, while the Group will endeavour to keep any disruptions caused by renovation works to a minimum, the business and operations of the Group's properties may nevertheless suffer disruption. It may not be possible for the Group to collect the full rate of, or any, rental income on space affected by the aforementioned works. Renovation works may also adversely affect shopper traffic.

***The Group's performance is subject to its ability to attract, retain and train qualified managerial and other employees***

The Group's performance depends largely on its ability to attract, train, retain and motivate high quality personnel, especially for the management team. Relations with employees could deteriorate due to disputes related to, among other things, wage or benefit levels. The loss of key employees may have a material adverse effect on the Group's performance. If the Group is not able to retain, hire and train qualified managerial and other employees, its business may be materially and adversely affected.

***The Group's expansion plans will place additional demands on its management and key in-house operating divisions***

Any growth in the Group's commercial operations will place additional demands on its management team, its marketing team, its in-house project management division and its financial reporting and information systems. In order to manage and support the Group's growth, the Group must continue to improve its existing operational, administrative and technological systems and its financial and management controls, and recruit, train and retain qualified management personnel as well as other administrative and sales and marketing personnel, particularly as it expands into new markets. There is no assurance that the Group will be able to effectively and efficiently manage the growth of its operations, recruit and retain qualified personnel and integrate new properties into its operations. Any failure to effectively and efficiently manage the Group's expansion may materially and adversely affect its ability to capitalise on new business opportunities, which in turn may have a material adverse effect on the Group's business, financial condition and results of operations.

***The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the Group's business, financial condition and results of operations***

The outbreak of an infectious disease such as the avian influenza or the Zika virus in Asia and elsewhere, together with any resulting restrictions on travel and/or the imposition of quarantines, could have a negative impact on economic and business activities in Asia and elsewhere and could thereby adversely impact the revenues and performance of the Group. Although the long-term effect of such diseases cannot currently be predicted, previous occurrences of avian influenza and the Zika virus had an adverse effect on the economies of those countries in which they were prevalent. There can be no assurance that any precautionary measures taken against infectious diseases will be effective. A future outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could have an adverse effect on the Group's



business, financial condition and results of operations. Such an adverse effect includes, but is not limited to, a decline in demand for consumer goods, a reduction in the number of visitors to the retail property, a decline in revenue of tenants of the retail property and increased costs of cleaning and maintaining the public facilities in the retail property. The impact of these factors on the operations of the retail property could materially and adversely affect the Group's business, financial condition and results of operations.

***Terrorist attacks, other acts of violence or war and adverse political developments may affect the Group's business, financial condition and results of operations***

There has been an increasing number of acts of violence, bombings and similar politically and/or ideologically motivated attacks on large commercial properties in recent years. Terrorist activities, acts of violence or war and adverse political developments could materially and adversely affect international financial markets and the Singapore economy and could adversely affect the Group's business, financial condition and results of operations. The consequences of any of these developments are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on the Group's business, financial condition and results of operations.

***Major natural catastrophes may materially disrupt and adversely affect the business and operations of the Group and its properties***

Severe weather conditions and natural disasters such as floods in locations where the Issuer operates may affect the business and operations of the Group and its properties. These events may cause substantial structural and physical damage to the Properties, resulting in expenses to repair the damage caused, and such damage may not be fully covered by insurance, if any. These events may also cause disruptions to the Group's business, financial condition and results of operations, which may in turn affect the Group's ability to fulfill its payment obligations under the Notes.

***The Group could incur significant costs related to environmental matters***

The Group may be subject to various laws and regulations concerning the protection of the environment. Environmental laws and regulations may also impose compliance obligations on owners and operators of properties which could result in an increment of compliance costs. Failure to comply with these laws can result in penalties or other sanctions. Future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability. The Group may be subject to liabilities or penalties relating to environmental matters which could adversely affect the Group's business, financial condition and results of operations.

***RISKS RELATED TO NOTES GENERALLY***

***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own financial position, investment objectives, and all other relevant circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable amendment or supplement to this Information Memorandum;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;
- understand thoroughly the nature of all these risks before making a decision to invest in the Notes; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

#### ***Modification and waivers***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide that the Trustee may (but is not obliged to) (and is entitled to rely, at the expense of the Issuer, on external legal, financial or other professional advice for this purpose) agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents (as defined in the Trust Deed) which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer shall cause such modification, authorisation or waiver to be notified to the Noteholders as soon as practicable in accordance with Condition 16.

#### ***A change in Singapore law which governs the Notes may adversely affect Noteholders***

The Conditions are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Notes.

***Performance of contractual obligations by the Issuer may be dependent on other parties***

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of their obligations thereunder including the performance by the Trustee and the Paying Agents of their respective obligations. Whilst the non-performance of any relevant party will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Noteholders and/or the Couponholders.

***Noteholders are exposed to financial risk***

Interest payment, where applicable, and principal repayment for debts occur at specified periods regardless of the performance of the Issuer. The Issuer may be unable to make interest payments, where applicable, or principal repayments, under a series of Notes should the Issuer suffer a serious decline in net operating cash flows.

***The Issuer may be unable to redeem the Notes***

On certain dates, including the occurrence of any early redemption event specified in the relevant Pricing Supplement or otherwise and at maturity of the Notes, the Issuer may, and at maturity, will, be required to redeem all of the Notes. If such an event were to occur, the Issuer may not have sufficient cash on hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Notes by the Issuer would constitute an event of default under the Notes, which may also constitute a default under the terms of other indebtedness of the Group.

***The Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Notes or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)***

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, the Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP and/or such other clearing system, a “**Clearing System**”). Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive Definitive Notes. The relevant Clearing System will maintain records of their accountholders in relation to the Global Notes and Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to the Common Depositary or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the relevant Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Notes or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes and Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

### ***Singapore taxation risk***

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “*Taxation*”. However, there is no assurance that such Notes will continue to be “qualifying debt securities” or enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

### ***The Trustee may request Noteholders to provide an indemnity, security and/or pre-funding to its satisfaction***

In certain circumstances (including without limitation the giving of notice to the Issuer pursuant to Condition 10 and the taking of enforcement steps pursuant to Condition 11), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Noteholders. The Trustee shall not be obliged to take any such actions if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions notwithstanding the provision of an indemnity or security or prefunding to it in breach of the terms of the Trust Deed constituting the Securities and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

### ***The Notes are not secured***

The Notes and Coupons shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer from time to time outstanding.

Accordingly, on a winding-up or insolvency of the Issuer at any time prior to maturity of any Notes, the Noteholders and Couponholders will not have recourse to any specific assets of the Issuer or its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Notes and/or Coupons owed to the Noteholders and Couponholders and there can be no assurance that there would be sufficient value in the assets of the Issuer after meeting all claims ranking ahead of the Notes, to discharge all outstanding payment and other obligations under the Notes and/or Coupons owed to the Noteholders and Couponholders.

## ***RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

### ***Notes subject to optional redemption by the Issuer***

An optional redemption feature may limit the market value of Notes containing such a feature. During any period when the Issuer may elect to redeem such Notes, the market value of such Notes may not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high

as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***The Group may not fully hedge the currency risks associated with Notes denominated in foreign currencies***

The majority of the Group's revenue is generally denominated in Singapore dollars and the majority of the Group's operating expenses are generally incurred in Singapore dollars as well. As Notes issued under the Programme can be denominated in currencies other than Singapore dollars, the Group may be affected by fluctuations between Singapore dollars and such foreign currencies in meeting the payment obligations under such Notes. There can be no assurance that the Group will be able to fully hedge the currency risks associated with such Notes denominated in foreign currencies. In addition, hedging involves risks and costs, including transaction costs, which may reduce overall returns.

***Variable Rate Notes with a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

***Definitive Notes and Certificates which have a denomination that is not an integral multiple of the minimum denomination amount may be illiquid and difficult to trade***

In relation to any issue of Notes which have a denomination consisting of a minimum denomination amount (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum denomination amount that are not integral multiples of such minimum denomination amount. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination amount will not receive a Definitive Note or Certificate in respect of such holding (should Definitive Notes or Certificates be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denomination amounts. If Definitive Notes or Certificates are issued, Noteholders should be aware that definitive Notes or Certificates which have a denomination that is not an integral multiple of the minimum denomination amount may be illiquid and difficult to trade. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders will have no rights against the Issuer (including rights to receive principal or interest or to vote or attend meetings of Noteholders) in respect of such Notes.

***RISKS RELATED TO THE MARKET GENERALLY***

***Limited liquidity of the Notes issued under the Programme***

There can be no assurance regarding the future development of the market for the Notes issued under the Programme, or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes.

The Notes may have no established trading market when issued, and one may never develop. Even if a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific

investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

Illiquidity may have a severely adverse effect on the market value of the Notes. Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

#### ***Fluctuation of market value of the Notes issued under the Programme.***

Trading prices of the Notes are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) generally. Adverse economic developments in Singapore as well as countries in which the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) operate or have business dealings, could have a material adverse effect on the business, financial performance and financial condition of the Issuer, its subsidiaries, its associated companies (if any) and its joint venture companies (if any).

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Notes.

#### ***Interest rate risk***

Noteholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

#### ***Inflation risk***

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce actual returns.

#### ***Notes issued at a substantial discount or premium***

The market value of Notes issued at a substantial discount or premium from their principal amount may fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing Notes. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing Notes with comparable maturities.

#### ***Exchange rate risks and exchange controls may result in Noteholders receiving less interest or principal than expected***

The Issuer will pay principal and interest on the Notes in the currency specified. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes are denominated (the "**Specified Currency**"). These include the risk that



exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Changes in market interest rates may adversely affect the value of fixed rate Notes***

Investment in fixed rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate Notes.

***Global financial turmoil has led to volatility in international capital markets which may adversely affect the market price of the Notes***

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the market price of the Notes.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should seek independent legal advice to determine whether and to what extent (i) Notes are legal investments for the potential investor, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.



## DESCRIPTION OF THE ISSUER

### 1. History and Business

The Issuer was incorporated in Singapore and constituted under the Co-operative Societies Act on 31 May 2011. Its principal activity is property investment and development.

The Issuer's initial portfolio consisted of a single property, AMK Hub. In 2012, the Issuer acquired a 50% stake in its second property, NEX. Following the acquisition of OMB, Thomson Plaza and 38 strata-titled units in HDB sites and shopping malls in 2016 and 2017, the Issuer's total property portfolio is valued at approximately S\$2.85 billion as at 1 January 2017. Please see the section "*Description of the Properties/Key Portfolio Statistics and Details*" on page 83 for further details on the Properties. The Properties (except for NEX) are held by subsidiary co-operatives while NEX is held by a joint venture company.

As at 31 March 2017, the Issuer's portfolio, consisting a diverse list of local and international retailers and tenants, achieved a committed occupancy rate of more than 90 per cent.

The Issuer's strategy is to continue to invest in, develop and manage a diversified portfolio of commercial real estate with its core concentration in Singapore although it remains open to real estate opportunities overseas. The Issuer takes a proactive approach in managing its assets to maximise occupancy, extracting the value of its assets through asset enhancement initiatives and exploring opportunities to scale up its asset management capabilities. The Issuer operates on commercial principles and strives to provide NTUC social enterprises with access to commercial space and to generate sustainable and long term returns for the Labour Movement.

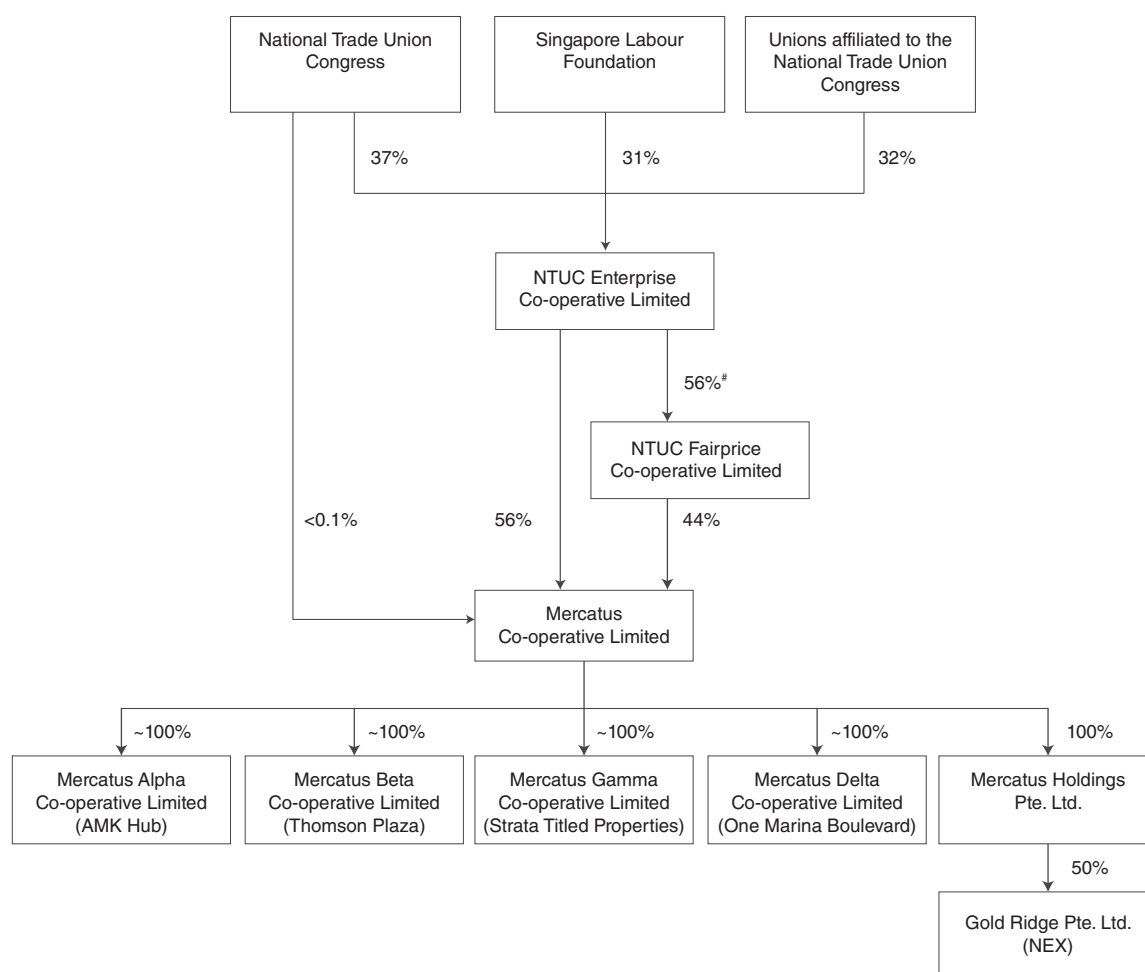
### 2. Corporate Structure

The Issuer is a subsidiary of NTUC Enterprise, a holding co-operative set up by NTUC, SLF and unions affiliated to both NTUC and SLF.

NTUC is a national confederation of trade unions comprising mainly 58 affiliated unions, two affiliated associations, 10 social enterprises and six related organisations.

SLF is a statutory board of the Ministry of Manpower that supports the development of the trade union movement in Singapore.

The following diagram illustrates the relationship between the Issuer and its holding entities as at the Latest Practicable Date.



# remaining 44% held by individuals and institutional members, each holding <0.1% of the total share capital

## Shareholding and Capital

As at the date of this Information Memorandum, the authorised share capital of the Issuer is 3,000,000,000 shares of S\$1.00 each. The issued and paid up ordinary shares totalled 1,539,857,419 as at 1 January 2017, comprising 855,132,942 issued ordinary shares held by NTUC Enterprise, 684,624,477 issued ordinary shares held by NTUC Fairprice and 100,000 issued ordinary shares held by NTUC.

## Registered Office

The registered address of the Issuer as at the date of this Information Memorandum is No.1 Marina Boulevard, #15-04 One Marina Boulevard, Singapore 018989.

### 3. Competitive Strengths and Business Strategies

The Issuer believes that the following competitive strengths and business strategies have enabled and will continue to enable it to compete effectively as a commercial real estate owner.

#### (a) *Strategically located quality assets*

The Properties are comprised of quality shopping malls in the suburban areas and an office building in the downtown core of Singapore. The Properties enjoy good connectivity via convenient access to major roads, expressways and Mass Rapid Transit (“MRT”) lines. AMK Hub is directly connected to an MRT station along the North-South Line and a bus interchange while NEX is directly connected to an MRT station interchange (where the North-East Line and the Circle Line intersect) as well as a bus interchange. Thomson Plaza’s connectivity will be further enhanced when the Thomson-East Coast Line, which is scheduled to open in 2020, commences operations and one of the stations will be located next to Thomson Plaza. The shopping malls are strategically located in areas with good catchment of high density residential population.

The following diagram sets out the various locations of the Properties in Singapore:



In addition, the Properties are leased to a well-diversified pool of tenants, which allows the Issuer to rely on different trade and industry sectors for rental income. These tenants underpin the stability of rental income from the Properties.

The high occupancy rate of the Properties reflects the properties’ strategic locations as well as the proactive management policies with respect to the renewal and replacement of tenants.

**(b) *Value creation through active asset management and enhancement***

The Group's strategy for organic growth is to actively manage the Properties by maintaining high occupancy levels while maintaining stable rental growth, unlocking the potential value of the Properties through optimising tenant mix for the retail portfolio and implementing asset enhancement initiatives that would improve the attractiveness of the buildings to tenants and shoppers.

In 2016, the Issuer embarked on the first in a series of asset enhancements initiatives with the rejuvenation of OMB to improve accessibility, enhance the lobby areas and optimise prime space in the basement and ground floor to accommodate a wider range of retailers. The enhancement works are slated to complete around September 2017. The Issuer's strategy is to enable the repositioned office building to compete more effectively in the Grade A office market in the Marina Bay area.

The Issuer also plans to embark on asset enhancement initiatives for its other properties, such as NEX and AMK Hub, in the near future. The enhancement works would entail improving accessibility, including circulation in the car park, and to optimise spaces to attract higher foot fall and better compete with newer malls in the vicinity.

**(c) *Proactive and disciplined capital management***

The Issuer's capital management strategy involves adopting and maintaining appropriate gearing levels with the aim of optimising the capital structure and cost of capital of the Group while maintaining flexibility in respect of funding for future capital expenditures and acquisitions.

At present, the Group's borrowings are in the form of bank loans. To the extent practicable, in view of prevailing market conditions and as and when appropriate, the Issuer may diversify its sources of debt financing and enhance the debt maturity profile of the Group by way of accessing the debt capital markets.

**(d) *Strong Parentage***

The Issuer is a subsidiary of NTUC Enterprise, which is in turn held by NTUC, SLF and unions affiliated to both NTUC and SLF. The Issuer can leverage on the financial strength, expertise, scale of operations and strong network of relationships of its holding entities.

NTUC Enterprise leads the development of its subsidiaries to meet the evolving needs and aspirations of working families in Singapore. NTUC Enterprise and its subsidiaries (the "**NTUC Enterprise Group**") is a diversified conglomerate with businesses ranging from retail and provision of education services to the underwriting of insurance. NTUC Enterprise Group had assets and revenue exceeding S\$37 billion and S\$7 billion respectively for the financial year ended 31 December 2016. The entities within the NTUC Enterprise Group operate on sound commercial and governance principles. This enables its entities to be financially sustainable and to compete fairly within their respective industries.

NTUC Enterprise Group includes social enterprises such as NTUC Income Co-operative Limited, NTUC FairPrice, NTUC First Campus Co-operative Limited, NTUC LearningHub Co-operative Limited, NTUC Foodfare Co-operative Limited, NTUC Health Co-operative Limited and NTUC Link Private Limited.

#### 4. Description of the Properties/Key Portfolio Statistics and Details

##### (A) KEY INFORMATION ON THE PROPERTIES

The following table sets out a summary of selected information on the Properties:

	<b>AMK Hub</b>	<b>OMB</b>	<b>Thomson Plaza<sup>1</sup></b>	<b>Portfolio of Strata Titled Properties</b>	<b>NEX<sup>2</sup></b>
Valuation (S\$ million)	766 <sup>3</sup>	587 <sup>3</sup>	164 <sup>3</sup>	487	1,695 <sup>3</sup>
Lease Tenure	99 years less one day commencing from 24 August 2004	99 years from 7 January 2002	99 years commencing from 15 October 1976	Coronation Plaza: Freehold; Others: 30-99 years	99 years commencing from 26 June 2008
Ownership	100%	100%	100%	100%	50%
Gross Floor Area/Strata Area (sf)	519,359	519,917	123,442	411,163	942,131
Net Lettable Area (sf)	319,056	427,697	95,607	404,774	634,696
Occupancy	100%	99.3%	95.9%	99.4%	98.9%
Gross revenue <sup>4</sup> (S\$ million)	60	28	11	31	121
Net property income <sup>4</sup> (S\$ million)	40	16	8	25	89

- 
- (1) Property is strata-titled; ownership reflects the Issuer's interest in the respective strata units/areas in the retail mall
- (2) Property is held under a joint venture company; ownership reflects the Issuer's equity interest in the joint venture company; amounts as shown in the table relate to the entire property
- (3) As disclosed in the audited financial statements at 31 December 2016
- (4) Based on FY 2016 Unaudited Pro Forma

##### **AMK Hub**

AMK Hub is located in the heart of one of the largest housing estates in Singapore, Ang Mo Kio Town Centre. It is conveniently linked to major expressways with direct access to the Ang Mo Kio MRT station (along the North-South MRT Line) and also provides direct access to a bus interchange. AMK Hub's immediate catchment area includes the residential areas of Yishun and Bishan.

The mall offers a varied tenant mix of over 200 shops spreading over 7 storeys (including 3 basement levels) to provide the residents in the estate as well as the workers and students in the vicinity with a wide range of offerings.

Major tenants of AMK Hub include NTUC Fairprice, Cathay Cineplexes, NTUC Foodfare and Fitness First.

### ***One Marina Boulevard***

OMB is a 32-storey Grade A office development located in the downtown core Central Business District at the junction of Collyer Quay, Raffles Quay and Marina Boulevard. The building offers panoramic views of Marina Bay and has a direct link to Raffles Place MRT station and Downtown MRT station via an air-conditioned underground linkway. It is also near the Central Expressway, Ayer Rajah Expressway, East Coast Parkway and Marina Coastal Expressway.

OMB houses large corporates and multi-national corporations including Allen & Gledhill and Microsoft.

### ***Thomson Plaza***

Thomson Plaza is a suburban shopping centre located in the heart of private and public residential estates in the south-western junction of Upper Thomson Road and Soo Chow Garden Road, approximately 9 km from the city centre. It comprises 3 storeys of retail levels and a basement car park. The Group owns 95,607 square feet of retail net lettable area consisting of strata spaces on levels 1 and 3, representing 41% of the total strata area in Thomson Plaza.

Thomson Plaza is near the Central Expressway, Marymount and Bishan MRT stations and the proposed Upper Thomson MRT station. The proposed Upper Thomson MRT station is scheduled to be completed in 2020 and will be within walking distance from Thomson Plaza.

Key tenants in the owned strata area include NTUC Fairprice, Amore Fitness, Popular Books and Sushi Tei.

### ***NEX***

NEX is the biggest mall in the North-East region of Singapore and is located at 23 Serangoon Central. It is a 7-storey mall that is fully integrated with the Serangoon bus interchange and the Serangoon MRT Station Interchange, where the North-East Line and the Circle Line intersect. It is also near the Central Expressway.

NEX features a comprehensive mix of retail, entertainment and dining options, including the first dog park within a mall in Singapore, and is a convergence point for those working, studying and living in the North-East region of Singapore.

Major tenants of the mall include NTUC Fairprice, Isetan, Breadtalk Group, H&M, Dairy Farm Group, Food Junction and Shaw Theatres.

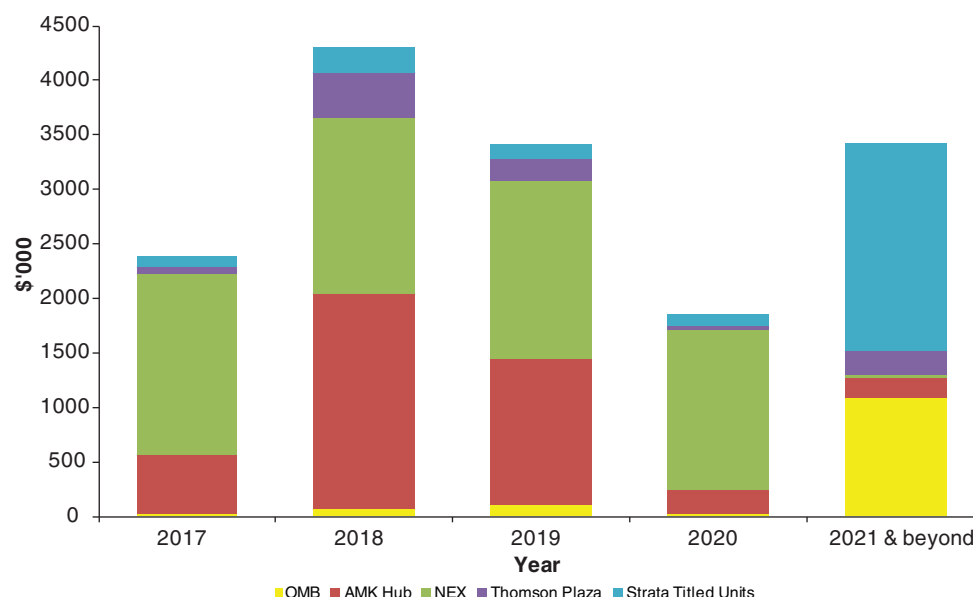
### ***Portfolio of strata-titled properties***

The portfolio of strata-titled properties comprises a mixture of strata-titled units within shopping malls and HDB sites in various locations across Singapore. There are a total of 38 strata-titled units with net lettable area ranging from approximately 1,000 square feet to 38,000 square feet. These strata spaces are leased mainly to NTUC Fairprice for their retail operations.

## (B) LEASE EXPIRY PROFILE OF THE PROPERTIES

The leases are typically signed for a lease term of three years with an option to renew for another three years, at prevailing market rates. Major tenants generally have longer lease terms and further options to renew. The table below illustrates the expiry profile of the committed leases of the Properties as at 31 December 2016.

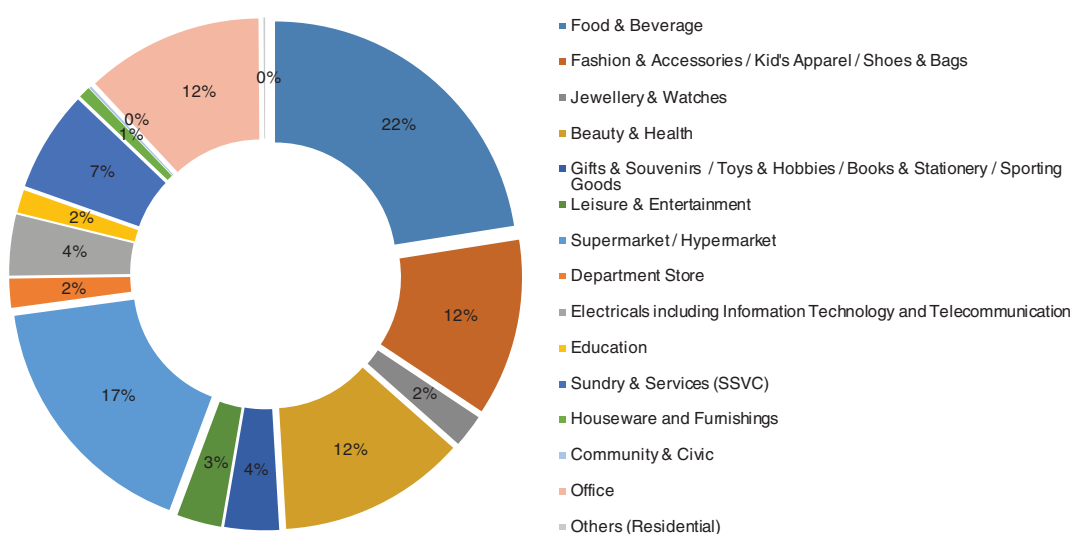
### LEASE EXPIRY PROFILE BY GROSS RENTAL REVENUE



## (C) TRADE SECTOR ANALYSIS OF THE PROPERTIES

The Issuer's portfolio is well-diversified and leverages on many different trade sectors for rental income. The chart below illustrates the different trade sectors represented in the Properties for the month of March 2017.

### BREAKDOWN OF PORTFOLIO BY TRADE SECTOR (as at 31 March 2017)





#### **(D) TOP TEN TENANTS OF THE PROPERTIES**

The top ten tenants of the Properties, as set out below, contribute an aggregate of approximately 33.2% of the Portfolio Gross Rental Income for the month of March 2017.

<b>No.</b>	<b>Tenant</b>
1	NTUC Fairprice
2	Microsoft
3	Allen & Gledhill
4	Isetan
5	Breadtalk Group
6	NTUC Club
7	Dairy Farm Group
8	NTUC Foodfare
9	H&M
10	OCBC Bank

#### **5. Selected Financial Information**

The following tables present (i) the selected audited financial information of the Group from the consolidated statement of comprehensive income for FY 2015, the consolidated statement of financial position as at 31 December 2015 and the consolidated cash flow statements for FY 2015, (ii) the selected audited financial information of the Group from the consolidated statement of comprehensive income for FY 2016, the consolidated statement of financial position as at 31 December 2016 and the consolidated cash flow statements for FY 2016 and (iii) the selected unaudited pro forma financial information of the Group from the unaudited pro forma statement of comprehensive income for FY 2016, the unaudited pro forma statement of financial position as at 31 December 2016 and the unaudited pro forma cash flow statements for FY 2016. The selected consolidated financial information as at and for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 should be read in conjunction with the audited consolidated financial statements of our Group and the related notes thereto which are included elsewhere in this Information Memorandum.

The Group's audited consolidated financial statements for FY 2016 have been audited by its independent auditor, KPMG LLP, whose report for FY 2016 is included herein. The audited consolidated financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards.

The Group's independent auditor, KPMG LLP, has reported on the unaudited pro forma financial information of the Group for FY 2016 and their report is included in Appendix III. The unaudited pro forma financial information of the Group for FY 2016 have been prepared for illustrative purposes only on the basis of the assumptions and accounting policies set out in Appendix III, and should be read together with these assumptions and accounting policies.

**(A) Group FY 2016 Unaudited Pro forma vs Audited Statement of Financial Position**

	<b>Group FY 2016 Unaudited Pro forma \$'000</b>	<b>Group FY 2016 Audited \$'000</b>	<b>Difference \$'000</b>	<b>Note</b>
<b>Non-current assets</b>				
Property, plant and equipment	7,066	7,079	(13)	
Investment properties	1,742,975	1,321,498	421,477	a
Investment in a joint venture	376,186	376,186	–	
	<u>2,126,227</u>	<u>1,704,763</u>	<u>421,464</u>	
<b>Current assets</b>				
Trade and other receivables	3,520	3,364	156	
Prepayments	46	46	–	
Cash and cash equivalents	140,304	95,799	44,505	b
	<u>143,870</u>	<u>99,209</u>	<u>44,661</u>	
<b>Total assets</b>	<u>2,270,097</u>	<u>1,803,972</u>	<u>466,125</u>	
<b>Current liabilities</b>				
Rental deposits	3,043	3,043	–	
Shareholders' loans	–	448,313	(448,313)	c
Loans and borrowings	–	113,875	(113,875)	c
Trade and other payables	28,273	43,372	(15,099)	d
	<u>31,316</u>	<u>608,603</u>	<u>(577,287)</u>	
<b>Non-current liabilities</b>				
Rental deposits	15,900	14,174	1,726	
Loans and borrowings	350,000	350,000	–	
Trade and other payables	639	639	–	
	<u>366,539</u>	<u>364,813</u>	<u>1,726</u>	
<b>Total liabilities</b>	<u>397,855</u>	<u>973,416</u>	<u>(575,561)</u>	
<b>Net assets</b>	<u>1,872,242</u>	<u>830,556</u>	<u>1,041,686</u>	
<b>Equity attributable to members of the Co-operative</b>				
Membership shares	1,539,857	640,393	899,464	e
Other reserves	293,919	185,185	108,734	f
Accumulated profits	38,466	4,978	33,488	g
<b>Total equity</b>	<u>1,872,242</u>	<u>830,556</u>	<u>1,041,686</u>	

## Notes for FY 2016 Unaudited Pro forma vs FY 2016 Audited

- a. Investment properties are higher due to the acquired properties as mentioned in section 1 *"History and Business"*. As the accounting policy of the Issuer is to account for investment properties at "costs less accumulated depreciation", the increase is therefore net of accumulated depreciation.
- b. Cash and cash equivalents is higher mainly due to contributions from the acquired properties and lower shareholder related interest payments (refer below).
- c. Shareholders' loans and loans and borrowings are lower due to conversion of shareholders' loans and term loan owing to NTUC Enterprise and NTUC Fairprice to membership shares. The purpose of the said conversion is to streamline the capital structure of the Issuer.
- d. Trade and other payables (current) comprise mainly interest accruals on shareholders' loans and loans and borrowings, contributions payable to SLF and CCF and other operating expenses. Trade and other payables are lower mainly due to lower shareholder related interest accruals arising from the said conversion of shareholder loans and term loan and net of the additional contributions payable to SLF and CCF on the pro forma financial performance of the Issuer.
- e. Membership shares are higher due to shares issued for the conversion of shareholders' loans and term loan owing to NTUC Enterprise and NTUC Fairprice to membership shares and for the settlement of the purchase consideration of the said acquisitions.
- f. Other reserves comprise capital reserve and asset replacement reserve. Capital reserve emerged mainly from the one-off accounting effect arising from the said acquisitions which related to properties injected by the shareholders of the Issuer into the Group. Asset replacement reserve was established to meet the replacement and renewal expenses for building, plant and equipment owned and managed by the Group.
- g. Accumulated profits are higher due to additional profits contributed by the acquired properties and net of the transfer of a portion of the accumulated profits to asset replacement reserve (refer below).

**(B) Group FY 2016 Unaudited Pro forma vs Audited Statement of Comprehensive Income**

	Group FY 2016 Unaudited Pro forma \$'000	Group FY 2016 Audited \$'000	Difference \$'000	Note
Revenue	124,307	77,146	47,161	a
Other income	6,277	5,094	1,183	
Marketing expenses	(1,754)	(1,747)	(7)	
Administrative expenses	(5,068)	(4,948)	(120)	
Other operating expenses	(70,684)	(43,104)	(27,580)	b
Finance costs	(9,221)	(44,055)	34,834	c
Share of results of joint venture	19,568	19,568	–	
<b>Profit before tax and contributions</b>	<b>63,425</b>	<b>7,954</b>	<b>55,471</b>	
Income tax expense	(6)	(6)	–	
<b>Profit before contributions</b>	<b>63,419</b>	<b>7,948</b>	<b>55,471</b>	
Contributions to:				
– Central Co-operative Fund	(25)	–	(25)	d
– Singapore Labour Foundation	(13,984)	–	(13,984)	d
<b>Profit for the year/Total comprehensive income for the financial year</b>	<b>49,410</b>	<b>7,948</b>	<b>41,462</b>	

**Notes for FY 2016 Unaudited Pro forma vs FY 2016 Audited**

- a. Revenue comprises both fixed and gross turnover rent, carpark and advertising and promotion income. Revenue is higher due to the additional rental income for the acquired properties as mentioned in section 1 “History and Business”.
- b. Other operating expenses related mainly to staff costs, depreciation, property taxes, property management services, utilities, and security and cleaning. Other operating expenses are higher due to the additional expenses relating to the acquired properties.
- c. Finance costs are lower due to the conversion of shareholders’ loans and term loan owing to NTUC Enterprise and NTUC Fairprice to membership shares. Consequentially, finance costs related only to the external bank borrowings of \$350 million.
- d. Contributions to CCF and SLF are higher due to the consequential effect of all the above factors which resulted in higher financial performance of the Group. In accordance with the Co-operative Societies Act, the Group is required to contribute 5% of the first \$0.5 million of its surplus resulting from the operations

during the year to the CCF and contribute 20% of the surplus (excluding capital gains arising from the disposal of any office premises and shares), in excess of \$0.5 million, to the SLF.

**(C) Group FY 2016 Audited vs Group FY 2015 Audited Statement of Financial Position**

	<b>Group FY 2016 Audited \$'000</b>	<b>Group FY 2015 Audited \$'000</b>	<b>Difference \$'000</b>	<b>Note</b>
<b>Non-current assets</b>				
Property, plant and equipment	7,079	2,227	4,852	
Investment properties	1,321,498	572,662	748,836	a
Investment in a joint venture	376,186	391,618	(15,432)	b
Investment in unquoted equities	–	10	(10)	
	<b>1,704,763</b>	<b>966,517</b>	<b>738,246</b>	
<b>Current assets</b>				
Trade and other receivables	3,364	1,985	1,379	
Prepayments	46	41	5	
Cash and cash equivalents	95,799	46,852	48,947	c
	<b>99,209</b>	<b>48,878</b>	<b>50,331</b>	
<b>Total assets</b>	<b>1,803,972</b>	<b>1,015,395</b>	<b>788,577</b>	
<b>Current liabilities</b>				
Rental deposits	3,043	6,564	(3,521)	e
Shareholders' loans	448,313	–	448,313	d
Loans and borrowings	113,875	113,875	–	
Trade and other payables	43,372	36,992	6,380	
	<b>608,603</b>	<b>157,431</b>	<b>(451,172)</b>	
<b>Non-current liabilities</b>				
Rental deposits	14,174	4,056	10,118	e
Shareholders' loans	–	448,313	(448,313)	d
Loans and borrowings	350,000	350,000	–	
Trade and other payables	639	–	639	
	<b>364,813</b>	<b>802,369</b>	<b>(437,556)</b>	
<b>Total liabilities</b>	<b>973,416</b>	<b>959,800</b>	<b>13,616</b>	
<b>Net assets</b>	<b>830,556</b>	<b>55,595</b>	<b>774,961</b>	
<b>Equity attributable to members of the Co-operative</b>				
Membership shares	640,393	49,813	590,580	f
Accumulated profits	4,978	5,782	(804)	
Other reserves	185,185	–	185,185	g
<b>Total equity</b>	<b>830,556</b>	<b>55,595</b>	<b>774,961</b>	

**Notes for FY 2016 Audited vs FY 2015 Audited**

- a. In 2016, the following properties were acquired: 100% interest in OMB, 41% of the strata area in Thomson Plaza and a strata lot at Bukit Timah Plaza.

- b. Investment in joint venture declined due to the dividend received in 2016 and offset by share of profit for the year.
- c. The increase is mainly due to the dividends received from the joint venture and additional income and rental deposits contributed by the properties acquired in 2016.
- d. The outstanding shareholders' loan and term loan were classified as current liabilities to reflect the intention of conversion to equity in 2017.
- e. Rental deposits (non-current) increase due to the new properties acquired and due to the reclassification between current and non-current for expiring leases.
- f. Membership shares were higher due to shares issued for the settlement of the purchase consideration of the properties acquired in 2016.
- g. Other reserves comprise capital reserve and asset replacement reserve. Capital reserve emerged mainly from the one-off accounting effect arising from the said acquisitions which related to properties injected by the shareholders of the Issuer into the Group. Asset replacement reserve was established to meet the replacement and renewal expenses for building, plant and equipment owned and managed by the Group.

**(D) Group FY 2016 Audited vs Group FY 2015 Audited Statement of Comprehensive Income**

	<b>Group FY 2016 Audited \$'000</b>	<b>Group FY 2015 Audited \$'000</b>	<b>Difference \$'000</b>	<b>Note</b>
Revenue	77,146	57,137	20,009	a
Other income	5,094	2,633	2,461	a
Marketing expenses	(1,747)	(1,697)	(50)	
Administrative expenses	(4,948)	(1,505)	(3,443)	b
Other operating expenses	(43,104)	(25,615)	(17,489)	b
Finance costs	(44,055)	(43,409)	(646)	
Share of results of joint venture	19,568	17,989	1,579	c
<b>Profit before tax and contributions</b>	<b>7,954</b>	<b>5,533</b>	<b>2,421</b>	
Income tax expense	(6)	–	(6)	
<b>Profit before contributions</b>	<b>7,948</b>	<b>5,533</b>	<b>2,415</b>	
Contributions to:				
– Central Co-operative Fund	–	–	–	
– Singapore Labour Foundation	–	–	–	
<b>Profit for the year/Total comprehensive income for the financial year</b>	<b>7,948</b>	<b>5,533</b>	<b>2,415</b>	

## Notes for FY 2016 Audited vs FY 2015 Audited

- a. Revenue and other income increased due to the new properties acquired in 2016.
- b. Administrative and other operating expenses increased due to the new properties acquired in 2016.
- c. Share of results of joint venture increased due to higher rental income resulting from overall positive rental reversion at NEX for leases that expired in 2016.

## 6. Recent Developments

On 6 April 2017, the Issuer, through its subsidiaries, Mercatus Epsilon Co-operative Limited and Mercatus Gamma Co-operative Limited, entered into sale and purchase agreements with the following entities to acquire their strata title ownership of the units located at Jurong Point Mall (comprising Jurong Point 1 and Jurong Point 2) together with their leasing business, with a total strata area of 66,550 square metres at an aggregate purchase price of approximately S\$2.2 billion:

- Jurong Point Real Estate Pte. Ltd.
- Jurong Point Land Realty Pte. Ltd.
- Jurong Point Venture Pte. Ltd.
- Jurong Point Realty Limited.
- Centris Resources Pte. Ltd.
- Centris Venture Pte. Ltd.
- Prime Point Realty Development Pte. Ltd.

### (A) RATIONALE FOR THE PROPOSED ACQUISITION

- **The Proposed Acquisition is in line with Issuer's business objective and strategy**

The Proposed Acquisition is in line with Issuer's strategy to invest in well-located commercial properties in Singapore, to invest in and manage a diversified portfolio of commercial real estate in Singapore and at the same time to provide NTUC social enterprises with access to commercial space and to generate sustainable, long term returns for the Labour Movement.

- **Strategic location of Jurong Point Mall**

Jurong Point Mall is strategically located within one of the largest residential areas in Singapore, serving more than 270,000 households in HDB flats as well as private properties. It is also directly connected to key transport infrastructure such as Boon Lay MRT station along the East-West Line and a bus interchange that is adjacent to the mall. The mall attracts shopper traffic from the working population and residents in the nearby Jurong Lakeside District, as well as the student and teaching population from Nanyang Technological University and other schools in the area.



- **Portfolio and income diversification and enlarged tenant base**

The Proposed Acquisition will diversify the Issuer's current portfolio by adding another well-located shopping mall in the residential heartlands where the Issuer does not currently have a presence. The Proposed Acquisition will expand the Issuer's shopping mall footprint, which is currently concentrated in the North and North-East regions of Singapore, to the western part of Singapore.

The Proposed Acquisition further enhances the tenant and income diversification of the Issuer arising from an enlarged portfolio and tenant base. Major tenants in Jurong Point Mall include NTUC Extra, BHG, Kopitiam, Courts and Shokutsu 10 and its occupancy rate as at 31 March 2017 is approximately 99%.

## **(B) METHOD OF FINANCING**

Issuer intends to fund the Proposed Acquisition from a combination of debt and shareholder's capital.

After the Proposed Acquisition, the ratio of the total gross borrowings of the Group to the total consolidated assets of the Group is expected to increase from approximately 15.4%<sup>1</sup> to 56.6%<sup>2</sup>.

## **7. Directors & Management**

### ***Board of Directors***

The Board comprises Directors who, as a group, have the core competencies such as accounting or finance expertise, business or management experience, legal expertise, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles.

Currently, the Board comprises nine members. As at the date of this Information Memorandum, the Directors of the Issuer are:

<b>Name</b>	<b>Designation</b>
Ms May Ng Bee Bee	Chairman
Mr Wong Heng Tew	Director
Mr Willy Shee Ping Yah	Director
Mr Ng Eng Kiong	Director
Mr Lim Kok Guan	Director
Mr Soong Hee Sang	Director
Mr Tan Kian Huay	Director
Mr Yeo Chun Fing	Director
Ms Adeline Sum Wai Fun	Director

<sup>1</sup> Based on the Group's unaudited pro forma statement of financial position as at 31 December 2016.

<sup>2</sup> Based on the Group's unaudited pro forma statement of financial position as at 31 December 2016 and the aggregate purchase price of approximately S\$2.2 billion.

Certain information on the business and working experience of the Directors is set out below:

**Ms May Ng Bee Bee**

Chairman

Ms Ng is the CEO of Pan-United Corporation Ltd since March 2011 and was previously the Executive Director from January 2004 to February 2011. Ms Ng is also a director of NTUC Enterprise.

Ms Ng holds a Bachelor of Arts (Honours) degree from the University of Western Ontario, Canada.

**Mr Wong Heng Tew**

Director

Mr Wong joined Temasek in 1980 and over the next 27 years of his career, his job scope included investments (direct, funds, listed and private equity), divestments, mergers and acquisitions, restructuring of companies, and corporate governance. He retired in 2008 as Managing Director (Investments) and concurrently Temasek's Chief Representative in Vietnam. He is now an Advisory Director for Temasek. Mr Wong is a member of the boards of local and overseas companies including Heliconia Capital Management, NTUC Fairprice and Winstek Semiconductor.

He holds a Bachelor of Engineering degree from the University of Singapore and attended the Program for Management Development at the Harvard Business School.

**Mr Willy Shee Ping Yah**

Director

Mr Shee is the Senior Advisor of CBRE Pte. Ltd and has been with the CBRE Group for more than 40 years. Mr Shee was previously the Chairman of CBRE, Asia. He was responsible for the growth of CBRE Singapore into one of the leading property consultancies in the country and around the region. Before CBRE, Mr Shee was the Acting Deputy Chief Valuer at the Singapore Inland Revenue Authority. Mr Shee is also a director of NTUC Fairprice, Bund Center Investment Ltd and Keppel Land Ltd and had previously, served as Director of Ascendas Pte. Ltd. and Sunway REIT Management Sdn Bhd.

A Colombo Plan Scholar from the University of Auckland, Mr Shee is a Fellow Member of the Singapore Institute of Directors and the Singapore Institute of Surveyors and Valuers. He is also an Honorary Advisor (Valuation) to the Real Estate Developers' Association of Singapore.

**Mr Ng Eng Kiong**

Director

Mr Ng is the Managing Director of Squire Mech Pte. Ltd. He led the firm to be a leading Mechanical & Electrical Engineering consulting firm and has been recognised as a BCA Certified Construction Productivity Professional (Honorary). Mr Ng started his career with the Housing and Development Board where he held several senior management positions from 1974 to 1990. Mr Ng was a founding Board member of the Singapore Green Building Council when it was incorporated in May 2009 and was its President from 2013 to 2015.

Mr Ng graduated from the University of Singapore in 1974 with a Bachelor of Engineering (Electrical) and from the National University of Singapore in 1991 with a Master of Science (Property & Maintenance Management).

**Mr Lim Kok Guan**

Director

Mr Lim Kok Guan is the Managing Director (Integrated Infrastructure and Support) of NTUC Fairprice. He was the Chief Financial Officer before his current appointment. Prior to joining NTUC Fairprice, Mr Lim had extensive regional experience in finance with MNCs as well as locally-listed companies. He is also a Director of NTUC Choice Homes Co-operative Limited.

Mr Lim holds a Bachelor of Accountancy from the University of Singapore and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

**Mr Soong Hee Sang**

Director

Prior to his retirement, Mr Soong was with GIC Real Estate for 9 years and his last appointment was Managing Director, GIC Real Estate, London. Prior to that, he was with Pidemco Land/CapitaLand for 9 years where he held appointments as Country Director, London, CEO of CapitaCommercial Trust, Deputy CEO of CapitaLand Commercial and CEO of CapitaLand Residential (New Markets).

Mr Soong holds a Bachelor of Science (Estate Management) (Honours) and a Master of Business Administration from the National University of Singapore.

**Mr Tan Kian Huay**

Executive Director

Mr Tan is a Director of CH Offshore. He is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He has extensive experience in project management and business development, particularly in the construction industry. Mr Tan has over 40 years of experience in the building and construction industry, including serving as the Managing Director of Obayashi Singapore Pte. Ltd. from 1989 to 2004. Mr Tan is also a Director of NTUC Choice Homes Co-operative Ltd and Jurong Health Services Pte. Ltd. and the Chairman of One Marina Property Services Pte. Ltd.

Mr Tan holds a Professional Diploma in Building and a Bachelor of Arts from Beijing Normal University. He is currently a fellow and was a former 2nd Vice President of the Society of Project Managers and a former President of the Singapore Institute of Building.

**Mr Yeo Chun Fing**

Director

Mr Yeo is the Assistant Secretary for Financial Affairs of the NTUC, General Secretary of the Amalgamated Union of Public Employees (AUPE) and Chairman of the AUPE Multi-purpose Co-operative Limited. He is also a member of the Executive Council of the Singapore National Co-operative Federation and a Board Member of the Educare Co-operative Limited.

Mr Yeo graduated from Singapore Polytechnic with a Diploma in Mechanical Engineering in 1983 and a Certificate in Aeronautical Maintenance in 1979. He also holds a Professional Diploma in Employment Relations and Diploma in Industrial Relations.

**Ms Adeline Sum Wai Fun**

Director

Ms Sum is presently the Deputy CEO (Strategic Alignment) of NTUC Enterprise and Managing Director (Corporate Strategy) of NTUC Fairprice. She also holds directorships in the NTUC Enterprise Group. Ms Sum is a Director of ComfortDelGro Corporation Limited. She is also the Chairman of the Audit and Risk Committee and a member of the Investment Committee.

Ms Sum holds a Bachelor of Arts (History) from the National University of Singapore, a Master of Business Administration (Accountancy) from the Nanyang Technological University and a Master of Public Administration from Harvard University.

***Key management***

As at the date of this Information Memorandum, the management team of the Issuer comprises the following members:

<b><i>Name</i></b>	<b><i>Designation</i></b>
Mr David Poh	Chief Executive Officer
Ms Loke Huey Teng	Chief Financial Officer

**Mr David Poh**

Chief Executive Officer

Mr Poh was appointed as the CEO of Mercatus on 6 January 2017. He is concurrently also the Deputy CEO and CFO of Singapore Labour Foundation. Mr Poh was formerly the CFO of NTUC Enterprise from 2012 to 2014. He currently holds various directorships within the NTUC Enterprise Group such as NTUC Choice Homes Co-operative Limited and One Marina Property Services Pte. Ltd.

**Ms Loke Huey Teng**

Chief Financial Officer

Ms Loke joined Mercatus in February 2017. Prior to joining Mercatus, Ms Loke was the CFO of Mapletree Commercial Trust Management Ltd from 2012 to 2016. She first joined Mapletree Group in 2004 and held various senior positions within Mapletree Group overseeing finance, accounting, corporate finance and treasury activities and led the equity fund raising and listing of the Mapletree Logistics Trust and Mapletree Industrial Trust. Ms Loke was with PSA Corporation Limited from 1998 to 2004 where she held various appointments, including Deputy Regional Manager of its International Business Division. She was with the Budget Division of the Ministry of Finance, Singapore, from 1995 to 1998 where her last held position was Assistant Director.

## **USE OF PROCEEDS**

The net proceeds arising from the issue of Notes under the Programme (after deducting issue expenses) will be used for general corporate purposes of the Group, including refinancing of borrowings, financing investments, general working capital and capital expenditure requirements of the Group or such other purposes as may be specified in the relevant Pricing Supplement.

## CLEARING AND SETTLEMENT

### Clearing and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Securities and Futures Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counter-party in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Paying Agents or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

### Clearing and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and

Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.



## TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and the MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines or circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective Noteholders are advised to consult their own tax advisers as to the Singapore or other tax consequences of the purchase, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arrangers, the Dealers and any other persons involved in the Programme accept responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

### 1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole is arranged by DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, which are Financial Sector Incentive (Standard Tier) Companies (as defined in the ITA) at such time, any tranche of the Notes (the “**Relevant Notes**”) issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be qualifying debt securities (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Specified Income**”) from the Relevant Notes derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require), Specified Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent.; and
- (c) subject to:
  - (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income,

prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

- (ii) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require,

payments of Specified Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and
- (B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Notes held by:
  - (i) any related party of the Issuer; or
  - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “prepayment fee”, “redemption premium” and “break cost” are defined in the ITA as follows:

**“prepayment fee”**, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

**“redemption premium”**, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

**“break cost”**, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the QDS in the prescribed format within such period as MAS may specify and such other particulars in connection with the QDS as MAS may require), income tax exemption is granted on Specified Income derived by any investor from QDS (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where:
  - (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and
  - (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income from such Relevant Notes derived by:

- (i) any related party of the Issuer; or
- (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

## **2. Capital Gains**

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Noteholders who apply or who are required to apply the Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“**FRS 39**”), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 Treatment for Singapore Income Tax Purposes”.

## **3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes**

The IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition & Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Noteholders who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

The Accounting Standards Council has issued a new financial reporting standard for financial instruments, FRS 109 – Financial Instruments, which will become mandatorily effective for Singapore-registered entities in respect of annual periods beginning on or after 1 January 2018. The IRAS had issued a consultation paper entitled “Proposed Income Tax Treatment Arising from the Adoption of FRS 109 – Financial Instruments” on 1 July 2016 and the closing date for submission of comments was 1 August 2016. As the tax treatment of entities who are required to comply with FRS 109 is currently unclear, Noteholders and prospective holders of the Relevant Notes should consult their own accounting and tax advisers on the proposed tax treatment to understand the implications and consequences that may be applicable to them.

## **4. Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealers. The Issuer may also from time to time agree with the relevant Dealers that the Issuer may pay certain third party commissions (including, without limitation, rebates to private bank investors in the Notes). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

### United States

The Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act (“**Regulation S**”).

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable Tranche of which such Notes are a part, as determined and certified to the relevant Paying Agent by such Dealer (or, in the case of an identifiable Tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable Tranche purchased by or through it, in which case the relevant Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration requirements under the Securities Act.

### United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the



purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### **European Economic Area: Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Pricing Supplement specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such offering circular has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the relevant Issuer or any Dealer to publish an offering circular pursuant to Article 3 of the Prospectus Directive or supplement an offering circular pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member



State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## **Hong Kong**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## **Singapore**

Each Dealer has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and it has not circulated or distributed, and will not circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the SFA, (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, (c) where the Notes are initially acquired pursuant to an offer in reliance of Section 274 or 275 of the SFA, pursuant to, and in accordance with the conditions of, Section 276 of the SFA and any other applicable provision of the SFA or (d) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## **General**

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum, any other document or any Pricing Supplement. Other persons into whose hands this Information Memorandum or any Pricing Supplement comes are required by the

Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Information Memorandum or any Pricing Supplement or any related offering material, in all cases at their own expense.

*Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.*

## APPENDIX I

### GENERAL AND OTHER INFORMATION

#### SHAREHOLDING AND SHARE CAPITAL

1. As at the date of this Information Memorandum, there is only one class of shares in the Issuer. The rights and privileges attached to the Shares are stated in the By-Laws of the Issuer. The voting rights of the shareholders of the Issuer are set out in the By-Laws of the Issuer.
2. As at the Latest Practicable Date, the issued share capital of the Issuer is as follows:

Share Designation	Issued Share(s) (No.)	Issued Share Capital (S\$)
Ordinary shares	1,539,857,419	1,539,857,419

#### BORROWINGS

3. Save as disclosed in Appendix III to this Information Memorandum, the Group had, as at 31 December 2016, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or material contingent liabilities.

#### WORKING CAPITAL

4. After taking into account the banking facilities and debt financing presently available to the Group and cash flows from the Group's operations and the net proceeds of the issue of the Notes, the Group will have adequate working capital for its present requirements.

#### CHANGES IN ACCOUNTING POLICIES

5. There have been no significant changes in the accounting policies of the Issuer since its audited consolidated financial statements for FY 2016.

#### LITIGATION

6. There are no legal or arbitration proceedings pending or, to the best of the knowledge of the Issuer, threatened against the Issuer or the Group which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position or profitability of the Issuer and/or the Group.

#### MATERIAL ADVERSE CHANGE

7. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 31 December 2016.

#### AUDITOR'S CONSENT

8. KPMG LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

9. Copies of the following documents may be inspected at the registered office of the Issuer at No. 1 Marina Boulevard, #15-04 One Marina Boulevard, Singapore 018989 during normal business hours:
- (a) the By-Laws of the Issuer;
  - (b) the Trust Deed;
  - (c) the letter of consent referred to in paragraph 8 above;
  - (d) the audited financial statements of the Group for FY 2016 and FY 2015; and
  - (e) the unaudited pro forma financial information of the Group for FY 2016.

## **FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE**

10. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

## **APPENDIX II**

### **AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY 2016**

*The information in this Appendix II has been extracted and reproduced from the audited consolidated financial statements of the Group for FY 2016 and has not been specifically prepared for inclusion in this Information Memorandum.*

**Mercatus Co-operative Limited  
and its subsidiaries**  
Unique Entity Number: T11CS0004B

Annual Report  
Year ended 31 December 2016

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 network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## **Directors' statement**

The Directors present this annual report to the members together with the audited financial statements of the Co-operative for the financial year ended 31 December 2016.

- (a) the financial statements set out on pages FS1 to FS39 are drawn up in accordance with the provisions of the Co-operative Societies Act, Chapter 62 (the "Act") and Singapore Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Co-operative as at 31 December 2016, and of the financial performance, changes in equity and cash flows of the Group and of the results and changes in equity of the Co-operative for the year ended 31 December 2016;
- (b) at the date of this statement, there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they fall due; and
- (c) the receipt, expenditure and investment of monies, acquisition and disposal of assets made by the Co-operative during the year ended 31 December 2016 have been made in accordance with the By-Laws of the Co-operative and the provisions of the Act.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

### **(a) Directors**

The Directors of the Co-operative in office at the date of this statement are as follows:

May Ng Bee Bee	
Willy Shee Ping Yah	
Wong Heng Tew	
Lim Kok Guan	
Ng Eng Kiong	
Chia Chey Hui	
Tan Kian Huay	
Yeo Chun Fing	(appointed on 24 May 2016)
Soong Hee Sang	(appointed on 1 January 2017)
Adeline Sum Wai Fun	(appointed on 6 January 2017)

### **(b) Arrangements to enable Directors to acquire shares or debentures**

Neither at the end of nor at any time during the financial year was the Co-operative a party to any arrangement whose object is to enable the Directors of the Co-operative to acquire benefits by means of the acquisition of shares in or debentures of the Co-operative or any other body corporate.



**(c) Directors' interests in shares or debentures**

According to the register of shareholdings kept by the Co-operative, no Director who held office at the end of the financial year had interests in shares of the Co-operative, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

**(d) Share options**

There were no share options granted by the Co-operative during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Co-operative.

There were no unissued shares of the Co-operative under options as at the end of the financial year.

**(e) Auditors**

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

**May Ng Bee Bee**  
*Director*

**Wong Heng Tew**  
*Director*

**Singapore**  
2 May 2017

## **Independent auditors' report**

Members of the Co-operative  
Mercatus Co-operative Limited

### **Report on the financial statements**

#### *Opinion*

We have audited the financial statements of Mercatus Co-operative Limited (the "Co-operative") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position of the Group and the Co-operative as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and statement of comprehensive income and statement of changes in equity of the Co-operative for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS39.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Co-operative are properly drawn up in accordance with the provisions of the Co-operative Societies Act ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Group and of the Co-operative as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Group and of the financial performance and changes in equity of the Co-operative for the year ended on that date.

#### *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 Group 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.

#### *Other information*

Management is responsible for the other information. The other information comprises the Co-operative's Vision statement, the Chairman's Message, the Board of Directors report, the Property Portfolio report, the report on Creating a Social Impact and the Directors' statement.

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 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 management and directors for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for such internal controls as management 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, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' 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 management.

- Conclude on the appropriateness of management'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 directors 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.

#### **Report on other legal and regulatory requirements**

##### *Opinion*

In our opinion:

- (a) the accounting and other records of those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the Singapore Companies Act, Chapter 50;
- (b) the receipt, expenditure, investment of monies and the acquisition and disposal of assets by the Co-operative during the year are, in all material respects, in accordance with the By-laws of the Co-operative and the provisions of the Act; and
- (c) proper accounting and other records have been kept by the Co-operative.

*Basis for opinion*

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the compliance audit*' section of our report. We are independent of the Group in accordance with the 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 on management's compliance.

*Management's responsibility for compliance with legal and regulatory requirements*

Management is responsible for ensuring that the receipt, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the By-laws of the Co-operative and the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the By-laws of the Co-operative and the provisions of the Act.

*Auditors' responsibility for the compliance audit*

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipt, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the By-laws of the Co-operative and the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipt, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

**KPMG LLP**

*Public Accountants and  
Chartered Accountants*

**Singapore**  
2 May 2017

**Statement of financial position**  
**As at 31 December 2016**

		<b>Group</b>		<b>Co-operative</b>	
	<b>Note</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current assets</b>					
Property, plant and equipment	4	7,079	2,227	2,155	2,227
Investment properties	5	1,321,498	572,662	563,951	572,662
Investment in subsidiaries	6	—	—	111,643	1,000
Investment in a joint venture	7	376,186	391,618	—	—
Investment in unquoted equities		—	10	—	10
		<u>1,704,763</u>	<u>966,517</u>	<u>677,749</u>	<u>575,899</u>
<b>Current assets</b>					
Trade and other receivables	8	3,364	1,985	1,020,971	369,873
Prepayments		46	41	32	37
Cash and cash equivalents	9	95,799	46,852	61,337	44,913
		<u>99,209</u>	<u>48,878</u>	<u>1,082,340</u>	<u>414,823</u>
<b>Total assets</b>		<u>1,803,972</u>	<u>1,015,395</u>	<u>1,760,089</u>	<u>990,722</u>
<b>Current liabilities</b>					
Rental deposits		3,043	6,564	2,214	6,564
Shareholders' loans	10	448,313	—	448,313	—
Loans and borrowings	11	113,875	113,875	113,875	113,875
Trade and other payables	12	43,372	36,992	40,332	36,839
		<u>608,603</u>	<u>157,431</u>	<u>604,734</u>	<u>157,278</u>
<b>Non-current liabilities</b>					
Rental deposits		14,174	4,056	8,471	4,056
Shareholders' loans	10	—	448,313	—	448,313
Loans and borrowings	11	350,000	350,000	350,000	350,000
Trade and other payables	12	639	—	436	—
		<u>364,813</u>	<u>802,369</u>	<u>358,907</u>	<u>802,369</u>
<b>Total liabilities</b>		<u>973,416</u>	<u>959,800</u>	<u>963,641</u>	<u>959,647</u>
<b>Net assets</b>		<u>830,556</u>	<u>55,595</u>	<u>796,448</u>	<u>31,075</u>
<b>Equity attributable to members of the Co-operative</b>					
Membership shares	13	640,393	49,813	640,393	49,813
Accumulated profits/ (losses)		4,978	5,782	(21,918)	(18,738)
Other reserves	14	185,185	—	177,973	—
<b>Total equity</b>		<u>830,556</u>	<u>55,595</u>	<u>796,448</u>	<u>31,075</u>

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

**Consolidated statement of comprehensive income**  
**Year ended 31 December 2016**

		<b>Group</b>		<b>Co-operative</b>	
	<b>Note</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue	15	77,146	57,137	56,739	57,137
Other income		5,094	2,633	20,547	9,179
Marketing expenses		(1,747)	(1,697)	(1,657)	(1,697)
Administrative expenses		(4,948)	(1,505)	(4,177)	(738)
Other operating expenses	16	(43,104)	(25,615)	(29,037)	(25,615)
Finance costs	17	(44,055)	(43,409)	(44,055)	(41,502)
Share of results of joint venture	7	19,568	17,989	—	—
<b>Profit before tax and contributions</b>		7,954	5,533	(1,640)	(3,236)
Income tax expense	18	(6)	—	—	—
<b>Profit before contributions</b>		7,948	5,533	(1,640)	(3,236)
Contributions to:					
- Central Co-operative Fund	19	—	—	—	—
- Singapore Labour Foundation	19	—	—	—	—
<b>Profit for the year/Total comprehensive income for the financial year</b>		<u>7,948</u>	<u>5,533</u>	<u>(1,640)</u>	<u>(3,236)</u>

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



**Statement of changes in equity**  
**Year ended 31 December 2016**

<b>Group</b>	<b>Membership shares \$'000</b>	<b>Accumulated profits/(losses) \$'000</b>	<b>Capital reserve \$'000</b>	<b>Asset replacement reserve \$'000</b>	<b>Total \$'000</b>
At 1 January 2015	49,813	249	–	–	50,062
<b>Total comprehensive income for the year</b>					
Profit for the year	–	5,533	–	–	5,533
At 31 December 2015	49,813	5,782	–	–	55,595
At 1 January 2016	49,813	5,782	–	–	55,595
<b>Total comprehensive income for the year</b>					
Profit for the year	–	7,948	–	–	7,948
<b>Transactions with members, recognised directly in equity</b>					
<b>Contributions by and distributions to members</b>					
Issuance of shares	590,580	–	–	–	590,580
Changes in shareholdings	–	–	176,433	–	176,433
Transfers	–	(8,752)	–	8,752	–
<b>Total transactions with members</b>	590,580	(8,752)	176,433	8,752	767,013
At 31 December 2016	640,393	4,978	176,433	8,752	830,556

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

	Membership shares \$'000	Accumulated profits/(losses) \$'000	Capital reserve \$'000	Asset replacement reserve \$'000	Total \$'000
<b>Co-operative</b>					
At 1 January 2015	49,813	(15,502)	—	—	34,311
<b>Total comprehensive income for the year</b>					
Loss for the year	—	(3,236)	—	—	(3,236)
At 31 December 2015	49,813	(18,738)	—	—	31,075
At 1 January 2016	49,813	(18,738)	—	—	31,075
<b>Total comprehensive income for the year</b>					
Loss for the year	—	(1,640)	—	—	(1,640)
<b>Transactions with members, recognised directly in equity</b>					
<b>Contributions by and distributions to members</b>					
Issuance of shares	590,580	—	—	—	590,580
Changes in shareholdings	—	—	176,433	—	176,433
Transfers	—	(1,540)	—	1,540	—
<b>Total transactions with members</b>	590,580	(1,540)	176,433	1,540	767,013
At 31 December 2016	640,393	(21,918)	176,433	1,540	796,448

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

**Consolidated statement of cash flows**  
**Year ended 31 December 2016**

	Note	Group 2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Profit before tax and contributions		7,954	5,533
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	4	674	749
Depreciation of investment property	5	15,992	8,711
Loss on disposal of property, plant and equipment		—	2
Property, plant and equipment written off		468	—
Share of results of joint venture		(19,568)	(17,989)
Interest income		(166)	(299)
Interest expense		44,055	43,409
<b>Operating cash flows before changes in working capital</b>		49,409	40,116
<b>Changes in working capital:</b>			
Trade and other receivables and prepayments		(289)	933
Trade and other payables		6,040	366
<b>Cash generated from operating activities</b>		55,160	41,415
Income tax paid		(6)	—
<b>Net cash flows from operating activities</b>		55,154	41,415
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(4,433)	(842)
Proceeds from disposal of property, plant and equipment		101	—
Interest received		195	276
Dividend received		35,000	25,000
Acquisition of subsidiaries, net of cash acquired		6,529	—
Proceeds from share capital reduction in joint venture		—	60,000
<b>Net cash flows from investing activities</b>		37,392	84,434
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings		—	(100,000)
Interest paid		(43,599)	(44,783)
<b>Net cash flows used in financing activities</b>		(43,599)	(144,783)
<b>Net increase/(decrease) in cash and cash equivalents</b>		48,947	(18,934)
Cash and cash equivalents at beginning of the year		46,852	65,786
<b>Cash and cash equivalents as at end of the year</b>	9	95,799	46,852

**Significant non-cash transactions:**

During the year, the Group underwent a property restructuring exercise which involves purchase of investment properties and a subsidiary, and novation of loan to a subsidiary from the shareholders of the Co-operative with no cash involved.

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

## **Notes to the financial statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 2 May 2017.

### **1 Domicile and activities**

Mercatus Co-operative Limited (the “Co-operative”) is incorporated in Singapore and constituted under the Co-operative Societies Act (Chapter 62). The address of the Co-operative’s registered office is No.1 Marina Boulevard, #15-04 One Marina Boulevard, Singapore 018989.

The Co-operative is a subsidiary of NTUC Enterprise Co-operative Limited, which is also the ultimate holding co-operative.

The principal activity of the Co-operative is that of a property owner. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The financial statements of the Group as at and for the year ended 31 December 2016 comprise the Co-operative and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interests in a joint venture.

### **2 Basis of preparation**

#### **2.1 Statement of compliance**

The financial statements have been prepared in accordance with the provisions of the Co-operative Societies Act, Chapter 62 (the “Act”) and Singapore Financial Reporting Standards (“FRSs”).

#### **2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except as otherwise described below.

#### **2.3 Functional and presentation currency**

Items included in the financial statements of the Group are measured using the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity (the “functional currency”).

These financial statements are presented in Singapore Dollars, which is the Co-operative’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 accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group entities.

### 3.1 Basis of consolidation

#### (i) ***Business combinations***

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

#### (ii) ***Subsidiaries***

Subsidiaries are entities controlled by the Group. 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

**(iii) *Joint venture***

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in a joint venture (also referred to as “equity accounted investee”) is accounted for using the equity method and is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of the equity accounted investee, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group’s share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

**(iv) *Loss of control***

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 surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

**(v) *Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(vi) *Accounting for subsidiaries by the Co-operative***

Investments in subsidiaries are stated in the Co-operative’s statement of financial position at cost less accumulated impairment losses.

**3.2 Property, plant and equipment**

**(i) *Recognition and measurement***

Construction work-in-progress are stated at cost less accumulated impairment losses. Other items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and includes the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

**(ii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

No depreciation is charged for construction work-in-progress. Depreciation on other property, plant and equipment is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets from the date that the asset is completed and ready for use.

The estimated useful lives are as follows:

Office furniture and fittings	5 to 8 years
Office equipment	3 to 8 years
Operational equipment	3 to 8 years
Building improvement	3 to 10 years
Advertising and promotional display	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**(iii) Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**(iv) Disposals**

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income or other expenses in profit or loss on the date of disposal.



### 3.3 Investment property

Investment property is held either to earn rental income or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or construction of the investments property. The cost of self-constructed investment properties includes the cost of materials and direct labour and any other costs directly attributable to bringing the investment properties to a working condition for their intended use.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives at each component of investment property.

The estimation useful lives are as follows:

Leasehold land	over remaining period of the lease of 99 years
Leasehold buildings and premises	50 years

Investment property is 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 profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss as incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

### 3.4 Financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

#### (i) *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash on hand, bank balances and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in their fair value.

**(ii) *Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise investment in unquoted equities.

**3.5 Impairment of financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

**(i) *Loans and receivables***

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

**(ii) Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

**3.6 Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

***Calculation of recoverable amount***

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a *pro rata* basis.

***Reversals of impairment***

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.7 Financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise shareholders' loans, loans and borrowings, and trade and other payables.

### 3.8 Employee benefits

#### (i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

#### (ii) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### 3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 3.10 Membership shares

Membership shares are classified as equity. Incremental costs directly attributable to the issue of membership shares are recognised as a deduction from equity.

### 3.11 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### (i) **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (ii) **Car park income**

Car park income for season parking is recognised in profit or loss on an accrual basis.

#### (iii) **Other income**

Other income consists of recovery from tenants and management fee income recognised in profit or loss on an accrual basis.

### 3.12 Leases

At inception of an arrangement, the Co-operative determines whether such arrangement is or contains leases. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the assets.

*As lessor*

Leases in terms of which the Co-operative assumes substantially all the risks and rewards of ownership are classified as finance leases. Initial direct costs incurred in negotiating a finance lease are added to the carrying amount of the leased asset and amortised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.11(i). Contingent rents are recognised as revenue in the period in which they are earned.

### 3.13 Finance income and finance costs

Finance income comprises interest income and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### 3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

#### 4 Property, plant and equipment

Group	Office furniture and fittings \$'000	Office equipment \$'000	Operational equipment \$'000	Building improvement \$'000	Advertising and promotional display \$'000	Construction in progress \$'000	Total \$'000
<b>Cost</b>							
At 1 January 2015	197	82	1,858	1,494	144	262	4,037
Additions	7	31	188	301	–	315	842
Disposals	(1)	(6)	(2)	–	(4)	–	(13)
At 31 December 2015	203	107	2,044	1,795	140	577	4,866
Additions	213	55	374	805	–	4,648	6,095
Disposals/written-off	(178)	(7)	–	–	–	(468)	(653)
At 31 December 2016	238	155	2,418	2,600	140	4,757	10,308
<b>Accumulated depreciation</b>							
At 1 January 2015	48	37	1,324	434	58	–	1,901
Depreciation for the year	37	30	455	181	46	–	749
Disposals	(1)	(6)	(2)	–	(2)	–	(11)
At 31 December 2015	84	61	1,777	615	102	–	2,639
Depreciation for the year	58	39	194	346	37	–	674
Disposals/written-off	(79)	(5)	–	–	–	–	(84)
At 31 December 2016	63	95	1,971	961	139	–	3,229
<b>Carrying amounts</b>							
At 1 January 2015	149	45	534	1,060	86	262	2,136
At 31 December 2015	119	46	267	1,180	38	577	2,227
At 31 December 2016	175	60	447	1,639	1	4,757	7,079

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		Office furniture and fittings \$'000	Office equipment \$'000	Operational equipment \$'000	Building improvement \$'000	Advertising and promotional display \$'000	Construction in progress \$'000	Total \$'000
<b>Co-operative</b>								
<b>Cost</b>								
At 1 January 2015		197	82	1,858	1,494	144	262	4,037
Additions		7	31	188	301	—	315	842
Disposals		(1)	(6)	(2)	—	(4)	—	(13)
At 31 December 2015		203	107	2,044	1,795	140	577	4,866
Additions		167	23	181	307	—	331	1,009
Disposals		(178)	(7)	—	—	—	(468)	(653)
At 31 December 2016		192	123	2,225	2,102	140	440	5,222
<b>Accumulated depreciation</b>								
At 1 January 2015		48	37	1,324	434	58	—	1,901
Depreciation for the year		37	30	455	181	46	—	749
Disposals		(1)	(6)	(2)	—	(2)	—	(11)
At 31 December 2015		84	61	1,777	615	102	—	2,639
Depreciation for the year		54	34	176	211	37	—	512
Disposals		(79)	(5)	—	—	—	—	(84)
At 31 December 2016		59	90	1,953	826	139	—	3,067
<b>Carrying amounts</b>								
At 1 January 2015		149	45	534	1,060	86	262	2,136
At 31 December 2015		119	46	267	1,180	38	577	2,227
At 31 December 2016		133	33	272	1,276	1	440	2,155

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## 5 Investment properties

<b>Group</b>	<b>Leasehold land \$'000</b>	<b>Leasehold building and premises \$'000</b>	<b>Total \$'000</b>
<b>Cost</b>			
At 1 January 2015 and 31 December 2015	424,000	184,594	608,594
Addition	298,184	466,644	764,828
At 31 December 2016	722,184	651,238	1,373,422
<b>Accumulated depreciation</b>			
At 1 January 2015	14,438	12,783	27,221
Depreciation for the year	4,620	4,091	8,711
At 31 December 2015	19,058	16,874	35,932
Depreciation for the year	6,383	9,609	15,992
At 31 December 2016	25,441	26,483	51,924
<b>Carrying amounts</b>			
At 1 January 2015	409,562	171,811	581,373
At 31 December 2015	404,942	167,720	572,662
At 31 December 2016	696,743	624,755	1,321,498
<b>Co-operative</b>			
<b>Cost</b>			
At 1 January 2015, 31 December 2015 and 31 December 2016	424,000	184,594	608,594
<b>Accumulated depreciation</b>			
At 1 January 2015	14,438	12,783	27,221
Depreciation for the year	4,620	4,091	8,711
At 31 December 2015	19,058	16,874	35,932
Depreciation for the year	4,620	4,091	8,711
At 31 December 2016	23,678	20,965	44,643
<b>Carrying amounts</b>			
At 1 January 2015	409,562	171,811	581,373
At 31 December 2015	404,942	167,720	572,662
At 31 December 2016	400,322	163,629	563,951

### *Valuation of investment properties*

Investment properties comprise a number of commercial properties that are leased to related parties and external customers. Each of the leases contains an initial non-cancellable period of between one to six (2015: one to four) years. Subsequent renewals are negotiated with the lessee.

Additions to investment properties for the Group during the financial year related to acquisition of certain investment properties and a property-owning co-operative, including loan receivables, from the shareholders of the Co-operative.

The following amounts relating to the investment properties are recognised in profit or loss:

	<b>Group</b>		<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Rental income	71,751	52,329	51,960	52,329
Operating expenses	22,824	15,002	16,036	15,002

The fair values of investment properties for the Group and Co-operative as at 31 December 2016 are \$1,566 million and \$766 million (2015: \$699 million and \$699 million) respectively. The valuation is carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Knight Frank Pte Ltd and DTZ Debenham Tie Leung (SEA) Pte Ltd (2015: DTZ Debenham Tie Leung (SEA) Pte Ltd), which are firms of independent professional valuers. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

At 31 December 2016, investment properties of the Group with a carrying amount of \$564 million (2015: \$573 million) are pledged as security to secure bank loans (see note 11).

## 6 Investment in subsidiaries

	<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Unquoted equity shares, at cost	111,643	1,000

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2016	2015
<i>Subsidiaries of the Co-operative</i>				
Mercatus Holdings Pte. Ltd. (f.k.a. Mercatus Retail Holdings Pte. Ltd.) <sup>(1)</sup>	Singapore	Investment holding	100	100
Mercatus Uno Pte. Ltd. (f.k.a. Mercatus Retail Investments Pte. Ltd.) <sup>(2)</sup>	Singapore	Dormant	—	100
Mercatus Dos Pte. Ltd. (f.k.a. Mercatus Retail Development Pte. Ltd.) <sup>(2)</sup>	Singapore	Dormant	—	100

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2016	2015
Mercatus Alpha Co-operative Limited <sup>(1)(4)(5)</sup>	Singapore	Dormant	50	—
Mercatus Beta Co-operative Limited <sup>(1)(4)</sup>	Singapore	Property owner	~100	—
Mercatus Gamma Co-operative Limited <sup>(1)(4)</sup>	Singapore	Property owner	~100	—
Mercatus Delta Co-operative Limited (f.k.a. Proventus Co-operative Limited) <sup>(1)</sup>	Singapore	Property owner	~100	—

***Subsidiaries of Mercatus Holdings Pte. Ltd.***

ASPF II (Mauritius) Limited <sup>(3)</sup>	Mauritius	Dormant	100	100
Mercatus Uno Pte. Ltd. (f.k.a. Mercatus Retail Investments Pte. Ltd.) <sup>(2)</sup>	Singapore	Dormant	100	—
Mercatus Dos Pte. Ltd. (f.k.a. Mercatus Retail Development Pte. Ltd.) <sup>(2)</sup>	Singapore	Dormant	100	—

<sup>(1)</sup> Audited by KPMG LLP, Singapore

<sup>(2)</sup> Exempted from audit

<sup>(3)</sup> Audited by Deloitte & Touche LLP, Mauritius

<sup>(4)</sup> Newly incorporated during the year with total capital injection of \$21.4 million.

<sup>(5)</sup> As at 31 December 2016, the share capital represented the initial set-up capital for purpose of incorporation. Subsequent to year-end, the Co-operative's interest in the entity has increased to ~100%.

~ Approximately

On 1 July 2016, the Co-operative acquired Mercatus Delta Co-operative Limited (Mercatus Delta) from its ultimate holding co-operative at a consideration of \$553.6 million in the property restructuring exercise. At the date of acquisition, Mercatus Delta carried an investment property at fair value of \$551.4 million. The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	\$'000
Cash and bank balances	6,529
Trade receivables and prepayments	1,124
Investment property	497,920
Trade payables and rental deposits	(7,111)
Shareholder's loan	(464,310)
	<u>34,152</u>

For the six months ended 31 December 2016, Mercatus Delta contributed revenue and profit of \$13.0 million and \$4.0 million to the Group's results respectively. If the acquisition, including novation of shareholders' loan, had occurred on 1 January 2016, management estimates that consolidated revenue and consolidated profit for the year would have been \$89.5 million and \$11.2 million respectively.

The subsidiaries do not have non-controlling interest that are material to the Group.

## 7 Investment in a joint venture

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment, at cost	457,492	457,492
Share of post-acquisition results	78,694	59,126
Dividend received	(100,000)	(65,000)
Capital reduction	(60,000)	(60,000)
	<u>376,186</u>	<u>391,618</u>

The Group has 50% (2015: 50%) interest in the ownership and voting rights in a joint venture, Gold Ridge Pte Ltd, that is held through a subsidiary. This joint venture is incorporated in Singapore and is a strategic venture in retail property investment. The Group jointly controls the venture with partners under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

The Group's commitments in respect of its interest in Gold Ridge Pte. Ltd. are disclosed in note 20.

The following summarises the financial information of Gold Ridge Pte Ltd based on its financial statements prepared in accordance with FRS, and the Group's accounting policies.

	<b>Gold Ridge Pte Ltd</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	<u>121,321</u>	<u>120,447</u>
Profit from continuing operations/Other comprehensive income for the year	<u>39,136</u>	<u>35,977</u>
<b>Total comprehensive income for the year</b>	<u>39,136</u>	<u>35,977</u>
Profit from continuing operation include:		
– Interest income	175	224
– Depreciation and amortisation	(21,484)	(21,484)
– Interest expense	(14,590)	(16,613)
– Income tax expense	<u>(12,955)</u>	<u>(11,743)</u>

	<b>Gold Ridge Pte Ltd</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Non-current assets	1,551,277	1,572,702
Current assets	57,736	69,572
Non-current liabilities	(834,484)	(36,144)
Current liabilities	(22,158)	(822,895)
<b>Net assets</b>	<b>752,371</b>	<b>783,235</b>
Net assets include:		
– Cash and cash equivalents	55,915	67,248
– Non-current financial liabilities (excluding deferred tax liabilities)	(823,475)	(25,385)
<b>Group's interest in net assets of joint venture at beginning of the year</b>	<b>391,618</b>	<b>458,629</b>
Cash distribution due to capital reduction during the year	–	(60,000)
Dividends received during the year	(35,000)	(25,000)
Share of total comprehensive income	19,568	17,989
<b>Carrying amount of interest in joint venture at end of the year</b>	<b>376,186</b>	<b>391,618</b>

## 8 Trade and other receivables

	<b>Group</b>		<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	2,241	359	337	359
Other receivables	1,123	1,626	796	1,625
Loans to subsidiaries	–	–	1,006,411	350,000
Amounts due from subsidiaries	–	–	13,427	17,889
<b>Total trade and other receivables</b>	<b>3,364</b>	<b>1,985</b>	<b>1,020,971</b>	<b>369,873</b>

Loans to subsidiaries are unsecured, repayable on demand and comprise the following:

- (a) \$350 million; with the weighted average interest of 2.66% (2015: 1.91%) per annum during the year; and
- (b) \$656 million; with the interest calculated based on (i) 6.5% of the shareholders' loan amount or (ii) 95% of the net distributable surplus of each financial year, whichever amount is lower. Included in this balance is a loan of \$464.3 million novated from the ultimate holding co-operative during the year (See Note 6).

The trade receivables consist of mainly rental receivables from tenants of the investment properties. These receivables are non-interest bearing and are generally due upon billing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand.

## 9 Cash and cash equivalents

	<b>Group</b>		<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash on hand	2	1	2	1
Cash at bank	70,471	21,720	36,009	19,782
Fixed deposits	25,326	25,131	25,326	25,130
Cash and cash equivalents	<u>95,799</u>	<u>46,852</u>	<u>61,337</u>	<u>44,913</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits of the Group placed with financial institutions have a maturity period of 31 days (2015: 29 days) from the reporting date and interest rate at 0.15% (2015: 0.67%) per annum.

## 10 Shareholders' loans

	<b>Group and Co-operative</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Shareholders' loans from:		
- NTUC Enterprise Co-operative Limited	283,613	283,613
- NTUC Fairprice Co-operative Limited	164,700	164,700
	<u>448,313</u>	<u>448,313</u>
Current	448,313	—
Non-current	—	448,313
	<u>448,313</u>	<u>448,313</u>

The shareholders' loans are unsecured and are repayable on demand. The interest is calculated based on (i) 6.5% of the shareholders' loan amount or (ii) 95% of the net distributable surplus of each financial year, whichever amount is lower.

Fair values of the loans have not been disclosed because fair value cannot be reliably measured. The shareholders' loans were converted to membership shares of the Co-operative on 1 January 2017.

## 11 Loans and borrowings

		<b>Group</b>		<b>Co-operative</b>	
	<b>Maturity</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Bank loans:					
(a) 3.19% p.a. fixed rate	2019	175,000	175,000	175,000	175,000
(b) 2.18% p.a. fixed rate	2018	175,000	175,000	175,000	175,000
Term loan:					
(c) 5.00% p.a. fixed rate	2016	113,875	113,875	113,875	113,875
		<u>463,875</u>	<u>463,875</u>	<u>463,875</u>	<u>463,875</u>



	<b>Group</b>		<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current	113,875	113,875	113,875	113,875
Non-current	350,000	350,000	350,000	350,000
	<b>463,875</b>	<b>463,875</b>	<b>463,875</b>	<b>463,875</b>

**(a) 3.19% per annum fixed rate SGD bank loan (secured)**

The 3-year bank loan is originally fully repayable on 28 January 2016 and is secured by a charge over an investment property (see note 5). The loan has been refinanced on 1 December 2015 at 3.19% per annum effective 28 January 2016 and matures on 28 January 2019. On 1 January 2017, the loan was novated to Mercatus Alpha Co-operative Limited.

**(b) 2.18% per annum fixed rate SGD bank loan (secured)**

The 5-year bank loan is fully repayable on 26 January 2018 and is secured by a charge over an investment property (see note 5). On 1 January 2017, the loan was novated to Mercatus Alpha Co-operative Limited.

**(c) 5.00% per annum fixed rate SGD term loan (secured)**

The term loan obtained from the immediate holding co-operative, NTUC Enterprise Co-operative Limited, is contractually fully repayable in November 2016 and is secured by a charge over an investment property (see note 5). The loan was further extended until 31 December 2016 and converted to membership shares of the Co-operative on 1 January 2017.

## 12 Trade and other payables

	<b>Group</b>		<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Refundable deposits	854	113	474	113
Advance rental billings	777	374	534	374
Interest accrual on shareholders' loans	29,140	29,140	29,140	29,140
Interest payable on loans and borrowings	4,042	3,586	4,042	3,586
Other payables	9,198	3,779	6,578	3,626
Total trade and other payables	<b>44,011</b>	<b>36,992</b>	<b>40,768</b>	<b>36,839</b>
Current	43,372	36,992	40,332	36,839
Non-current	639	–	436	–
	<b>44,011</b>	<b>36,992</b>	<b>40,768</b>	<b>36,839</b>

***Interest accrual on shareholders' loans***

The interest accrual arises on shareholders' loans, are unsecured and repayable on demand in cash.

## 13 Membership shares

	Group and Co-operative			
	2016		2015	
	No. of shares	\$'000	No. of shares	\$'000
<b>Issued and fully paid membership shares, at par value of \$1 each:</b>				
At 1 January and 31 December	640,393	640,393	49,813	49,813

### *Rights of member*

- (a) The membership shares relates to shares held by members where redemption of share is subject to approval of the Board of Directors.
- (b) All members are entitled to redeem their shares at the par value or the net asset value of the Co-operative based on the latest audited financial position as at the date of redemption, whichever is lower.
- (c) The shares do not carry any rights to fixed income.
- (d) In accordance with Section 4.5 of the Co-operative's By-Laws, every member shall, unless otherwise disqualified under the Act or the By-Laws, have the right to:
  - (i) avail himself of all services of the Co-operative;
  - (ii) nominate candidates for election or to be co-opted to office, subject to the provisions of the Act and the By-Laws;
  - (iii) be represented by delegates, subject to the provisions of the Act and the By-Laws;
  - (iv) participate and vote at General Meetings; and
  - (v) enjoy all other rights, privileges and benefits as prescribed by the By-Laws.
- (e) Members are entitled to receive dividends as and when declared by the Co-operative.
- (f) In the event of the winding up of the Co-operative, the assets shall be applied first to the cost of liquidation, then to the discharge of the liabilities of the Co-operative, then to the payment of the share capital or subscription capital, and then, provided that the By-laws of the Co-operative permit, to the payment of a dividend or patronage refund at a rate not exceeding that laid down in the Rules or in the By-Laws.
- (g) Any monies remaining after the application of the funds to the purposes specified in the above paragraph (section 88 of Co-operative Societies Act) and any sums unclaimed after two years under Section 89(2) of the Act (which relates to claims of creditors), shall not be divided among the members but shall be carried to the Co-operative Societies Liquidation Account kept by the Registrar of the Co-operative Societies.
- (h) A sum carried to the Co-operative Societies Liquidation Account shall be kept in this Account for at least two years. Out of the Co-operative Societies Liquidation Account such sums may be transferred to the Central Co-operative Fund, or applied generally for the furtherance of co-operative principles in such manner, as the Minister may determine from time to time.

During the year, the Co-operative issued 590.6 million membership shares, at par value of \$1 each, as consideration for the acquisition of investment properties and a subsidiary, and novation of loan to a subsidiary from the shareholders of the Co-operative.

***Capital risk management policies and objectives***

The Co-operative manages its capital to ensure that it will be able to continue as going concern and invests in quality assets at a fair rate of return and largely capital protected. The Co-operative makes adjustments to its capital structure, in light of changes in economic conditions. To maintain or adjust the capital structure, the Co-operative may adjust the dividend payment to shareholders and return capital to shareholders.

The Group and the Co-operative's overall strategy remains unchanged during the year.

## 14 Other reserves

	<b>Group</b>		<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Capital reserve	176,433	—	176,433	—
Asset replacement reserve	8,752	—	1,540	—
	<u>185,185</u>	<u>—</u>	<u>177,973</u>	<u>—</u>

***Capital reserve***

Capital reserve emerged from the acquisition of investment properties in relation to the property restructuring exercise during the year.

***Asset replacement reserve***

In 2016, the asset replacement reserve was established to meet the replacement and renewal expenses for building, plant and equipment owned and managed by the Group.

	<b>Group</b>	<b>Co-operative</b>
	<b>2016</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance as at 1 January	—	—
Transfer from accumulated profits/(losses)	8,752	1,540
Balance as at 31 December	<u>8,752</u>	<u>1,540</u>
Available for use	<u>8,752</u>	<u>1,540</u>

## 15 Revenue

	<b>Group</b>		<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Rental income from investment property	71,751	52,329	51,960	52,329
Carpark income	2,982	2,578	2,469	2,578
Advertising and promotion income	2,413	2,230	2,310	2,230
	<u>77,146</u>	<u>57,137</u>	<u>56,739</u>	<u>57,137</u>

## 16 Other operating expenses

Included in other operating expenses are as follows:

	<b>Group</b>		<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Utilities	5,988	3,246	4,391	3,246
Depreciation of property, plant and equipment and investment property	16,666	9,460	9,223	9,460
Property tax	6,758	4,957	4,953	4,957
Staff costs	6,064	3,266	6,064	3,266
Included in staff costs:				
- Defined contribution plans	975	713	975	713
Key management personnel				
- Directors' fees	234	105	229	105

Direct operating expenses arising from rental generating investment property, including repairs and maintenance, that are included in other operating expenses amount to \$22.8 million (2015: \$15.0 million).

## 17 Finance costs

	<b>Group</b>		<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest expense:				
- Term loan from a shareholder	5,694	5,694	5,694	5,694
- Shareholders' loan	29,140	29,140	29,140	29,140
- Bank loans	9,221	6,668	9,221	6,668
- Senior fixed rate notes	—	1,907	—	—
	<u>44,055</u>	<u>43,409</u>	<u>44,055</u>	<u>41,502</u>

In 2015, included in interest expense on senior fixed rate notes was an expense payable to certain shareholders of the Co-operative which amounted to \$1.1 million.

## 18 Income tax expense

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax</b>		
Under provision in respect of previous year	6	—
	6	—
<b>Reconciliation of effective tax rate</b>		
Profit before tax and contributions	7,954	5,533
Share of results of joint venture	(19,568)	(17,989)
	(11,614)	(12,456)
Tax calculated using Singapore tax rate of 17%	(1,974)	(2,118)
Exempt income *	1,874	1,688
Non-deductible expenses	100	430
Under provision in respect of previous year	6	—
	6	—

\* *The income of any co-operative society registered under the Co-operative Societies Act, Chapter 62 is exempted from income tax under Section 13 (1)(f)(ii) of the Singapore Income Tax Act, Chapter 134.*

## 19 Contributions to Central Co-operative Fund and Singapore Labour Foundation

In accordance with Section 71(2)(a) of the Act, the Co-operative and the co-operatives in the Group are required to contribute 5% of the first \$0.5 million of its surplus resulting from the operations during the year to the Central Co-operative Fund.

In accordance with Section 71(2)(b) of the Act, the Co-operative and the co-operatives in the Group may opt to contribute 20% of the surplus (excluding capital gains arising from the disposal of any office premises and shares) in excess of \$0.5 million from the operations of the co-operatives to either Central Co-operative Fund or to the Singapore Labour Foundation (“SLF”).

There is no contribution to both Central Co-operative Fund and SLF for the financial year ended 31 December 2016 as the Co-operative and the co-operatives in the Group recorded a net loss of \$1.6 million (2015: \$3.2 million) and \$4.4 million (2015: Nil) for the year respectively.

## 20 Commitments

As at the reporting date, the following are the outstanding commitments which have not been provided in the financial statements:

### (i) Capital commitment

Capital expenditure contracted at the end of the reporting period but not recognised in the financial statements relate to purchase of certain property, plant and equipment of the Group amounting to \$26.7 million (2015: Nil).

**(ii) Operating lease commitments**

**a) Leases as lessee**

The Group and the Co-operative lease its office under a lease agreement which is non-cancellable. Future minimum lease payments with initial or remaining terms of two years are as follows:

	<b>Group and Co-operative</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	236	137
Between one and five years	239	263
	<u>475</u>	<u>400</u>

**b) Leases as lessor**

The Group and the Co-operative lease out investment properties in Singapore under operating leases. Future minimum lease payments under non-cancellable leases receivable are as follows:

	<b>Group</b>		<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Within one year	80,166	30,606	39,850	30,606
Between one and five years	113,903	16,847	21,853	16,847
More than five years	153,639	—	—	—
	<u>347,708</u>	<u>47,453</u>	<u>61,703</u>	<u>47,453</u>

Share of joint venture's operating lease commitments in relation to investment property is as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	49,760	50,703
Between one and five years	74,776	37,232
More than five years	7,079	8,513
	<u>131,615</u>	<u>96,448</u>

## **21 Financial risk management**

### **Overview**

The Group has exposure to the following risks from its activities:

- credit risk;
- liquidity risk; and
- interest rate risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing the risk.

### ***Risk management framework***

The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors of the Co-operative are responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

#### ***(i) Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and receivables. The Group has a credit policy in place which establishes credit limits for tenants and monitor their balances on an ongoing basis. Credit evaluation are performed on all tenants requiring credit over a certain amount.

The carrying amounts of trade and other receivables and cash and cash equivalents represent the Group's and the Co-operative's maximum exposure to credit risk. Cash and cash equivalents are placed in banks and financial institutions which are regulated.

The Group and the Co-operative have no significant concentration of credit risk, except for the loan to a subsidiary payable to the Co-operative.

The ageing analysis of the trade and other receivables, excluding prepayments and advances, at the reporting date is as follows:

	<b>Group</b>		<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Not past due	1,071	1,772	1,020,485	369,660
Past due 0 – 30 days	1,039	204	118	204
Past due 31 – 120 days	1,254	9	368	9
	<u>3,364</u>	<u>1,985</u>	<u>1,020,971</u>	<u>369,873</u>

#### ***Impairment losses***

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables due to the good payment records with the Group.



**(ii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows	
			Within 1 year \$'000	1 to 5 years \$'000
<b>2016</b>				
Trade and other payables*	43,234	(43,234)	(42,595)	(639)
Rental deposits	17,217	(17,217)	(3,043)	(14,174)
Shareholders' loans	448,313	(477,453)	(477,453)	–
Loans and borrowings	463,875	(483,554)	(123,273)	(360,281)
	972,639	(1,021,458)	(646,364)	(375,094)
<b>2015</b>				
Trade and other payables*	36,618	(36,618)	(36,618)	–
Rental deposits	10,620	(10,620)	(6,564)	(4,056)
Shareholders' loans	448,313	(506,593)	(29,140)	(477,453)
Loans and borrowings	463,875	(497,280)	(127,601)	(369,679)
	959,426	(1,051,111)	(199,923)	(851,188)
<b>Co-operative</b>				
<b>2016</b>				
Trade and other payables*	40,234	(40,234)	(39,798)	(436)
Rental deposits	10,685	(10,685)	(2,214)	(8,471)
Shareholders' loans	448,313	(477,453)	(477,453)	–
Loans and borrowings	463,875	(483,554)	(123,273)	(360,281)
	963,107	(1,011,926)	(642,738)	(369,188)
<b>2015</b>				
Trade and other payables*	36,465	(36,465)	(36,465)	–
Rental deposits	10,620	(10,620)	(6,564)	(4,056)
Shareholders' loans	448,313	(506,593)	(29,140)	(477,453)
Loans and borrowings	463,875	(497,280)	(127,601)	(369,679)
	959,273	(1,050,958)	(199,770)	(851,188)

\* Excludes advance rental billings

**(iii) Market risk**

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's profit or loss, or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

**Interest rate risk**

The Group seeks to maintain an efficient and optimal interest cost structure using a mix of fixed and variable rate instruments.

At the reporting date, the profile of the interest-bearing financial instruments is as follows:

		Group		Co-operative	
		Carrying amount		Carrying amount	
	Note	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
<b>Fixed rate instruments</b>					
Loans to subsidiaries	8	—	—	1,006,411	350,000
Fixed deposits	9	25,326	25,131	25,326	25,130
Shareholders' loans	10	(448,313)	(448,313)	(448,313)	(448,313)
Loans and borrowings	11	(463,875)	(463,875)	(463,875)	(463,875)
		<u>(886,862)</u>	<u>(887,057)</u>	<u>119,549</u>	<u>(537,058)</u>
<b>Variable rate instruments</b>					
Cash at bank	9	70,471	21,720	36,009	19,782

**Fair value sensitivity analysis for fixed rate instruments and shareholders' loan**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

**Cash flow sensitivity analysis for variable rate instruments**

It is estimated that an increase of 50 basis points ("bps") in interest rate at the reporting date would have increased profit for the Group and decreased loss for the Co-operative before tax and contributions by the amounts shown below. A decrease of 50 basis points in interest rate would have an equal but opposite effect on the profit for the Group and loss for the Co-operative before tax and contributions. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax and contributions	
	2016 \$'000	2015 \$'000
<b>Group</b>		
Variable rate instruments	<u>352</u>	<u>109</u>

	<b>Loss before tax and contributions</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Co-operative</b>		
Variable rate instruments	(180)	(99)

**(iv) Determination of fair value**

**Investment properties**

External and independent valuation companies, having appropriate recognised professional qualifications and recent experience in the locations and category of properties being valued, value the Group's investment properties.

**Loans and borrowings**

Fair values are calculated based on discounted expected future principal and interest cash flows at the market rate of interest at the reporting date.

**Other financial assets and liabilities**

The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, rental deposits, trade and other payables and shareholders' loans) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

**(v) Fair value hierarchy**

The table below analyses fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Assets and liabilities not carried at fair value but for which fair values are disclosed**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>				
<b>31 December 2016</b>				
Investment properties	—	—	1,321,498	1,321,498
Loans and borrowings	—	—	(463,875)	(463,875)
<b>31 December 2015</b>				
Investment properties	—	—	572,662	572,662
Loans and borrowings	—	—	(463,875)	(463,875)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Co-operative</b>				
<b>31 December 2016</b>				
Investment properties	—	—	563,951	563,951
Loans and borrowings	—	—	(463,875)	(463,875)
<b>31 December 2015</b>				
Investment properties	—	—	572,662	572,662
Loans and borrowings	—	—	(463,875)	(463,875)

During the financial year, there is no transfer of financial assets between Level 1 and 2 and in and out of Level 3 of the fair value hierarchy.

#### **Level 3 fair value**

#### **Valuation techniques and significant unobservable inputs**

The following table shows the valuation techniques used in measuring Level 3 fair value, as well as the significant unobservable inputs used.

<b>Type</b>	<b>Fair value</b>	<b>Valuation technique</b>
	<b>\$'000</b>	
<b>Group</b>		
<b>2016</b>		
Investment properties	1,566,345	Capitalisation approach and direct comparison approach
Loans and borrowings	461,901	Discounted cash flows
<b>2015</b>		
Investment properties	698,500	Capitalisation approach and direct comparison approach
Loans and borrowings	460,549	Discounted cash flows
<b>Co-operative</b>		
<b>2016</b>		
Investment properties	766,000	Capitalisation approach and direct comparison approach
Loans and borrowings	461,901	Discounted cash flows
<b>2015</b>		
Investment properties	698,500	Capitalisation approach and direct comparison approach
Loans and borrowings	460,549	Discounted cash flows

(vi) *Accounting classifications and fair values*

**Fair values versus carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Available- for-sale \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total \$'000	Fair value \$'000
<b>Group</b>					
<b>2016</b>					
<b>Financial assets</b>					
Trade and other receivables	—	3,364	—	3,364	3,364
Cash and cash equivalents	—	95,799	—	95,799	95,799
	—	99,163	—	99,163	99,163
<b>Financial liabilities</b>					
Trade and other payables*	—	—	43,234	43,234	43,234
Rental deposits	—	—	17,217	17,217	17,217
Shareholders' loans	—	—	448,313	448,313	448,313
Loans and borrowings	—	—	463,875	463,875	461,901
	—	—	972,639	972,639	970,665
<b>2015</b>					
<b>Financial assets</b>					
Trade and other receivables	—	1,985	—	1,985	1,985
Cash and cash equivalents	—	46,852	—	46,852	46,852
Investment in unquoted equities	10	—	—	10	10
	10	48,837	—	48,847	48,847
<b>Financial liabilities</b>					
Trade and other payables*	—	—	36,618	36,618	36,618
Rental deposits	—	—	10,620	10,620	10,620
Shareholders' loans	—	—	448,313	448,313	448,313
Loans and borrowings	—	—	463,875	463,875	460,549
	—	—	959,426	959,426	956,100

	<b>Available- for-sale \$'000</b>	<b>Loans and receivables \$'000</b>	<b>Other financial liabilities \$'000</b>	<b>Total \$'000</b>	<b>Fair value \$'000</b>
<b>Co-operative 2016</b>					
<b>Financial assets</b>					
Trade and other receivables	—	1,020,971	—	1,020,971	1,020,971
Cash and cash equivalents	—	61,337	—	61,337	61,337
	—	1,082,308	—	1,082,308	1,082,308
<b>Financial liabilities</b>					
Trade and other payables*	—	—	40,234	40,234	40,234
Rental deposits	—	—	10,685	10,685	10,685
Shareholders' loans	—	—	448,313	448,313	448,313
Loans and borrowings	—	—	463,875	463,875	461,901
	—	—	963,107	963,107	961,133
<b>2015</b>					
<b>Financial assets</b>					
Trade and other receivables	—	369,873	—	369,873	369,873
Cash and cash equivalents	—	44,913	—	44,913	44,913
Investment in unquoted equities	10	—	—	10	10
	10	414,786	—	414,796	414,796
<b>Financial liabilities</b>					
Trade and other payables*	—	—	36,465	36,465	36,465
Rental deposits	—	—	10,620	10,620	10,620
Shareholders' loans	—	—	448,313	448,313	448,313
Loans and borrowings	—	—	463,875	463,875	460,549
	—	—	959,273	959,273	955,947

\* Excludes advance rental billings

## 22 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

### *Related party transactions*

In addition to the transactions disclosed elsewhere in the financial statements, the following significant related party transactions were incurred based on terms as agreed between the parties during the financial year:

	<b>Group</b>		<b>Co-operative</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Rental, advertising and promotion income from related entities included in revenue	14,802	14,552	9,707	14,552
Management fee income from related entities included in other income	461	679	461	679

## 23 Subsequent events

On 1 January 2017, the Group acquired certain investment properties, totalling \$438 million, from a shareholder of the Co-operative. The said acquisition was funded by way of share issuance to the shareholder.

On 1 January 2017, the Co-operative transferred its investment property and related property, plant and equipment, at a consideration of approximately \$565 million to Mercatus Alpha Co-operative Limited. The consideration was satisfied by way of share subscription and through a shareholder loan taken from the Co-operative.

On 6 April 2017, the Group entered into sale and purchase agreements with certain vendors to acquire 100% of the vendors' strata ownership in Jurong Point (a shopping mall situated in the west of Singapore) for an aggregate consideration of \$2.2 billion. The strata spaces to be acquired by the Group, together with the strata space already owned by the Group prior to this transaction, represents approximately 95% of the total retail strata area of Jurong Point.

## 24 Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions 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.

In particular, the information about 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 and that have a significant risk or resulting in a material adjustment within the next financial year are described in the following notes:



**(a) *Impairment of investments in subsidiaries and joint venture***

Key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to cash flows during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the investment. Estimates of growth rates are based on economic growth forecasts. Changes in cash flows take into consideration the business plan and expectations of future changes in the market.

**(b) *Allowance for doubtful trade and other receivables***

Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectable. If the identification is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the year in which such estimate has been changed.

## **25 New or revised accounting standards and interpretations**

A number of new standards, amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted. However, the Group has not early adopted any of the following new or amended standards in preparing these statements.

### ***FRS 115 Revenue from Contracts with Customers***

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

### ***FRS 109 Financial Instruments***

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115.

#### **FRS 116 Leases**

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases – Incentives, and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee (refer to Note 20). Based on the preliminary assessment, the Group does not expect significant financial impact on the adoption of FRS 116.

FRS 115, FRS 109 and FRS 116, when effective, will change the existing accounting standards and guidance applied by the Group in accounting for revenue, financial instruments and leases, these standards are expected to be relevant to the Group. The Group is assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group. The Group does not plan to adopt these standards early.

Except for the new standards above, none of the others are expected to have a significant effect on the financial statements.

## **APPENDIX III**

### **UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP FOR FY 2016**

*The information in this Appendix III has been reproduced from the unaudited pro forma financial information of the Group for FY 2016 and has not been specifically prepared for inclusion in this Information Memorandum.*

**Mercatus Co-operative Limited  
and its subsidiaries**  
Unique Entity Number: T11CS0004B

Unaudited Pro Forma Financial Information  
as at and for the year ended 31 December 2016

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 network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

The Board of Directors  
Mercatus Co-operative Limited  
No. 1 Marina Boulevard  
#15-07/08 One Marina Boulevard  
Singapore 018989

We have completed our assurance engagement to report on the compilation of pro forma financial information of Mercatus Co-operative Limited (the “Issuer”) and its subsidiaries (the “Group”). The pro forma financial information of the Group consists of the pro forma statement of financial position as at 31 December 2016, the pro forma statement of comprehensive income and pro forma cash flow statement for the year ended 31 December 2016, and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages 159 to 178 of the information memorandum (the “Information Memorandum”) to be issued in connection with the establishment of the \$1,000,000,000 Multicurrency Medium Term Note Programme (the “Programme Establishment”). The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and are based on certain assumptions, after making certain adjustments. The applicable criteria (the “Criteria”) on the basis of which the Issuer has compiled the Unaudited Pro Forma Financial Information are described in Note 3.

The Unaudited Pro Forma Financial Information has been compiled by the Issuer to illustrate the impact of the significant events (the “Significant Events”) set out in Note 2 on the financial position of the Group as at 31 December 2016 as if the Significant Events had taken place on 31 December 2016, and the financial performance and cash flows of the Group for the year ended 31 December 2016 as if the Significant Events had taken place on 1 January 2016.

As part of this process, information about the Group’s financial position, financial performance and cash flows has been extracted by the Issuer from:

- the management accounts of NTUC Fairprice Co-operative Ltd and its subsidiaries for the period from 1 January 2016 to 30 June 2016, on which no audit or review reports have been issued;
- the schedules of NTUC Fairprice Co-operative Ltd and its subsidiaries for the year ended 31 December 2016, on which no audit or review reports have been issued;
- the financial statements of Mercatus Delta Co-operative Limited for the period from 1 January 2016 to 30 June 2016, on which audit report has been issued; and
- the financial statements of the Group for the year ended 31 December 2016, on which audit report has been issued.

#### *Management’s responsibility for the Unaudited Pro Forma Financial Information*

Management is responsible for compiling the Unaudited Pro Forma Financial Information on the basis of the Criteria.

#### *Reporting Accountants’ responsibility*

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by the Issuer on the basis of the Criteria.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants (the ISCA). This standard requires that the Reporting Accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Issuer has compiled, in all material respects, the pro forma financial information on the basis of the Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Information Memorandum is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Criteria involves performing procedures to assess whether the Criteria used by the Issuer in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those Criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Reporting Accountants' judgement, having regard to his understanding of the nature of the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion:

- (a) the pro forma financial information has been compiled:

- (i) from the unaudited management accounts of NTUC Fairprice Co-operative Ltd and its subsidiaries for the period from 1 January 2016 to 30 June 2016 and for the year ended 31 December 2016, audited financial statements of Mercatus Delta Co-operative Limited for the period from 1 January 2016 to 30 June 2016, and the audited financial statements of Mercatus Co-operative Limited and its subsidiaries for the year ended 31 December 2016 (which were prepared in accordance with Singapore Financial Reporting Standards);
  - (ii) in a manner consistent with the accounting policies to be adopted by the Group; and
  - (iii) on the basis of the Criteria stated in Note 3 of the Unaudited Pro Forma Financial Information.
- (b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Financial Information is appropriate for the purpose of preparing such financial information.

This letter has been prepared for inclusion in the Information Memorandum of the Issuer to be issued in connection with the Programme Establishment.

**KPMG LLP**

*Public Accountants and  
Chartered Accountants*

Singapore

**Yeo Lik Khim**

Partner-in-charge

*9 June 2017*

**Unaudited pro forma statement of financial position**  
**As at 31 December 2016**

	Note	Audited statement of financial position \$'000	\$'000 Note 4(a)	Unaudited pro forma adjustments \$'000 Note 4(b)	\$'000 Note 4(c)	\$'000 Note 4(d)	\$'000 Note 4(e)	Unaudited pro forma statement of financial position \$'000
<b>Non-current assets</b>								
Property, plant and equipment	8	7,079	(13)	—	—	—	—	7,066
Investment properties		1,321,498	426,624	—	(5,147)	—	—	1,742,975
Investment in a joint venture	9	376,186	—	—	—	—	—	376,186
		1,704,763	426,611	—	(5,147)	—	—	2,126,227
<b>Current assets</b>								
Trade and other receivables		3,364	156	—	—	—	—	3,520
Prepayments		46	—	—	—	—	—	46
Cash and cash equivalents		95,799	30,650	5,694	8,161	—	—	140,304
		99,209	30,806	5,694	8,161	—	—	143,870
<b>Total assets</b>		1,803,972	457,417	5,694	3,014	—	—	2,270,097
<b>Current liabilities</b>								
Rental deposits		3,043	—	—	—	—	—	3,043
Shareholders' loans		448,313	—	(448,313)	—	—	—	—
Loans and borrowings		113,875	—	(113,875)	—	—	—	—
Trade and other payables		43,372	32	(29,140)	—	14,009	—	28,273
		608,603	32	(591,328)	—	14,009	—	31,316
<b>Non-current liabilities</b>								
Rental deposits		14,174	1,726	—	—	—	—	15,900
Loans and borrowings	10	350,000	—	—	—	—	—	350,000
Trade and other payables		639	—	—	—	—	—	639
		364,813	1,726	—	—	—	—	366,539

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**Unaudited pro forma statement of financial position (cont'd)**  
**As at 31 December 2016**

	<b>Audited statement of financial position \$'000</b>	<b>\$'000 Note 4(a)</b>	<b>Unaudited pro forma adjustments \$'000 Note 4(b)</b>	<b>\$'000 Note 4(c)</b>	<b>\$'000 Note 4(d)</b>	<b>\$'000 Note 4(e)</b>	<b>Unaudited pro forma statement of financial position \$'000</b>
<b>Total liabilities</b>	973,416	1,758	(591,328)	–	14,009	–	397,855
<b>Net assets</b>	830,556	455,659	597,022	3,014	(14,009)	–	1,872,242
<b>Equity attributable to members of the Co- operative</b>							
Membership shares	640,393	337,276	562,188	–	–	–	1,539,857
Other reserves	185,185	100,760	–	–	–	7,974	293,919
Accumulated profits	4,978	17,623	34,834	3,014	(14,009)	(7,974)	38,466
<b>Total equity</b>	830,556	455,659	597,022	3,014	(14,009)	–	1,872,242

**Unaudited pro forma statement of comprehensive income**  
**Year ended 31 December 2016**

	Note	Audited statement of comprehensive income \$'000	\$'000 Note 5(a)	Unaudited pro forma adjustments		\$'000 Note 5(d)	Unaudited pro forma statement of comprehensive income \$'000
				\$'000 Note 5(b)	\$'000 Note 5(c)		
Revenue	13	77,146	34,784	—	12,377	—	124,307
Other income		5,094	265	—	918	—	6,277
Marketing expenses		(1,747)	—	—	(7)	—	(1,754)
Administrative expenses		(4,948)	(63)	—	(57)	—	(5,068)
Other operating expenses	14	(43,104)	(17,363)	—	(10,217)	—	(70,684)
Finance costs		(44,055)	—	34,834	—	—	(9,221)
Share of results of joint venture		19,568	—	—	—	—	19,568
<b>Profit before tax and contributions</b>		7,954	17,623	34,834	3,014	—	63,425
Income tax expense		(6)	—	—	—	—	(6)
<b>Profit before contributions</b>		7,948	17,623	34,834	3,014	—	63,419
Contributions to:							
- Central Co-operative Fund	15	—	—	—	—	(25)	(25)
- Singapore Labour Foundation	15	—	—	—	—	(13,984)	(13,984)
<b>Profit for the year/Total comprehensive income for the financial year</b>		7,948	17,623	34,834	3,014	(14,009)	49,410

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## **Notes to the Unaudited Pro Forma Financial Information**

### **1 Corporate information**

The Unaudited Pro Forma Financial Information should be read in conjunction with the audited financial statements of Mercatus Co-operative Limited (the “Co-operative”) and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) for the year ended 31 December 2016.

The Unaudited Pro Forma Financial Information, comprising the unaudited pro forma statement of financial position as at 31 December 2016, the pro forma statement of comprehensive income and the pro forma cash flow statement for the year ended 31 December 2016, have been prepared for inclusion in the Information Memorandum in connection with the establishment of the \$1,000,000,000 Multicurrency Medium Term Note Programme.

### **2 Significant events**

As part of the Group’s property restructuring exercise, the Group undertook the following transactions (the “Transactions”) between 1 July 2016 and 1 January 2017:

- (a) Acquisitions of Thomson Plaza and strata units at Bukit Timah Plaza on 1 July 2016 (“Tranche 1 Acquisitions”) for \$213.4 million and other strata units on 1 January 2017 (“Tranche 2 Acquisitions”) for \$438.1 million by the Group entities from NTUC Fairprice Co-operative Ltd and its subsidiaries (“NTUC Fairprice”), funded by way of share issuance of the Co-operative to NTUC Fairprice.
- (b) Acquisition of 99.96% interest in Mercatus Delta Co-operative Limited (“Mercatus Delta”) at a consideration of \$553.6 million by the Co-operative on 1 July 2016 from NTUC Enterprise Co-operative Limited (“NTUC Enterprise”), funded by way of share issuance by the Co-operative to NTUC Enterprise.
- (c) Transfer of ownership in AMK Hub and novation of the bank loans of \$350.0 million from the Co-operative to its subsidiary, Mercatus Alpha Co-operative Limited, on 1 January 2017.

In connection with the Transactions, the following events have occurred between 1 July 2016 and 1 January 2017:

- (d) Assignment of tenancy agreements relating to the properties in Tranche 1 and 2 Acquisitions from NTUC Fairprice to the Group entities on their respective dates of acquisitions.
- (e) Lease agreements were entered into between the Group entities (as lessor) and NTUC Fairprice (as lessee), relating to the properties in Tranche 1 and 2 Acquisitions.
- (f) Novation of the shareholder’s loan agreement of \$464.3 million between NTUC Enterprise and Mercatus Delta to the Co-operative on 1 July 2016.
- (g) Conversion of shareholders’ loans and term loan from NTUC Enterprise and NTUC Fairprice of \$562.2 million to membership shares of the Co-operative on 1 January 2017.

In addition, the Group also adopted the group corporate policy for establishment of asset replacement reserves on 18 November 2016.

The Transactions, events and implementation of new group corporate policy described above are collectively referred to as the “Significant Events”.

### **3 Basis of preparation of the Unaudited Pro Forma Financial Information**

The Unaudited Pro Forma Financial Information set out in this report, expressed in Singapore dollars and all values in the tables are rounded to the nearest thousands (\$'000), unless otherwise stated, has been prepared for illustration purposes only and based on certain assumptions, after making certain adjustments, to show the unaudited pro forma statement of financial position as at 31 December 2016, the pro forma statement of comprehensive income and the pro forma cash flow statement for the year ended 31 December 2016.

The Unaudited Pro Forma Financial Information have been compiled based on:

- the management accounts of NTUC Fairprice Co-operative Ltd and its subsidiaries for the period from 1 January 2016 to 30 June 2016 in relation to the Tranche 1 Acquisitions, on which no audit or review reports have been issued;
- the schedules of NTUC Fairprice Co-operative Ltd and its subsidiaries for the year ended 31 December 2016 in relation to the Tranche 2 Acquisitions, on which no audit or review reports have been issued;
- the financial statements of Mercatus Delta Co-operative Limited for the period from 1 January 2016 to 30 June 2016, on which audit report has been issued; and
- the financial statements of the Group for the year ended 31 December 2016, on which audit report has been issued.

The Unaudited Pro Forma Financial Information reflect what the:

- (a) financial position of the Group as at 31 December 2016 would have been if the Significant Events as described in Note 2 had occurred on 31 December 2016;
- (b) financial performance of the Group for the year ended 31 December 2016 would have been if the Significant Events as described in Note 2 had occurred on 1 January 2016; and
- (c) cash flows of the Group for the year ended 31 December 2016 would have been if Significant Events as described in Note 2 had occurred on 1 January 2016.

The Unaudited Pro Forma Financial Information is not necessarily indicative of the financial position, financial performance and cash flows of the operations that would have been attained had the Significant Events actually occurred earlier. The Unaudited Pro Forma Financial Information have been prepared for illustrative purposes only, and because of their nature, may not give a true picture of the actual financial position, financial performance and cash flows of the Group.

## **4 Unaudited pro forma statement of financial position**

The unaudited pro forma statement of financial position has been prepared to illustrate what the financial position of the Group as at 31 December 2016 would have been if the Significant Events listed in Note 2 have taken place on 31 December 2016.

Significant pro forma adjustments made to statement of financial position are as follows:

- (a) Adjustments to recognise (i) the cost of investment properties acquired in Tranche 2 Acquisitions of \$438.1 million; (ii) the settlement of the purchase consideration by issuance of membership shares of \$337.3 million and recognition of capital reserve of \$100.8 million for Tranche 2 Acquisitions; (iii) additional accumulated depreciation of \$11.4 million in connection with the investment properties and property, plant and equipment acquired in Tranche 1 and 2 Acquisitions; (iv) additional profit and cash flows from the operations of investment properties acquired in Tranche 1 and 2 Acquisitions of \$17.6 million and \$30.7 million respectively; and (v) increase in working capital balances of \$1.6 million (see Note 2(a));
- (b) Adjustments to (i) reflect the conversion of shareholders' loans and term loan owing to NTUC Enterprise and NTUC Fairprice of \$562.2 million to membership shares (see Note 2(g)); and (ii) reverse the corresponding interest payable for the shareholders' loans of \$29.1 million and interest paid for the term loan of \$5.7 million;
- (c) Recognition of (i) additional accumulated depreciation of \$5.1 million on investment property and additional cash assumed of \$0.9 million arising from the acquisition of Mercatus Delta (see Note 2(b)); and (ii) additional net cash inflow of \$7.3 million from the operations of Mercatus Delta from 1 January 2016 to 30 June 2016;
- (d) Recognition of the contributions payable to Singapore Labour Foundation and Central Contribution Fund of \$14.0 million based on the pro forma financial performance of the Co-operative; and
- (e) Recognition of additional asset replacement reserve of \$8.0 million.

## **5 Unaudited pro forma statement of comprehensive income**

The unaudited pro forma statement of comprehensive income has been prepared to illustrate what the financial performance of the Group for the year ended 31 December 2016 would have been if the Significant Events listed in Note 2 have taken place on 1 January 2016.

Significant pro forma adjustments made to statement of comprehensive income are as follows:

- (a) Adjustments to reflect the financial performance of the investment properties in Tranche 1 Acquisitions from 1 January 2016 to 30 June 2016 and the financial performance of the investment properties acquired in Tranche 2 Acquisitions from 1 January 2016 to 31 December 2016, which mainly include rental revenue of \$34.8 million and other operating expenses of \$17.4 million. Adjustment to other operating expenses mainly comprise of depreciation expenses, property tax expenses, property management expenses, utilities expenses and other expenses;
- (b) Reversal of interest expense of \$34.8 million arising from the conversion of shareholders' loans and term loan owing to NTUC Enterprise and NTUC Fairprice to membership shares;

- (c) Adjustments to reflect the financial performance of Mercatus Delta from 1 January 2016 to 30 June 2016, which mainly include rental revenue of \$12.4 million and other operating expenses of \$10.2 million. Adjustment to other operating expenses mainly comprise of depreciation expenses, property tax expenses, property management expenses, utilities expenses, security and cleaning expenses and other expenses; and
- (d) Recognition of contributions to Singapore Labour Foundation and Central Contribution Fund of \$14.0 million based on the pro forma financial performance of the Co-operative.

## 6 Unaudited pro forma cash flow statement

Pro forma adjustments, in preparing the unaudited pro forma statement of financial positions and statement of comprehensive income, will have effects on the unaudited pro forma cash flows of the Group. Accordingly, the unaudited pro forma cash flow statement have been re-presented assuming the Significant Events as described in Note 2 had occurred on 1 January 2016.

Significant pro forma adjustments made to cash flow statement are as follows:

- (a) Adjustment to (i) reflect the profit before tax and contributions of \$17.6 million relating to investment properties in Tranche 1 Acquisitions from 1 January 2016 to 30 June 2016 and Tranche 2 Acquisitions from 1 January 2016 to 31 December 2016; (ii) reverse depreciation expenses of \$11.4 million in connection with the investment properties and property, plant and equipment acquired in Tranche 1 and 2 Acquisitions; and (iii) increase in working capital balances of \$1.6 million;
- (b) Reversal of (i) interest expense of \$34.8 million arising from the conversion of shareholders' loans and term loan owing to NTUC Enterprise and NTUC Fairprice to membership shares; and (ii) interest paid for the term loan of \$5.7 million; and
- (c) Adjustment to (i) reflect the profit before tax and contributions of Mercatus Delta of \$3.0 million from 1 January 2016 to 30 June 2016; (ii) reverse depreciation expenses of \$5.3 million from 1 January 2016 to 30 June 2016; (iii) payment for purchase of property, plant and equipment of \$0.9 million by Mercatus Delta from 1 January 2016 to 30 June 2016; and (iv) additional cash assumed of \$0.9 million arising from the acquisition of Mercatus Delta.

## 7 Significant accounting policies

### 7.1 Basis of consolidation

#### (i) *Business combinations*

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus



- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured on acquisition date at fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

**(ii) Subsidiaries**

Subsidiaries are entities controlled by the Group. 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

**(iii) Joint venture**

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in a joint venture (also referred to as “equity accounted investee”) is accounted for using the equity method and is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of the equity accounted investee, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group’s share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

**(iv) *Loss of control***

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 surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

**(v) *Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## **7.2 Investment property**

Investment property is held either to earn rental income or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or construction of the investments property. The cost of self-constructed investment properties includes the cost of materials and direct labour and any other costs directly attributable to bringing the investment properties to a working condition for their intended use.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives at each component of investment property.

The estimation useful lives are as follows:

Leasehold land	over remaining period of the lease of 99 years
Leasehold buildings and premises	50 years

Investment property is 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 profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss as incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

### **7.3 Loans and borrowings**

Loans and borrowings are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, the loans and borrowings are measured at amortised cost using the effective interest method. The Group derecognises a loan or borrowing when its contractual obligations are discharged, cancelled or expire.

### **7.4 Membership shares**

Membership shares are classified as equity. Incremental costs directly attributable to the issue of membership shares are recognised as a deduction from equity.

### **7.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### **(i) Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### **(ii) Car park income**

Car park income for season parking is recognised in profit or loss on an accrual basis.

#### **(i) Other income**

Other income consists of recovery from tenants and management fee income recognised in profit or loss on an accrual basis.

## **8 Investment properties**

Investment properties comprise a number of commercial properties that are leased to related parties and external customers. Each of the leases contains an initial non-cancellable period of between one to six years. Subsequent renewals are negotiated with the lessee.

The fair values of investment properties for the Group as at 31 December 2016 are \$2,004 million. The valuation is carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Knight Frank Pte Ltd and DTZ Debenham Tie Leung (SEA) Pte, which are firms of independent professional valuers. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

At 31 December 2016, investment properties of the Group with a carrying amount of \$564 million are pledged as security to secure bank loans.

#### ***Fair value hierarchy***

The table below analyses fair value measurements for investment properties, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: 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); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value measurement for the investment properties of \$2,004 million has been categorised as Level 3 fair value based on the inputs to the valuation technique used. The valuation technique used is capitalisation and direct comparison approach.

## **9 Investment in a joint venture**

	<b>2016</b> <b>\$'000</b>
Investment, at cost	457,492
Share of post-acquisition results	78,694
Dividend received	(100,000)
Capital reduction	(60,000)
	<u>376,186</u>

The Group has 50% interest in the ownership and voting rights in a joint venture, Gold Ridge Pte Ltd, that is held through a subsidiary. This joint venture is incorporated in Singapore and is a strategic venture in retail property investment. The Group jointly controls the venture with partners under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

## 10 Loans and borrowings

	Maturity	2016 \$'000
Bank loans:		
(a) 3.19% p.a. fixed rate	2019	175,000
(b) 2.18% p.a. fixed rate	2018	175,000
		<u>350,000</u>

**(a) 3.19% per annum fixed rate SGD bank loan (secured)**

The 3-year bank loan is originally fully repayable on 28 January 2019 and is secured by a charge over an investment property (see note 8).

**(b) 2.18% per annum fixed rate SGD bank loan (secured)**

The 5-year bank loan is fully repayable on 26 January 2018 and is secured by a charge over an investment property (see note 8).

## 11 Membership shares

	2016 No. of shares	\$'000
<b>Issued and fully paid membership shares, at par value of \$1 each:</b>		
At 31 December 2016	<u>1,539,857</u>	<u>1,539,857</u>

***Rights of member***

- (a) The membership shares relates to shares held by members where redemption of share is subject to approval of the Board of Directors.
- (b) All members are entitled to redeem their shares at the par value or the net asset value of the Co-operative based on the latest audited financial position as at the date of redemption, whichever is lower.
- (c) The shares do not carry any rights to fixed income.
- (d) In accordance with Section 4.5 of the Co-operative's By-Laws, every member shall, unless otherwise disqualified under the Act or the By-Laws, have the right to:
  - (i) avail himself of all services of the Co-operative;
  - (ii) nominate candidates for election or to be co-opted to office, subject to the provisions of the Act and the By-Laws;
  - (iii) be represented by delegates, subject to the provisions of the Act and the By-Laws;
  - (iv) participate and vote at General Meetings; and
  - (v) enjoy all other rights, privileges and benefits as prescribed by the By-Laws.
- (e) Members are entitled to receive dividends as and when declared by the Co-operative.

- (f) In the event of the winding up of the Co-operative, the assets shall be applied first to the cost of liquidation, then to the discharge of the liabilities of the Co-operative, then to the payment of the share capital or subscription capital, and then, provided that the By-laws of the Co-operative permit, to the payment of a dividend or patronage refund at a rate not exceeding that laid down in the Rules or in the By-Laws.
- (g) Any monies remaining after the application of the funds to the purposes specified in the above paragraph (section 88 of Co-operative Societies Act) and any sums unclaimed after two years under Section 89(2) of the Act (which relates to claims of creditors), shall not be divided among the members but shall be carried to the Co-operative Societies Liquidation Account kept by the Registrar of the Co-operative Societies.
- (h) A sum carried to the Co-operative Societies Liquidation Account shall be kept in this Account for at least two years. Out of the Co-operative Societies Liquidation Account such sums may be transferred to the Central Co-operative Fund, or applied generally for the furtherance of co-operative principles in such manner, as the Minister may determine from time to time.

## 12 Other reserves

	<b>2016</b> <b>\$'000</b>
Capital reserve	277,193
Asset replacement reserve	16,726
	<u>293,919</u>

### *Capital reserve*

Capital reserve emerged from the acquisition of investment properties in relation to the property restructuring exercise.

### *Asset replacement reserve*

In 2016, the asset replacement reserve was established to meet the replacement and renewal expenses for building, plant and equipment owned and managed by the Group.

	<b>2016</b> <b>\$'000</b>
Balance as at 1 January	—
Transfer from accumulated profits	16,726
Balance as at 31 December	<u>16,726</u>
Available for use	<u>16,726</u>

### **13 Revenue**

	<b>2016</b> <b>\$'000</b>
Rental income from investment property	118,385
Carpark income	3,509
Advertising and promotion income	2,413
	<u>124,307</u>

### **14 Other operating expenses**

Included in other operating expenses are as follows:

	<b>2016</b> <b>\$'000</b>
Utilities	8,075
Depreciation of property, plant and equipment and investment property	33,399
Property tax	11,103
Staff costs	6,064
Included in staff costs:	
- Defined contribution plans	975
Key management personnel	
- Directors' fees	<u>264</u>

### **15 Contributions to Central Co-operative Fund and Singapore Labour Foundation**

In accordance with Section 71(2)(a) of the Act, the Co-operative and the co-operatives in the Group are required to contribute 5% of the first \$0.5 million of its surplus resulting from the operations during the year to the Central Co-operative Fund.

In accordance with Section 71(2)(b) of the Act, the Co-operative and the co-operatives in the Group may opt to contribute 20% of the surplus (excluding capital gains arising from the disposal of any office premises and shares) in excess of \$0.5 million from the operations of the co-operatives to either Central Co-operative Fund or to the Singapore Labour Foundation.