Symphony International Holdings Limited ("Symphony" or the "Company")

13th August 2021

Letter to Shareholders

Dear Shareholders,

I last wrote to you on behalf of the Board on 10 May 2021 regarding the publicity campaign that had been launched by Asset Value Investors Limited ("**AVI**"). In my letter, I set out the Board's view regarding the campaign initiated by AVI, and it remains our view that AVI's objectives go against the long-term interests of the Company and would ultimately result in diminished shareholder value.

While I know that many of you support our vision for the Company, for which the Board remains grateful, I recognise that there are broader questions regarding the Company's strategy in light of the Company's share price discount to net asset value (NAV), which has persisted in spite of our best efforts to reduce it. The Board therefore agreed that this was an opportune time to address some of these questions and also provide shareholders with an interim update on the performance of Symphony's portfolio investments. The regular quarterly update will of course be released to shareholders as in the past.

Brief History and Investment Premise

Although some of you may have been shareholders since Symphony's listing in 2007, I would like to take this opportunity to briefly restate the investment thesis behind Symphony and why we went public in 2007.

Our basic investment thesis from the beginning has been premised on the belief that the long-term trend of rising disposable incomes in Asia will provide attractive investment opportunities. For the past four decades we have largely followed this investment theme and in October this year, some members of the Symphony management team will mark their 40th anniversary of investing in private equity in the Asia Pacific region.

In 2004 we decided to restructure our investment model to address what we felt were two flaws in the traditional private equity fund model, particularly in the context of the Asian investment environment:

(a) First, that the traditional 10-year fund structure with pre-determined investment and divestment periods was not the ideal investment model for a region characterised by high growth rates and economic volatility. We did not want to be constrained by the normal time horizon of the private equity model, which inevitably means having to prematurely exit investments that are still experiencing real growth.

(b) Our second objective was to try to achieve a more favourable alignment of interests between investors and the Investment Manager than what is typically seen in traditional private equity models.

The first was addressed by positioning Symphony as a long-term strategic investment company; essentially by establishing Symphony as a permanent capital vehicle, which could make investments as and when the right opportunities presented themselves and divest positions similarly, without the time limitations imposed by fixed life funds.

The second objective was achieved by:

(a) Implementing a floor and cap on the quantum of management fees that would be payable to the Investment Manager so that, as the NAV of the business grew over time, the management fees would represent a progressively smaller percentage of the assets under management; and

(b) Eliminating the traditional carried interest which amounts to a fixed percentage (usually 20%) of the realised profits of the company being paid to the Investment Manager. Instead, management were granted stock options which could be exercised by paying the same price per share that was paid by Symphony shareholders at the time the options were granted. The idea was that once all the options were exercised, management would be shareholders like each of you and there would be no further dilution to investors' returns through any carried interest payments. All such options have since either been exercised or expired.

Finally, in 2007, we listed the shares of Symphony on the London Stock Exchange so that investors would have the freedom to increase or divest their interest in the company on the open market. In addition, it was intended that Symphony could raise additional capital for investment from the market as needed.

Our vision to reinvent the traditional private equity model has been complicated by market factors like Symphony's relatively small size and the lack of coverage interest from research houses. This has contributed to questions about how investors can realise their returns which we address later in this letter.

It is important to state that we retain full and complete confidence in the strength of our investment thesis and believe that this is validated through the sustained growth of the majority of our portfolio companies, with further details below.

<u>Interim Portfolio Update</u>

A smaller number of our investments have been more adversely impacted during the past 18 months by the Covid-19 pandemic. The investments in the **One & Only Resort in Malaysia, The Wellington College International School** in Thailand**, Liaigre** and **Wine Connection** were the hardest hit by the effects of the pandemic. Minor International's business was also hit very hard, but in that case, we have already realized a significant gain on our investment and the stock price has recovered reasonably well thanks to the rapid actions taken by management to stem the damage from the pandemic.

Both the One & Only Resort and the Wellington College International School have been very well received by the market and we feel that their businesses should recover once things start to return to normal. At the Malaysian resort, there is also an inventory of some 50 villa plots which will be sold for the development of vacation villas, which will benefit from management services from the hotel. This formula has proven very successful in previous projects we have been involved in.

The Liaigre business has, in fact, built up a significant pipeline of business orders and should see its numbers improving in due course. In addition, we are in advanced stages of negotiations on an attractive development project in Florence, Italy, which will have an international hotel and Liaigre branded residences. This will open up a new line of business for Liaigre which we intend to develop further in partnership with the international hotel brand.

Wine Connection's business had also improved since the date of this last valuation although some of the improvement in its numbers can be attributed to the subsidies provided to such businesses in Singapore, where a few of its outlets are located. The bulk of the business, however, is in Thailand where no subsidies were available, and where Covid-19 has more recently had a further impact on businesses.

Minor International's business is still suffering from the effects of the worldwide slump in business & leisure travel but recently, certain major banks have produced bullish research reports predicting a 30% rise in stock price over the next 12 months.

Chanintr is a luxury lifestyle company and one of our early investments. The business has grown its retail portfolio of European and US luxury furniture brands in Thailand and entered into new businesses, which include food & beverage, office furniture rental and designing and marketing luxury turnkey residences. Despite the difficult operating environment, Chanintr has been able to grow its business by capitalising on the home improvement trend that emerged out of the pandemic.

Soothe Healthcare, in India, has just finished a fresh round of fund raising at a value equal to 3.75 times our initial investment and about 1.8 times our blended average cost of investment. Its business is growing well, and we should be able to realize an attractive return on exit.

ASG Hospitals, a full-service eye-healthcare provider in India, has proven resilient to the effects of the pandemic. Although patient numbers declined at the onset of the most recent wave, the business has bounced back in a short period of time. We have been impressed with the management team's ability to expand the business (organically and inorganically) while growing revenue at existing clinics under very difficult circumstances. Together with the strong and growing demand for quality healthcare services in India, this business should continue to scale quickly.

In Niseko, we have already recovered more than 1.5 times our total investment by selling only a 50% interest to Hanwha Hotels & Resorts. They have now commenced development & sales of the first site which they bought from us and are making preparations to begin work on the second site which we have join-ventured with them. The early sales of the units have been encouraging and have set new records for residential sales in Niseko.

Minuet is our land holding in Central Bangkok; we utilised a portion of the land to build the Wellington College International School and have been selling smaller parcels to local developers to satisfy the growing demand for housing in that area. There is significant demand from a few major developers to acquire more land, but we have noticed a steady increase in land values and our partners in Thailand have advised holding out a little longer before selling any more. We have already realized 75% of our initial investment in cash from the partial sales of a small portion of the land holding.

SG Land and a luxury **Phuket Villa** comprise our other real estate assets in Thailand. SG Land owns the leasehold rights for two office towers in downtown Bangkok that generates a strong rental yield. Since our initial investment in 2007, we have received distributions alone equal to 1.6 times our cost of investment. We expect to continue to receive attractive returns for the remaining duration of 2.3 and 4.4 years for each of the tower leases, respectively. The Phuket Villa formed part of the settlement (together with cash) for a structured loan transaction made by Symphony in 2014. We recently signed a term sheet to sell the Phuket Villa. We expect the transaction to complete shortly and provide an annualised return for the overall investment in the mid-teens.

Indo Trans Logistics is our recent investment in the logistics sector in Vietnam. Since our investment in the company, we helped them raise about $70 million from the International Finance Corp ("IFC") to increase their stake in a company called South Logistics Joint Stock Company, which owns and operates ports in Vietnam, including the main port in Ho Chi Minh City. Vietnam has been a beneficiary of the shift in supply chain logistics away from China and we believe our timing for this investment was quite fortuitous. We are now in negotiations with a few international logistics players who have expressed interest in partnering with ITL & its recently acquired subsidiary. We are bullish about this investment and hope to be able to make further announcements in the near future.

Good Capital, Smarten Spaces, CTS, Melorra & Epic Games represent relatively small and/or recent investments resulting from our interest in technology enabled businesses, many of which have actually benefitted from the pandemic lockdowns, but also have robust business models which, we believe will thrive even after the pandemic. We have been encouraged by the progress on these investments and should be able to tell you more soon.

Returning Value to Investors in Symphony

Since inception, we have invested US$622.0 million in 28 investments. We have realised proceeds of US$ 316.6 million from exiting seven of these investments, achieving a multiple of 1.99 times the cost of investment. Further details of our current and past holdings and related returns from each of them can be seen in the table appended to this letter.

The current investment portfolio of Symphony has an initial cost base of approximately US$462.8 million but we have also realised, by way of dividends, partial sales, shareholder loan and interest repayments, an amount of US$407.6 million leaving a net cost basis of US$55.2 million for the current investment portfolio.

This remaining portfolio had a NAV at 31 March 2021 of US$406.3 million using valuation methodologies consistently adopted by the Company in accordance with IFRS 13 and policies laid out in our prospectus. For some unlisted businesses we are required to apply an illiquidity discount of 25%.

Although we are confident of the inherent value and potential of Symphony's underlying assets, we also recognise that investors have not had the liquidity or the share price performance that we had hoped for. Symphony's growth has also been impacted by limited access to the market for capital since its 2012 rights issue, as any such attempt would have an unacceptable dilutive effect on shareholdings, given the significant discount to NAV.

As shareholders are aware, we have made significant efforts to reduce this discount, which have included:

(a) A policy of regular and significant dividend distributions since 2014; and

(b) A concerted share buyback program in 2017.

Through these efforts, Symphony has returned a total of US$ 304 million to shareholders that comprise US$0.4385 per share by way of dividends and an additional US$37 million through share buybacks. After the payment of the dividend just announced, total dividends to shareholders will stand at US$0.4635 per share.

Disappointingly, these efforts have not yielded any sustained reduction in the share price discount to NAV. That is why we are seriously exploring a number of measures that we believe will have a positive impact on reducing this discount. We provide an update on these below.

These returns of capital to shareholders have, of course, had the effect of significantly reducing the NAV. They have also resulted in management fees appearing to represent a larger percentage of NAV, notwithstanding an absolute numerical reduction in such fees. To address this situation, in 2020, the Investment Manager voluntarily reduced the floor on its fee by 25% from US$ 8 million per annum to US$ 6 million per annum.

The Future

Looking forward, the Board remains confident in Symphony's underlying value proposition. It is worth pointing out that Symphony today, represents perhaps the only way to invest in Asian private equity, with one of the most experienced teams in the region, without paying any carried interest.

However, as I have noted above, the Board is cognisant that capital returns to date have not sustainably reduced the share price discount to NAV. We are carefully monitoring this share price discount to NAV and are committed to actively exploring other ways to address it.

First we will continue actively to pursue opportunities to realise portions of the existing portfolio in order to continue to return capital to shareholders by way of dividends and share buybacks, without unduly prejudicing the Company's ability to make investments that represent value.

Second, we will fully pursue all opportunities to enhance inherent value in the high-quality assets in our portfolio. We expect such eventualities across our portfolio – for example, whether related to our real estate holdings, recent investments in technology enabled businesses or due to strategic interest from prospective international partners in some of our portfolio companies.

Third, the Investment Manager is actively exploring ways to lessen, or eliminate altogether, the fees that Symphony pays to it. The Investment Manager has been focusing on a couple of solutions which will enable it to continue to add significant value to the Symphony portfolio while relieving Symphony of the management fee component, either partially or totally.

These are initiatives we have been working on for some time now and despite the restrictions imposed by the Covid lockdowns, we have continued to make some progress. We will continue to provide further details on these developments and the potential value they create for the Company and its shareholders at the earliest opportunity.

In the meantime, as part of our continued efforts to reward our shareholders and return value to them, the Board has declared a dividend of US$0.025. We hope that this indication gives the shareholders confidence to remain invested in the Company.

Should any Shareholder have any queries or concerns in relation to the above, please contact the undersigned at Anil@Symphonyasia.com.

Yours faithfully,

Anil Thadani
Director

Appendix: Investments and returns

FULLY REALIZED INVESTMENTS

	INVESTMENT	BUSINESS	GEOGRAPHY	NET IRR (%)	TIMES MONEY
1	Minor Corporation	Retail, contract manufacturing	Thailand	43.2%	3.54x
2	Parkway Life REIT	Healthcare REIT	Singapore	14.3%	2.88x
3	IHH	Healthcare	Malaysia	11.2%	1.75x
4	AFC Network	Lifesyle, Media	Singapore	17.5%	1.80x
5	Parkway Holdings	Healthcare	Singapore	21.5%	1.50x
6	One Central Residence, Macau	Real Estate	Macau	11.6%	1.49x
7	Aman, Delhi deposit	Real Estate	India	5.3%	1.33x
	Total invested	**Total Realized**	**Multiple**		
	US$159.2 million	**US$316.6 million**	**1.99x**		

CURRENT INVESTMENT PORTFOLIO AS AT 31 MARCH 2021

	INVESTMENT	BUSINESS	GEOGRAPHY	NET IRR (%)	TIMES MONEY[2]
1	Minor International	Hospitality	International	17.2%	4.72x
2	Niseko Property	Real Estate	Japan	21.8%	3.53x
3	SG Land	Real Estate	Thailand	10.5%	2.46x
4	Chanintr	Lifestyle	Thailand	5.4%	2.01x
5	Phuket Villa / Structured transaction	Structured transaction/Real estate	Thailand	15.1%	1.95x
6	Soothe Healthcare	Healthcare	India	37.5%	1.66x
7	Minuet	Real Estate	Thailand	4.5%	1.60x
8	Indo Trans Logistics	Logistics	Vietnam	22.1%	1.50x
9	Good Capital	Early Stage Venture Investing	India	19.3%	1.30x
10	Smarten Spaces	SAAS	Singapore & India	17.2%	1.19x
11	Creative Technology Solutions DMCC ("CTS")	Education Technology	EMEA	4.2%	1.08x
12	Melorra	Online Jewellery retail	India	0.0%	1.00x
13	Epic Games	Gaming	International	0.0%	1.00x
14	ASG Healthcare	Healthcare	India	-1.4%	0.98x
15	One & Only - Desaru Coast	Hospitality & Real Estate	Malaysia	-11.9%	0.56x
16	Wellington College - Bangkok	Branded International School	Thailand	-21.4%	0.52x
17	Liaigre	Furniture & Design Studio	International	-19.6%	0.44x
18	Wine Connection	Wine distribution & Restaurants	Singapore & Thailand	-12.1%	0.41x
	Total invested[1]	**Proceeds received[1]**	**Net Cost[1]**	**NAV at 31 March 2021**	
	US$462.8 million	**US$407.6 million**	**US$55.2 million**	**US$406.3 million**	

Notes
(1) Total amounts invested, proceeds received and net cost are based on year to date figures
(2) Times money is calculated using any proceeds received related to the investment plus the value of the investment divided by the cost of the investment at 31 March 2021
(3) In addition to the 25 investments listed above, three investments have been written off that have a cumulative investment cost of approximately 1% of NAV