



1Q FY16 Financial Results

5 January 2016

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This presentation shall be read in conjunction with SPH REIT’s financial results for the first quarter ended 30 November 2015 in the SGXNET announcement.

Contents

Results Slide 3

Balance sheet Slide 7

Operational performance Slide 11

Growth strategy and market outlook Slide 16

Distribution details and timetable Slide 21

Key Highlights

- Net property income for 1Q FY16 up 5.9% year-on-year
- 1Q FY16 DPU was 1.33 cents
- Distribution yield was 5.78% (based on closing price of \$0.925 per unit on 30 November 2015)
- Two asset enhancement projects underway
- Strong balance sheet, with low gearing of 25.7% and 84.7% debt on fixed rate

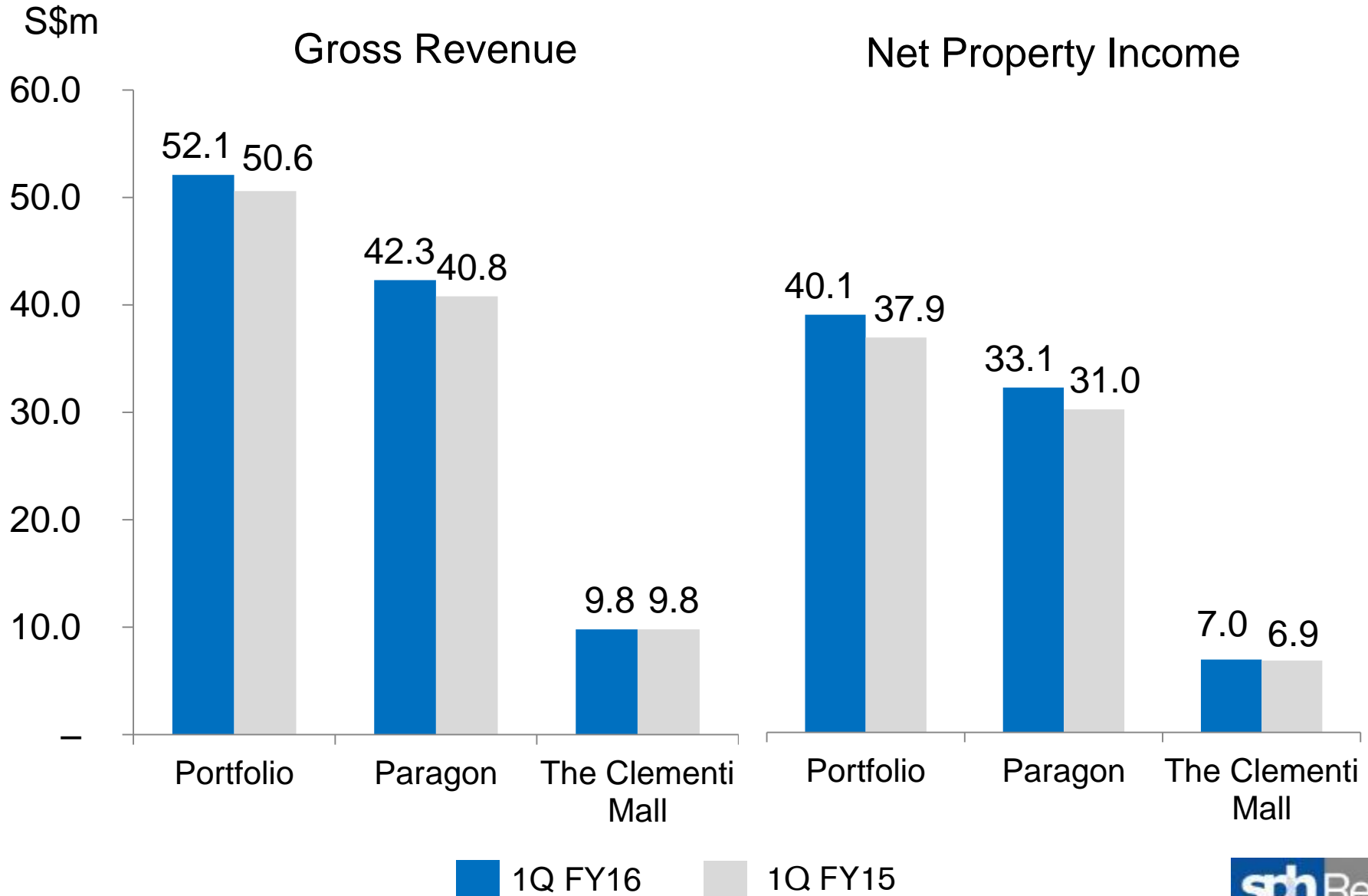
Resilient performance

	1Q FY16 S\$'000	1Q FY15 S\$'000	Change %
Gross revenue	52,095	50,635	▲ 2.9%
Property expenses	(11,991)	(12,762)	▼ 6.0%
Net property income (NPI)	40,104	37,873	▲ 5.9%
Income available for distribution	35,308	34,031	▲ 3.8%
Distribution to Unitholders ^(a)	33,696	33,489	▲ 0.6%
Distribution per unit (DPU) (cents)	1.33	1.33	-

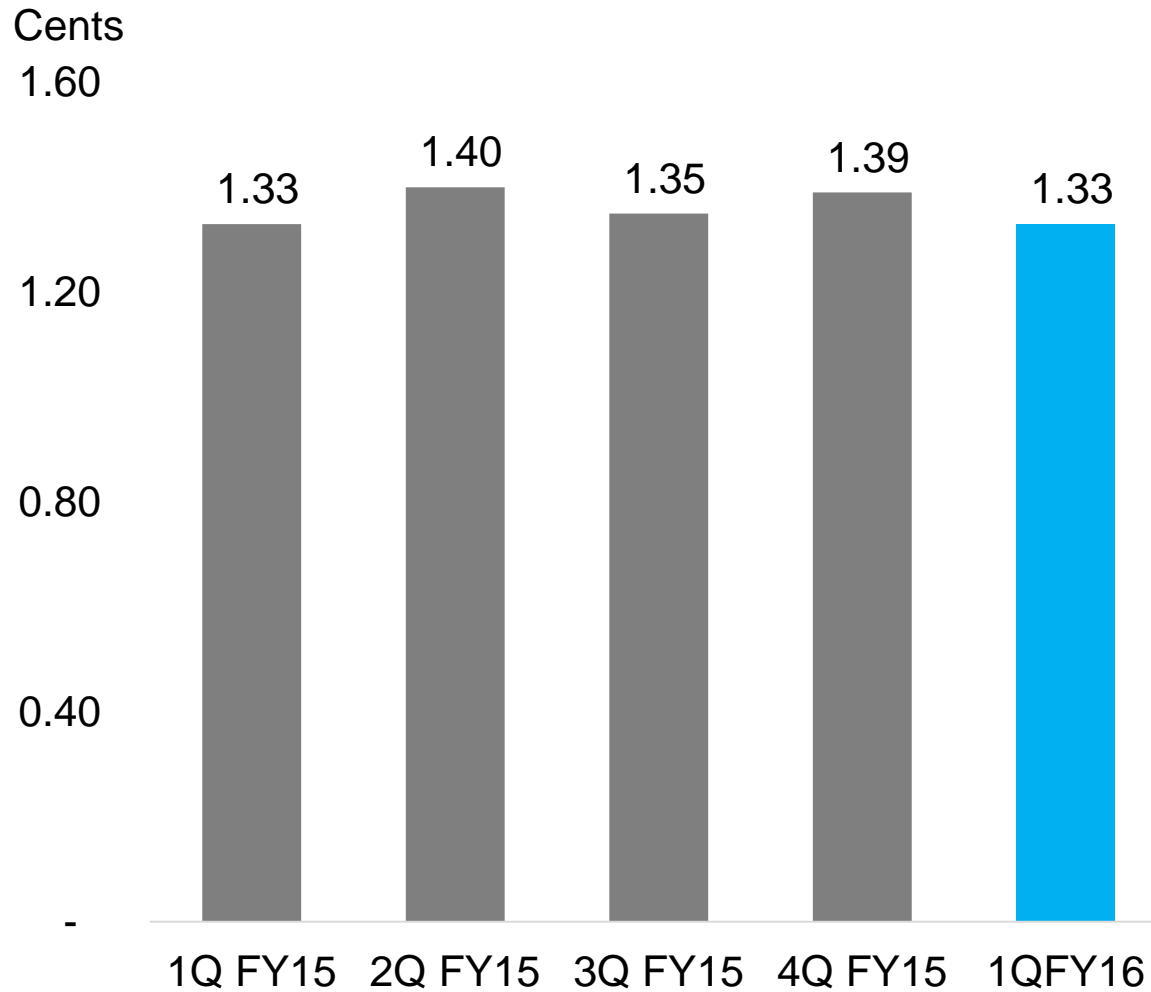
Note:

(a) For 1Q 2016, the distribution to unitholders was 95.4% of taxable income available for distribution.

Higher gross revenue and NPI



Stable and regular DPU



Balance sheet



Financial position

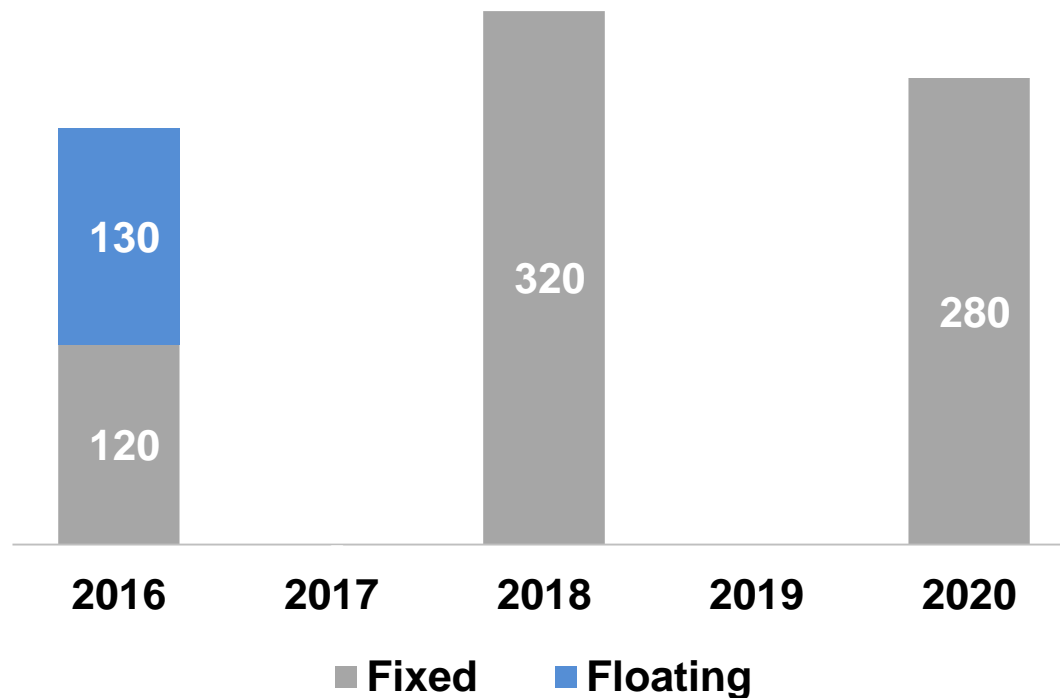
	As at 30 November 2015 S\$'000	As at 31 August 2015 S\$'000
Total assets	3,303,794	3,309,621
Total liabilities	910,395	911,811
Net assets	2,393,399	2,397,810
Net asset value per unit	S\$0.94	S\$0.95
Gearing ^(a)	25.7%	25.7%

(a) Gearing is computed based on total debt/ total assets

Low gearing and 85% of debt fixed

- Proactive capital management with 84.7% of the S\$850m debt facility on a fixed rate basis
- Average cost of debt: 2.84%
- Weighted average term to maturity: 2.7 years

Debt maturity profile (S\$m)



Market value of properties

	Valuation as at 31 August (a)		Capitalisation Rate As at 31 August 2015 and 2014
	2015 S\$m	2014 S\$m	
Paragon	2,641.0	2,588.0	4.85% - Retail 4.25% - Medical Suite/Office
The Clementi Mall (b)	571.5	571.0	5.00%
SPH REIT Portfolio	3,212.5	3,159.0	

Notes

(a) Valuations as at 31 August 2015 and 31 August 2014 were conducted by DTZ.

(b) The Clementi Mall's valuation excludes income support. The guaranteed Net Property Income (NPI) per year is S\$31 million and the aggregate top up NPI shall not exceed \$20 million over five years from 24 July 2013 (Listing date).



Operational performance



Resilient operating performance

- Paragon's occupancy was 99.8% as at 30 November 2015. The marginal dip from full occupancy was due to timing of amalgamation of space to create a contiguous unit.
- The relatively moderate rental uplift at Paragon of 3.2% for new or renewed leases in 1Q 2016, was mainly due to the prevailing weak retail sentiment.
- The Clementi Mall remained fully leased, with positive rental reversion of 5.4% for renewal during the quarter.
- 1Q FY16 visitor traffic held steady year-on-year
- Staggered portfolio lease renewal

Rental reversion up 3.2% for the portfolio

	Number of renewals / new leases ^(a)	NLA renewed / new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates ^(c)
Paragon	39	88,492	12.4%	3.2%
The Clementi Mall	1	441	0.2%	5.4%
SPH REIT Portfolio	40	88,933	9.8% ^(b)	3.2%

Notes:

(a) For expiries in 1Q FY16.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 905,561sqft as at 30 November 2015.

(c) The change is measured between average rents of the renewed & new lease terms and the average rents of the preceding lease terms. The leases are typically committed three years ago.

Staggered portfolio lease renewal

Weighted Average Lease Expiry (WALE) as at 30 November 2015

By NLA 2.2 years

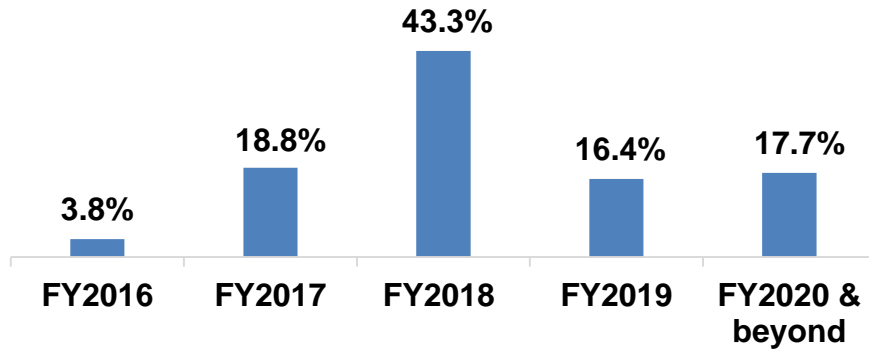
By Gross Rental Income 2.4 years

Lease expiry as at 30 November 2015

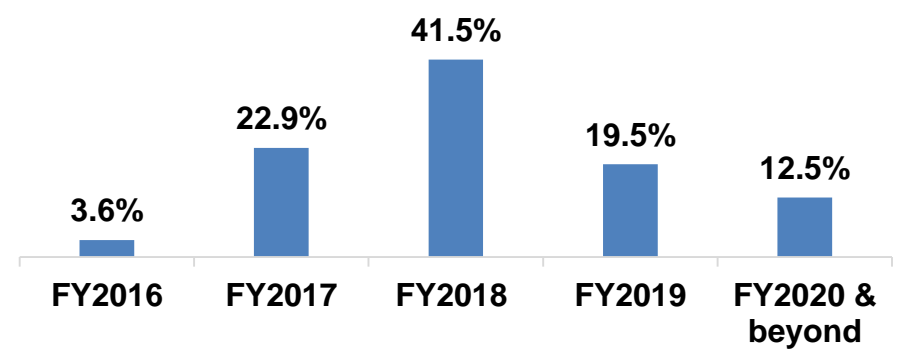
	FY2016	FY2017	FY2018	FY2019	FY2020 and beyond
Expiries as a % of total NLA	3.1%	36.0%	33.8%	17.3%	9.8%
Expiries as a % of Gross rental income	3.3%	31.3%	36.4%	14.6%	14.4%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income

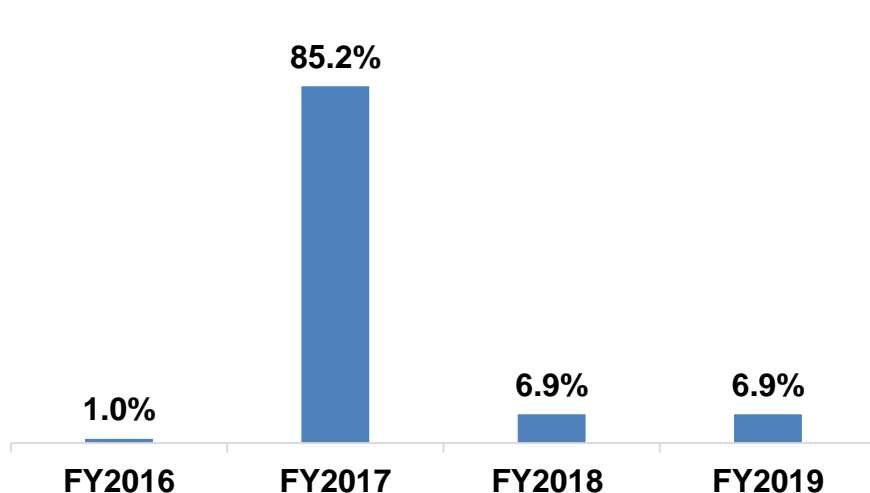


Expiry by NLA

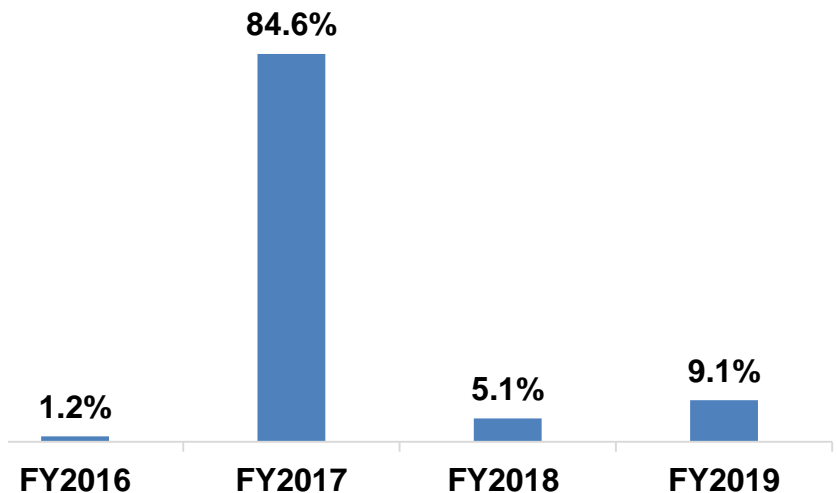


The Clementi Mall (a) : tenant retention rate of more than 90% for first renewal cycle

Expiry by Gross Rental Income



Expiry by NLA



Notes

(a) The Clementi Mall officially opened in May 2011 with first lease renewal cycle in 2014.



Growth strategy and market outlook



Multi-pronged growth strategy to ensure growth

Proactive asset management and asset enhancement strategy

- Ensure that interests of all stakeholders, including tenants, shoppers and unitholders are protected while keeping its properties at the forefront of evolving retail mall trends and relevant to changing demands of consumers
- Continually optimise tenant mix of its properties
- Deliver high quality service to tenants and become the landlord of choice in the Singapore retail real estate space
- Implement asset enhancement initiatives and implement proactive marketing plans

Investments and acquisition growth strategy

- ROFR on the Sponsor's future income-producing properties used primarily⁽¹⁾ for retail purposes in Asia Pacific
 - Currently one applicable ROFR property, The Seletar Mall, which has opened on 28 November 2014, achieved 100% committed occupancy rate since December 2014.
 - Explore acquisition opportunities that will add value to SPH REIT's portfolio and improve returns to unitholders

Note

(1) 'primarily' means more than 50.0% of net lettable area or (in the case of a property where the concept of net lettable area is not applicable) gross floor area.

Strategy to revitalise tenant mix

Strategy to continually revitalise tenant mix to strengthen various clusters, keep the properties relevant and elevate the properties' positioning.



Continual asset enhancement

The Clementi Mall's ("TCM") reconfiguration project

- Create a more efficient layout and increase the range and depth of merchandise to drive higher sales.
- Create value and strengthen the long-term sustainability of the property.
- More details will be announced in due course.

Air Handling Unit ("AHU") decanting project in Paragon

- Replace aging AHUs with fan coil unit ("FCU") and convert about 7,000 sqft back-of-house space into revenue generating net lettable area ("NLA") at retail levels.
- Multi-phased approach from September 2015 to March 2018 to minimise disruption to tenants.
- Progressing on schedule.
- Emporio Armani has pre-committed to take up part of the reconfigured space at level one.

Market outlook

- **Outlook for Singapore economy remains modest**
 - Based on advance estimates of the Ministry of Trade and Industry (MTI), the Singapore economy grew by 2.1% in 2015.
 - MTI forecast GDP to grow between 1.0% and 3.0% in 2016.
 - Growth in labour-intensive segments such as retail and food services may continue to be weighed down by manpower constraints.
- **STB has forecast visitor arrivals and tourist receipts to post flat-to-modest growth in 2015**
 - International visitor arrivals (IVA) increased y-o-y by 0.1% for the first ten months of 2015. The improvement was underpinned by consecutive growth from May to October 2015.
 - Tourism receipts was 12% lower y-o-y in the first half of 2015.
- **Retail environment remains challenging**
 - The retail sales index (excluding motor vehicles) declined y-o-y by 0.2% in Q1 2015, and 0.6% in Q2 2015. Retail sales registered positive y-o-y growth of 0.7% in Q3 2015, but fell back to -4.9% in October 2015.

Distribution details and timetable

Distribution period	1Q FY16 (1 September 2015 – 30 November 2015)
Distribution per unit	1.33 cents per unit
Ex-date	11 January 2016
Record date	13 January 2016
Payment date	15 February 2016

Thank You

Please visit www.sphreit.com.sg for more information.