

## Financial Statements and Related Announcement::Half Yearly Results

## Issuer &amp; Securities

<b>Issuer/ Manager</b>	SPH REIT MANAGEMENT PTE. LTD.
<b>Securities</b>	SPH REIT - SG2G02994595 - SK6U
<b>Stapled Security</b>	No

## Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	04-Apr-2016 18:16:00
<b>Status</b>	New
<b>Announcement Sub Title</b>	Half Yearly Results
<b>Announcement Reference</b>	SG160404OTHRTQQ3
<b>Submitted By (Co./ Ind. Name)</b>	Lim Wai Pun
<b>Designation</b>	Company Secretary
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	The Announcement, Press Release and Results Presentation are attached.

## Additional Details

<b>For Financial Period Ended</b>	29/02/2016
<b>Attachments</b>	<p><a href="#">SPH REIT - SGX Announcement Q2FY16.pdf</a></p> <p><a href="#">SPH REIT - Press Release Q2FY16.pdf</a></p> <p><a href="#">SPH REIT - Results Presentation Slides Q2FY16.pdf</a></p> <p>Total size =5956K</p>

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## SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT \*

### FOR THE PERIOD ENDED 29 FEBRUARY 2016

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

### **Introduction**

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

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

- Paragon, a premier upscale retail mall and medical suite/office property, well known for its upscale mall housing many luxury brands, located in the heart of Orchard Road; and
- The Clementi Mall, a mid-market suburban mall located in the centre of Clementi town, an established residential estate in the west of Singapore.

### **Review by auditors**

The financial information as set out in this announcement for the second quarter and half year ended 29 February 2016 has been extracted from the interim financial information for the second quarter and half year ended 29 February 2016, which has been reviewed by our auditors, KPMG LLP\*, in accordance with the Singapore Standard on Review Engagement 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

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\* *Please refer to the attached review report.*

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## For The Period Ended 29 February 2016

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

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

	2Q 2016	2Q 2015	Change	1H 2016	1H 2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	53,090	52,454	1.2	105,185	103,089	2.0
Property operating expenses <sup>1</sup>	(12,481)	(12,199)	(2.3)	(24,472)	(24,961)	2.0
<b>Net property income</b>	<b>40,609</b>	<b>40,255</b>	<b>0.9</b>	<b>80,713</b>	<b>78,128</b>	<b>3.3</b>
Income support <sup>2</sup>	478	756	(36.8)	1,222	1,624	(24.8)
Amortisation of intangible asset	(478)	(756)	36.8	(1,222)	(1,624)	24.8
Manager's management fees	(4,086)	(4,027)	(1.5)	(8,145)	(7,958)	(2.3)
Trust expenses <sup>3</sup>	(469)	(469)	-	(939)	(937)	(0.2)
Finance income <sup>4</sup>	235	160	46.9	476	252	88.9
Finance costs	(6,041)	(4,986)	21.2	(12,028)	(9,951)	20.9
<b>Total return before taxes and distribution</b>	<b>30,248</b>	<b>30,933</b>	<b>(2.2)</b>	<b>60,077</b>	<b>59,534</b>	<b>0.9</b>
Less: income tax	-	-	NM	-	-	NM
<b>Total return after taxes and before distribution</b>	<b>30,248</b>	<b>30,933</b>	<b>(2.2)</b>	<b>60,077</b>	<b>59,534</b>	<b>0.9</b>

Notes:

1. Included additional one-off provision for prior year property tax of S\$0.9 million based on the assessment received.
2. Income support relates to the top-up payment from the vendors of The Clementi Mall pursuant to the Deed of Income Support.
3. Includes recurring trust expenses such as trustee's fees, listing fees, valuation fees, audit and tax adviser's fees, cost associated with the preparation of annual reports, and investor communication costs.
4. Finance income represent the interest income from bank deposits.

NM Not Meaningful

## For The Period Ended 29 February 2016

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

	2Q 2016	2Q 2015	Change	1H 2016	1H 2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Total return after taxes and before distribution</b>	<b>30,248</b>	<b>30,933</b>	<b>(2.2)</b>	<b>60,077</b>	<b>59,534</b>	<b>0.9</b>
Add: Non-tax deductible items <sup>1</sup>	6,177	5,409	14.2	11,656	10,839	7.5
<b>Income available for distribution</b>	<b>36,425</b>	<b>36,342</b>	<b>0.2</b>	<b>71,733</b>	<b>70,373</b>	<b>1.9</b>
<b>Distribution to Unitholders<sup>2</sup></b>	<b>35,531</b>	<b>35,303</b>	<b>0.6</b>	<b>69,227</b>	<b>68,792</b>	<b>0.6</b>

Notes:

1. Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, amortisation of income support, amortisation of debt issuance costs and adjustment for additional property tax provision that relates to prior year.
2. For 2Q 2016 and 1H 2016, the distribution to unitholders were 97.5% and 96.5% respectively of taxable income available for distribution.

## For The Period Ended 29 February 2016

### 1(b)(i) A balance sheet together with a comparative statement as at the end of the immediately preceding financial year

<b>Balance Sheet</b>	<b>As at 29 Feb 16</b>	<b>As at 31 Aug 15</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>		
Plant and equipment	1,027	1,044
Investment properties <sup>1</sup>	3,216,832	3,212,500
Intangible asset <sup>2</sup>	8,178	9,400
Derivative financial instruments <sup>3</sup>	-	3,949
	<b>3,226,037</b>	<b>3,226,893</b>
<b>Current assets</b>		
Trade and other receivables	4,950	5,008
Derivative financial instruments <sup>3</sup>	230	365
Cash and cash equivalents	75,572	77,355
	<b>80,752</b>	<b>82,728</b>
<b>Total assets</b>	<b>3,306,789</b>	<b>3,309,621</b>
<b>Non-current liabilities</b>		
Borrowing	596,209	595,565
Derivative financial instruments <sup>3</sup>	1,381	-
Trade and other payables	36,961	36,685
	<b>634,551</b>	<b>632,250</b>
<b>Current liabilities</b>		
Borrowing	249,704	249,330
Trade and other payables	30,821	30,231
	<b>280,525</b>	<b>279,561</b>
<b>Total liabilities</b>	<b>915,076</b>	<b>911,811</b>
<b>Net assets attributable to Unitholders</b>	<b>2,391,713</b>	<b>2,397,810</b>

#### Notes:

1. The fair value of Paragon and The Clementi Mall as at 31 August 2015 was S\$2,641.0 million and S\$571.5 million respectively. The fair value of the investment properties were based on independent valuations conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd ("DTZ").
2. Intangible asset relates to income support provided by the vendors of The Clementi Mall.
3. Derivative financial instruments represent the fair value as at balance sheet date of the interest rate swap contracts to swap floating rates for fixed interest rates.

**1(b)(ii) Borrowing**

**Secured borrowing**

	<b>As at 29 Feb 16 S\$'000</b>	<b>As at 31 Aug 15 S\$'000</b>
Amount repayable within one year	249,704	249,330
Amount repayable after one year	596,209	595,565
Total	845,913	844,895

**Details of collateral**

On 24 July 2013, SPH REIT established a term loan facility available for drawdown up to the amount of S\$975 million. As at the balance sheet date, the amount drawn down was S\$850 million. The amount of S\$845.9 million represented the loan stated at amortised cost. The loan has repayment terms ranging from three to seven years, of which S\$250 million is repayable on 25 July 2016, S\$135 million on 26 March 2018, S\$185 million on 24 July 2018 and S\$280 million on 24 July 2020.

Management is currently in negotiation with several potential lenders and assessing refinancing proposals for the 2016 tranche due in July.

The term loan is secured by way of a first legal mortgage on Paragon, first legal charge over the tenancy account and sales proceeds account for Paragon, and an assignment of certain insurances taken in relation to Paragon.

## For The Period Ended 29 February 2016

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

#### Statement of Cash Flows

	2Q 2016 S\$'000	2Q 2015 S\$'000	1H 2016 S\$'000	1H 2015 S\$'000
<b>Cash flows from operating activities</b>				
Total return for the period	30,248	30,933	60,077	59,534
Adjustments for:				
Manager's fee paid/payable in units	4,086	4,027	8,145	7,958
Depreciation of plant and equipment	52	34	99	68
Finance income	(235)	(160)	(476)	(252)
Finance costs	6,041	4,986	12,028	9,951
Amortisation of intangible asset	478	756	1,222	1,624
Operating cash flow before working capital changes	40,670	40,576	81,095	78,883
Changes in operating assets and liabilities				
Trade and other receivables	518	(135)	70	419
Trade and other payables	2,381	241	192	(353)
<b>Net cash from operating activities</b>	<b>43,569</b>	<b>40,682</b>	<b>81,357</b>	<b>78,949</b>
<b>Cash flows from investing activities</b>				
Additions to investment properties	(2,142)	(3,804)	(3,444)	(4,955)
Purchase of plant and equipment	(72)	(12)	(82)	(12)
Interest received	203	133	455	215
<b>Net cash used in investing activities</b>	<b>(2,011)</b>	<b>(3,683)</b>	<b>(3,071)</b>	<b>(4,752)</b>
<b>Cash flows from financing activities</b>				
Distribution to unitholders	(33,696)	(33,489)	(68,854)	(68,437)
Interest paid	(5,201)	(5,034)	(11,215)	(9,557)
<b>Net cash used in financing activities</b>	<b>(38,897)</b>	<b>(38,523)</b>	<b>(80,069)</b>	<b>(77,994)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,661</b>	<b>(1,524)</b>	<b>(1,783)</b>	<b>(3,797)</b>
Cash and cash equivalents at beginning of the period	72,911	88,385	77,355	90,658
<b>Cash and cash equivalents at end of the period</b>	<b>75,572</b>	<b>86,861</b>	<b>75,572</b>	<b>86,861</b>

## For The Period Ended 29 February 2016

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

	2Q 2016	2Q 2015	1H 2016	1H 2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at beginning of period</b>	<b>2,393,399</b>	<b>2,349,533</b>	<b>2,397,810</b>	<b>2,353,066</b>
<b><u>Operations</u></b>				
Total return for the period / net increase in assets resulting from operations	30,248	30,933	60,077	59,534
<b><u>Hedging reserve</u></b>				
Effective portion of changes in fair value of cash flow hedges <sup>1</sup>	(2,324)	4,686	(5,465)	3,569
<b><u>Unitholders' transactions</u></b>				
Distribution to unitholders	(33,696)	(33,489)	(68,854)	(68,437)
Manager's fee paid/payable in units	4,086	4,027	8,145	7,958
	(29,610)	(29,462)	(60,709)	(60,479)
<b>Balance as at end of period</b>	<b>2,391,713</b>	<b>2,355,690</b>	<b>2,391,713</b>	<b>2,355,690</b>

Note:

1. This relates to interest rate swap arrangements.

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

	2Q 2016	2Q 2015	1H 2016	1H 2015
	No. of units	No. of units	No. of units	No. of units
<b>Issued units as at beginning of period</b>	<b>2,533,520,750</b>	<b>2,517,955,179</b>	<b>2,529,309,302</b>	<b>2,514,276,488</b>
Manager's fee paid in units <sup>1</sup>	4,392,146	3,703,989	8,603,594	7,382,680
<b>Issuable units:</b>				
Manager's fee payable in units <sup>2</sup>	4,397,231	3,845,216	4,397,231	3,845,216
<b>Total issued and issuable units as at end of period</b>	<b>2,542,310,127</b>	<b>2,525,504,384</b>	<b>2,542,310,127</b>	<b>2,525,504,384</b>

## For The Period Ended 29 February 2016

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

Notes:

1. For 1H 2016, there were 4,392,146 units, and 4,211,448 units issued to the REIT Manager as satisfaction of management fee for the 1Q 2016 ended 30 November 2015 and 4Q 2015 ended 31 August 2015, respectively. For 1H 2015, there were 3,703,989 units, and 3,678,691 units issued to the REIT Manager as satisfaction of management fee for the 1Q 2015 ended 30 November 2014 and 4Q 2014 ended 31 August 2014, respectively.
2. There are 4,397,231 units to be issued to the REIT Manager as satisfaction of management fee incurred for the current quarter. This is calculated based on volume weighted average traded price for the last 10 business days for the respective periods, as provided in the Trust Deed. As at 28 February 2015, there were 3,845,216 units to be issued to the REIT Manager as satisfaction of management fee for 2Q 2015.

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

As at 29 February 2016, SPH REIT had 2,537,912,896 units (31 August 2015: 2,529,309,302 units).

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

Not applicable.

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

The financial information for the second quarter and half year ended 29 February 2016 as set out in this announcement has been extracted from the interim financial information for the second quarter and half year ended 29 February 2016, which has been reviewed by our auditors, KPMG LLP, in accordance with the Singapore Standard on Review Engagement 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

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

Please refer to the attached auditor's review report.

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

The accounting policies and methods of computation have been consistently applied during the current reporting period.

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

The financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements of the previous financial year, except for new or amended accounting policies adopted in the Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" which became effective from this financial year.

The adoption of the new/revised accounting policies has not resulted in any substantial changes to SPH REIT's accounting policies nor any significant impact on these financial statements.

## For The Period Ended 29 February 2016

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

	2Q 2016	2Q 2015	1H 2016	1H 2015
<b><u>Earnings per unit</u></b>				
Weighted average number of units <sup>1</sup>	2,537,960,692	2,521,701,423	2,535,752,852	2,521,640,035
Total return for the period after tax (S\$'000)	30,248	30,933	60,077	59,534
EPU (basic and diluted) (cents)	1.19	1.23	2.37	2.36
<b><u>Distribution per unit</u></b>				
Total number of units in issue at end of period	2,537,912,896	2,521,659,168	2,537,912,896	2,521,659,168
Distribution to Unitholders <sup>2</sup> (\$'000)	35,531	35,303	69,227	68,792
DPU <sup>3</sup> (cents)	1.40	1.40	2.73	2.73

Notes:

1. The weighted average number of units was based on the number of units in issue and issuable units to the Manager.
2. As shown in 1(a)(ii) Distribution Statement.
3. The DPU was computed based on the number of units entitled to distribution.

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

	As at 29 Feb 16	As at 31 Aug 15
NAV per unit <sup>1</sup> (S\$)	0.94	0.95

Note:

1. The NAV per unit was computed based on the number of units in issue as at balance sheet date.

### 8. Review of Performance

#### **Review of Results for the Second Quarter ended 29 February 2016 (“2Q 2016”) compared with the Second Quarter ended 28 February 2015 (“2Q 2015”)**

Gross revenue for 2Q 2016 grew by S\$0.6 million (1.2%) to S\$53.1 million, on the back of higher rental income achieved by both Paragon and The Clementi Mall.

Property operating expenses of S\$12.5 million was S\$0.3 million (2.3%) higher than 2Q 2015, mainly due to additional one-off provision for prior year property tax based on the assessment received. The increase was cushioned by savings in utilities from lower tariff rate and more efficient consumption for the new chillers, as well as lower marketing expenses.

Consequently, net property income (“NPI”) of S\$40.6 million for 2Q 2016 was S\$0.3 million (0.9%) above 2Q 2015. Excluding the effect of prior year provision, NPI was S\$41.5 million, an increase of S\$1.3 million (3.2%) compared to 2Q FY15.

Total return for Q2 2016 decreased by S\$0.7 million (2.2%) to S\$30.2 million, mainly due to higher finance cost.

Income available for distribution of S\$36.4 million for 2Q 2016 was marginally higher by S\$0.1 million (0.2%) compared to 2Q 2015.

#### **Review of Results for the Half Year ended 29 February 2016 (“1H 2016”) compared with the Half Year ended 28 February 2015 (“1H 2015”)**

Gross revenue for 1H 2016 was up S\$2.1 million (2.0%) to S\$105.2 million. The positive results were driven by rental uplift for Paragon and The Clementi Mall of 4.3% and 3.1% respectively for new or renewed leases in 1H 2016. Paragon achieved a moderate rental reversion notwithstanding the prevailing weak retail sentiment.

Property operating expenses was S\$24.5 million, S\$0.5 million (2.0%) lower against 1H 2015. Savings in utilities and lower marketing expenses were partially offset by higher property tax and property management fees.

Consequently, NPI of S\$80.7 million for 1H 2016, was S\$2.6 million (3.3%) above the same period last year. NPI margin of 76.7% was achieved, better than 1H 2015 of 75.8%.

Total return increased by S\$0.5 million (3.1%) to S\$60.1 million for 1H 2016. This was mainly attributable to higher NPI and finance income partially offset by increase in finance cost. The average cost of debt was 2.84% p.a. for 1H 2016.

Income available for distribution of S\$71.7 million for 1H 2016 was S\$1.4 million (1.9%) higher compared to 1H 2015.

### 9. Variance from Prospect Statement

No forecast was made previously.

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

According to the Ministry of Trade and Industry (MTI), the Singapore economy grew by 2.0% in 2015, slower than the 3.3% in 2014. The global economic outlook has softened since the start of the year and global growth for 2016 is now expected to be only marginally better than in 2015. Downside risks have also increased. Domestically, manpower constraints will continue to weigh on the growth of labour-intensive services sectors such as food services. Against this backdrop, MTI expects the Singapore economy to grow at a modest pace of between 1.0% and 3.0% in 2016.

The retail environment remains challenging. Based on preliminary figures released by the Singapore Department of Statistics (DOS), the retail sales index (excluding motor vehicles) declined year-on-year (y-o-y) by 3.7% in Q4 2015, reversing the growth of 0.5% in Q3 2015. The decline in sales in Q4 2015 was marginal for supermarkets and department stores, while larger decline was registered in other segments such as wearing apparel and footwear (2.6%), watches and jewellery (3.7%), food and beverage (11.5%).

According to the Singapore Tourism Board (STB), the international visitor arrivals (IVA) grew y-o-y by 0.9% to 15.2 million in 2015. Tourism receipts fell by 6.8% to S\$22.0 billion, largely due to decline in business travel segment. STB expects modest growth in 2016 amidst global uncertainties and increasing regional competition.

SPH REIT has a portfolio of two high quality and well-positioned retail properties in prime locations. Paragon had remained resilient and turned in a steady performance through previous economic cycles. The Clementi Mall continued to attract steady footfall. The Manager will continue to proactively manage the properties to deliver sustainable returns while seeking new opportunities to create value for unitholders.

**11. Distribution**

**(a) Current Financial Period**

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

Name of distribution:	Distribution for the period from 1 December 2015 to 29 February 2016
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.40 cents per unit
Par value of units:	Not applicable.
Tax rate:	<p>Taxable Income Distribution:</p> <p>Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.</p> <p>Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors during the period from 18 February 2005 to 31 March 2020.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p>

**11. Distribution**

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

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

Name of distribution:	Distribution for the period from 1 December 2014 to 28 February 2015
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.40 cents per unit
Par value of units:	Not applicable.
Tax rate:	<p>Taxable Income Distribution:</p> <p>Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.</p> <p>Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors during the period from 18 February 2005 to 31 March 2015.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p>

**(c) Date payable**

The date the distribution is payable: Tuesday, 13 May 2016.

**(d) Record date**

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 12 April 2016 for purposes of determining each Unitholder's entitlement to SPH REIT distribution.

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

Not applicable.

## For The Period Ended 29 February 2016

### 13. Segment Results

	2Q 2016	2Q 2015	Change	1H 2016	1H 2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b><u>Gross Revenue</u></b>						
Paragon	43,224	42,720	1.2	85,553	83,538	2.4
The Clementi Mall	9,866	9,734	1.4	19,632	19,551	0.4
Total	53,090	52,454	1.2	105,185	103,089	2.0
<b><u>Net Property Income</u></b>						
Paragon	33,337	33,261	0.2	66,436	64,252	3.4
The Clementi Mall	7,272	6,994	4.0	14,277	13,876	2.9
Total	40,609	40,255	0.9	80,713	78,128	3.3

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

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

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

### **BY ORDER OF THE BOARD**

Lim Wai Pun  
Khor Siew Kim

Company Secretaries

Singapore,  
4 April 2016



**SPH REIT Management Pte. Ltd.**

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## **CONFIRMATION BY THE BOARD Pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the financial results of the Trust (comprising the balance sheet, statement of total return and distribution statement, statement of changes in Unitholders' funds and cashflow statement, together with their accompanying notes) as at 29 February 2016, to be false or misleading in any material respect.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Soon Tit Koon'.

**SOON TIT KOON**  
*Director*

A handwritten signature in black ink, appearing to read 'Anthony Mallek'.

**ANTHONY MALLEK**  
*Director*

Singapore,  
4 April 2016



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**The Board of Directors  
SPH REIT Management Pte Ltd  
(in its capacity as Manager of SPH REIT)**

**Review of the Interim Financial Information  
For the Second Quarter and Half Year Ended 29 February 2016**

We have reviewed the accompanying Balance Sheet and Portfolio Statement of SPH REIT (the "Trust") as at 29 February 2016, the Statement of Total Return, Distribution Statement, Statement of Changes in Unitholders' Funds and Statement of Cash Flows of the Trust for the Second Quarter and Half Year ended 29 February 2016 ("Interim Financial Information"), as set out on pages 3 to 12.

The Manager of the Trust is responsible for the preparation and presentation of this Interim Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice ("RAP") 7 Reporting Framework for Unit Trusts relevant to interim financial information. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

**Scope of review**

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with the provisions of RAP 7 Reporting Framework for Unit Trusts relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants.

**Restriction on use**

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting the Trust to meet the requirements of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Trust's announcement of its interim financial information for the information of its unitholders. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.

*KPMG HF*

**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
4 April 2016



## SPH REIT achieved steady performance

- 2Q 2016 DPU was 1.40 cents
- Resilient portfolio occupancy of 99.9%

**SINGAPORE, April 4, 2016** – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that gross revenue for the second quarter ended 29 February 2016 (“2Q 2016”) grew \$0.6m (1.2%) to \$53.1m, on the back of higher rental income. Net property income (“NPI”) of \$40.6m was \$0.3m (0.9%) higher in 2Q 2016 compared to the same quarter last year (“2Q 2015”). The current quarter’s results included additional one-off provision for prior year property tax based on the assessment received. Excluding the effect of prior year provision, NPI was S\$41.5 million, an increase of S\$1.3 million (3.2%) compared to 2Q FY15.

Income available for distribution to unitholders increased marginally by S\$0.1 million (0.2%) to \$36.4m for 2Q 2016. Distribution per unit (“DPU”) for 2Q 2016 was maintained at 1.40 cents, same as 2Q 2015. The aggregate DPU was 2.73 cents for the half year ended 29 February 2016 (“1H 2016”). The 2Q 2016 distribution will be paid to unitholders on 13 May 2016.

### Steady and resilient operational performance

Both properties continued to demonstrate resilience and achieved positive rental reversion.

Paragon’s occupancy was 99.9% as at 29 February 2016. Notwithstanding the prevailing weak retail sentiment, Paragon achieved a moderate rental uplift of 4.3% for new and renewed leases in 1H 2016. The Clementi Mall remained fully leased, with positive rental reversion of 3.1% in 1H 2016.

## **Capital Management**

SPH REIT has a well-staggered debt maturity profile, with weighted average term to maturity of 2.4 years and gearing level of 25.7% as at 29 February 2016. It registered an average cost of debt of 2.84% p.a. for 1H 2016. To mitigate exposure to interest rate risk, 84.7% of the total borrowing was on fixed rate basis.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd. said: "SPH REIT has continued to deliver a steady performance amid modest economic outlook and challenging retail environment. Paragon achieved healthy rental reversion, despite several quarters' of rental decline reported for Orchard Road<sup>1</sup>. We are pleased to welcome several retailers which strengthen and refresh Paragon's fashion and food & beverage (F&B) offerings. The Clementi Mall continues to gain traction as a necessity mall in an established population catchment area.

"We remain focused on opportunities to create value and strengthen long-term sustainability of the properties. The Air Handling Unit (AHU) decanting project at Paragon is progressing on schedule. The planning for The Clementi Mall's reconfiguration project, primarily at basement, is underway. Barring any unforeseen circumstances, the two properties are expected to remain resilient, and turn in a steady performance."

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<sup>1</sup> In the Q42015 report, Colliers reported that Orchard Road micro-market registered the steepest fall in rents among the retail submarkets in Q4 2015, as it entered its seventh consecutive quarter of decline. Similarly, CBRE reported on the continued fall of Orchard Road sub-market's average prime rent for the fourth quarter.

## **Summary Results of SPH REIT**

	<b>2Q 2016 \$'000</b>	<b>2Q 2015 \$'000</b>	<b>Change %</b>
Gross revenue	53,090	52,454	1.2
Net property income <sup>1</sup>	40,609	40,255	0.9
Income available for distribution <sup>2</sup>	36,425	36,342	0.2
Distribution to Unitholders <sup>3</sup>	35,531	35,303	0.6
Distribution per unit (cents)	1.40	1.40	-

Notes:

1. Included additional one-off provision for prior year property tax based on the assessment received. Excluding the effect of prior year provision, NPI was \$41.5 million, an increase of \$1.3 million (3.2%) compared to 2Q FY15.
2. The prior year provision does not have an effect on current year's distribution.
3. For 2Q 2016, the distribution to unitholders was 97.5% of taxable income available for distribution.

	<b>1H 2016 \$'000</b>	<b>1H 2015 \$'000</b>	<b>Change %</b>
Gross revenue	105,185	103,089	2.0
Net property income	80,713	78,128	3.3
Income available for distribution	71,733	70,373	1.9
Distribution to Unitholders <sup>1</sup>	69,227	68,792	0.6
Distribution per unit (cents)	2.73	2.73	-
Annualised distribution yield (%)	5.81 <sup>2</sup>	5.24 <sup>3</sup>	10.9

Notes:

1. For 1H 2016, the distribution to unitholders was 96.5% of taxable income available for distribution.
2. Based on \$0.945 per unit closing price on 29 February 2016.
3. Based on \$1.050 per unit closing price on 27 February 2015.

For further information and enquiries, please contact:

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## **ABOUT SPH REIT**

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

Its portfolio of properties comprises a 99-year leasehold interest in Paragon commencing on the date of listing of SPH REIT and a 99-year leasehold interest in The Clementi Mall commencing on 31 August 2010. Valued at S\$3.21 billion with an aggregate net lettable area of approximately 900,000 sq ft, the properties have a committed occupancy of 99.9% and have a diverse and high quality tenant base of about 440 local and international retailers and medical specialists.

Visit SPH REIT's website at [www.sphreit.com.sg](http://www.sphreit.com.sg) for more details.

## **ABOUT THE REIT MANAGER: SPH REIT MANAGEMENT PTE. LTD.**

SPH REIT is managed by SPH REIT Management Pte. Ltd., a wholly-owned subsidiary of Singapore Press Holdings Limited. The Manager's key objective for SPH REIT is to provide Unitholders with regular and stable distributions, and sustainable long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure.

## **ABOUT THE SPONSOR: SINGAPORE PRESS HOLDINGS**

Incorporated in 1984, main board-listed Singapore Press Holdings Ltd (SPH) is Asia's leading media organisation, engaging minds and enriching lives across multiple languages and platforms, ranging from print, digital, radio and out-of-home media.

SPH owns award-winning newspapers, magazines and best-selling books in both print and digital editions, as well as online classified businesses in the region. In addition, SPH has two English radio stations and one Chinese radio station, an out-of-home digital advertising unit, a regional events and conferences arm, and runs a chain of modern retail convenience stores. SPH also has a 20 per cent stake in MediaCorp TV Holdings Pte Ltd, which operates free-to-air channels 5, 8 and U, and a 40 per cent stake in MediaCorp Press Limited, which publishes the free newspaper, Today.

SPH owns 70 per cent of SPH REIT, which comprises Paragon, a premier upscale retail mall and medical suite/office property in Orchard Road and The Clementi Mall, a mid-market suburban mall. SPH's latest retail development is The Seletar Mall located in Sengkang.

For more information, please visit [www.sph.com.sg](http://www.sph.com.sg).

## **Important Notice**

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



# 2Q FY16 Financial Results

4 April 2016

# Disclaimer

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in SPH REIT (“Units”). The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of SPH REIT is not necessarily indicative of its future performance. This presentation may also contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

This presentation shall be read in conjunction with SPH REIT’s financial results for the second quarter and half year ended 29 February 2016 in the SGXNET announcement.

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# Key Highlights

- Net property income for 2Q FY16 up 0.9% year-on-year
- 2Q FY16 DPU was 1.40 cents
- 1H FY16 DPU was 2.73 cents
- Annualised distribution yield was 5.81% (based on closing price of \$0.945 per unit on 29 February 2016)
- Asset enhancement project progressing on schedule
- Strong balance sheet, with low gearing of 25.7% and 84.7% debt on fixed rate

## Resilient performance

	2Q FY16 S\$'000	2Q FY15 S\$'000	Change %
Gross revenue	53,090	52,454	▲ 1.2%
Property expenses <sup>(a)</sup>	(12,481)	(12,199)	▲ (2.3)%
Net property income (NPI) <sup>(a)</sup>	40,609	40,255	▲ 0.9%
Income available for distribution <sup>(b)</sup>	36,425	36,342	▲ 0.2%
Distribution to Unitholders <sup>(c)</sup>	35,531	35,303	▲ 0.6%
Distribution per unit (DPU) (cents)	1.40	1.40	-

Notes:

(a) Included additional one-off provision for prior year property tax based on the assessment received. Excluding the effect of prior year provision, NPI was \$41.5 million, an increase of \$1.3 million (3.2%) compared to 2Q FY15.

(b) The prior year provision does not have an effect on current year's distribution.

(c) For 2Q 2016, the distribution to unitholders was 97.5% of taxable income available for distribution.

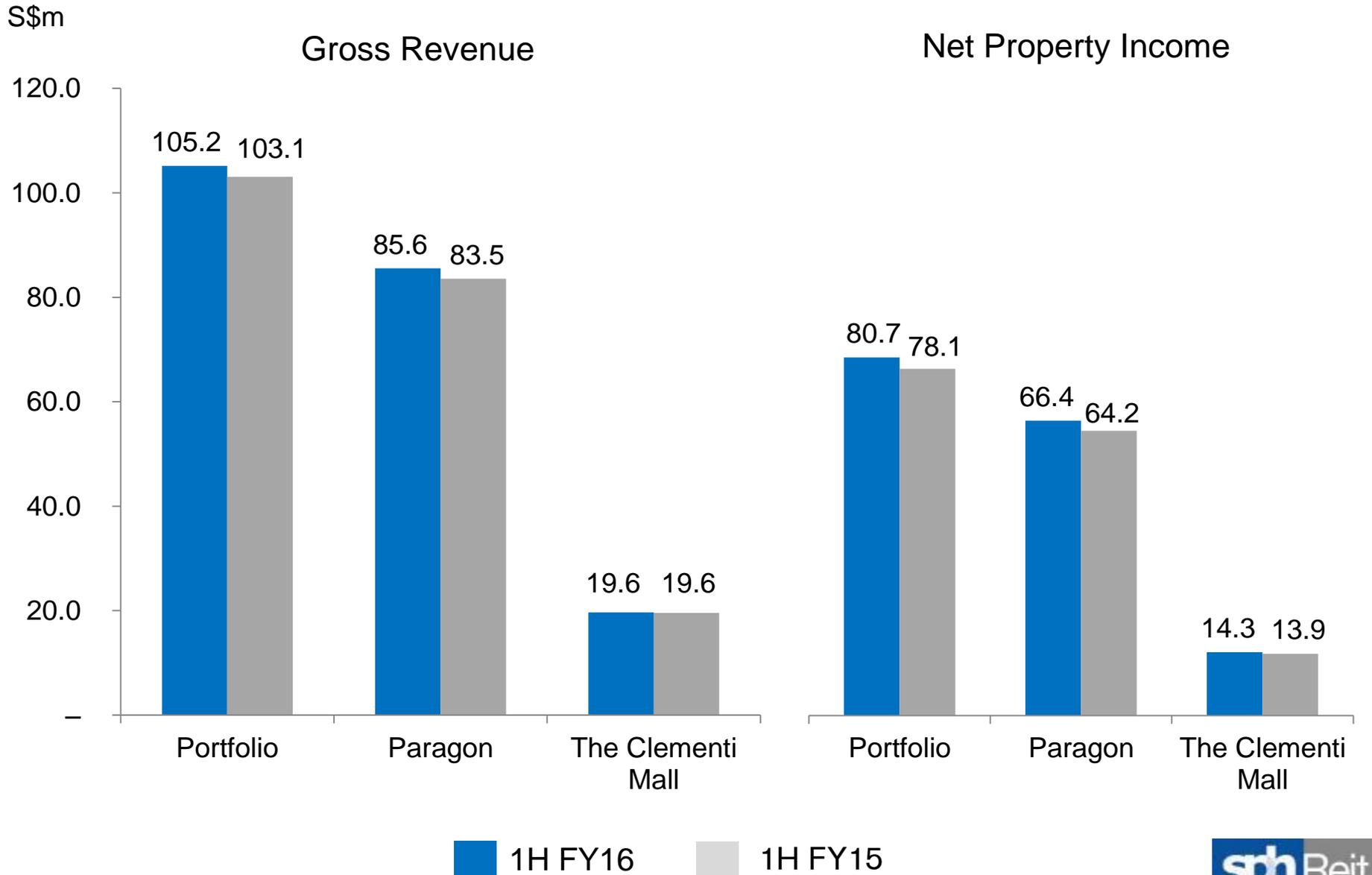
## Resilient performance

	1H FY16 S\$'000	1H FY15 S\$'000	Change %
Gross revenue	105,185	103,089	▲ 2.0%
Property expenses	(24,472)	(24,961)	▼ 2.0%
Net property income (NPI)	80,713	78,128	▲ 3.3%
Income available for distribution	71,733	70,373	▲ 1.9%
Distribution to Unitholders <sup>(a)</sup>	69,227	68,792	▲ 0.6%
Distribution per unit (DPU) (cents)	2.73	2.73	-

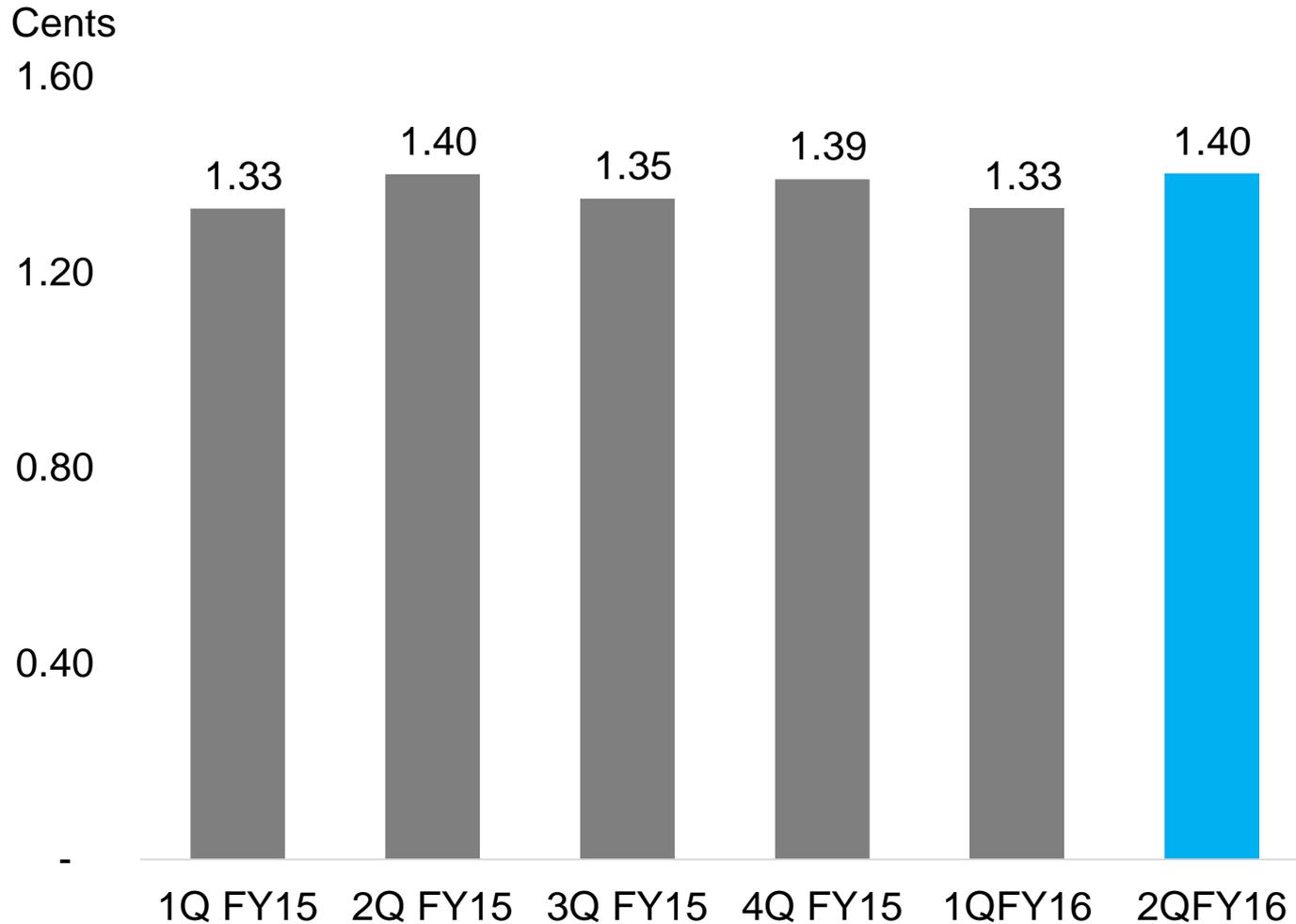
Note:

(a) For 1H 2016, the distribution to unitholders was 96.5% of taxable income available for distribution.

# Higher gross revenue and NPI



# Stable and regular DPU



# Balance sheet



# Financial position

	As at 29 February 2016 S\$'000	As at 31 August 2015 S\$'000
Total assets	3,306,789	3,309,621
Total liabilities	915,076	911,811
Net assets	2,391,713	2,397,810
Net asset value per unit	S\$0.94	S\$0.95
Gearing <sup>(a)</sup>	25.7%	25.7%

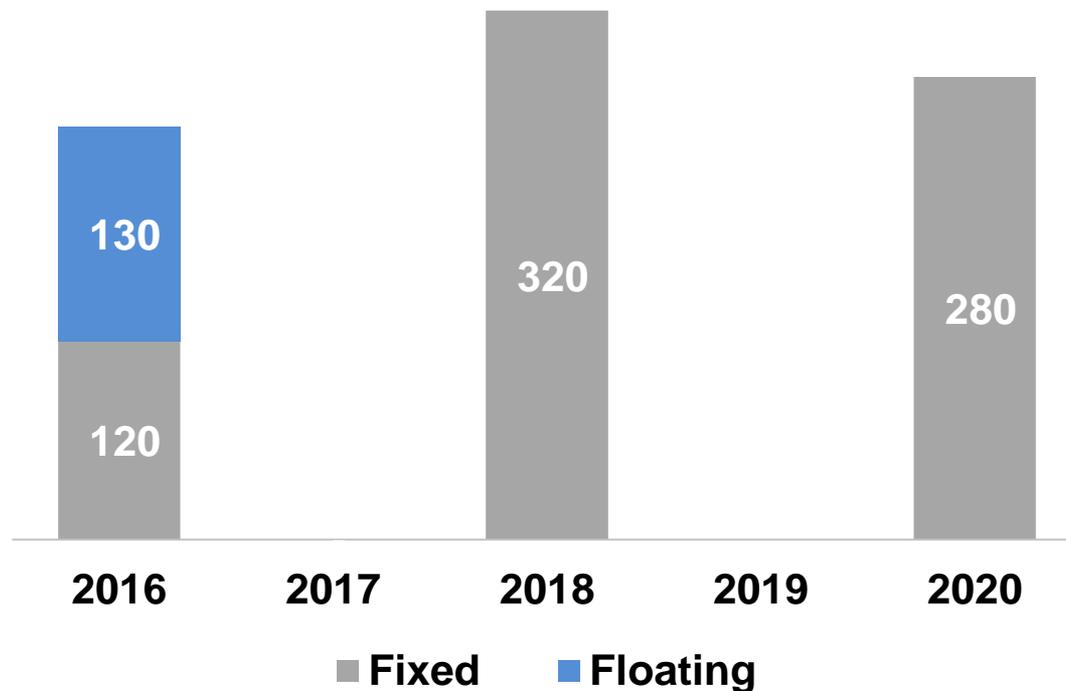
Note:

(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: 2.4 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 99.9% as at 29 February 2016.
- Notwithstanding the prevailing weak retail sentiment, Paragon achieved a moderate rental uplift of 4.3% for new and renewed leases in 1H 2016
- The Clementi Mall remained fully leased, with positive rental reversion of 3.1% in 1H 2016.
- 1H FY16 visitor traffic held steady year-on-year
- Staggered portfolio lease renewal

# Rental reversion up 4.3% for the portfolio

	Number of renewals / new leases <sup>(a)</sup>	NLA renewed / new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates <sup>(c)</sup>
Paragon	64	160,683	22.5%	4.3%
The Clementi Mall	6	2,131	1.1%	3.1%
SPH REIT Portfolio	70	162,814	18.0% <sup>(b)</sup>	4.3%

Notes:

(a) For expiries in 1H FY16.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 905,260sqft as at 29 February 2016.

(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 were typically committed three years ago.

# Staggered portfolio lease renewal

## Weighted Average Lease Expiry (WALE) as at 29 February 2016

By NLA 2.0 years

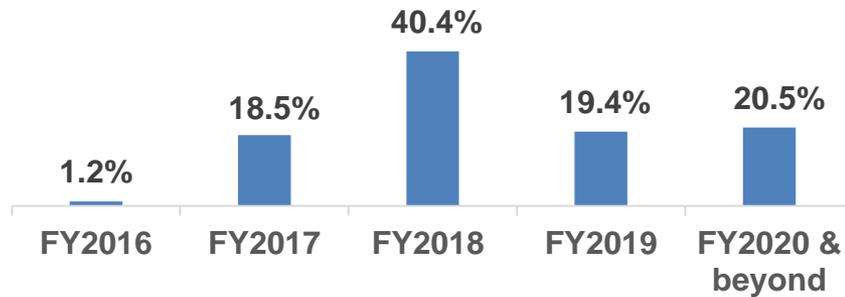
By Gross Rental Income 2.3 years

## Lease expiry as at 29 February 2016

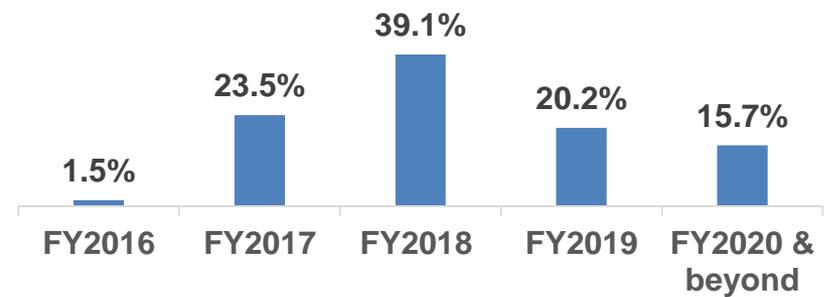
	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020 and beyond</b>
Expiries as a % of total NLA	1.2%	36.4%	32.0%	17.9%	12.5%
Expiries as a % of Gross rental income	1.0%	30.5%	34.4%	17.2%	16.9%

# Paragon: Staggered lease expiry

## Expiry by Gross Rental Income

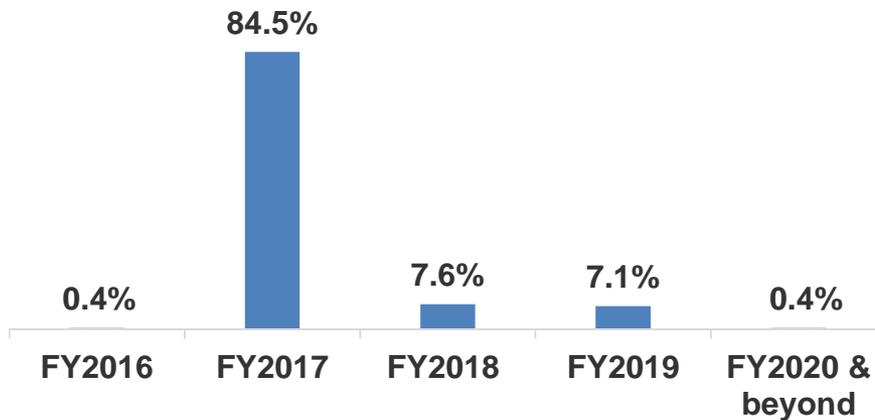


## Expiry by NLA

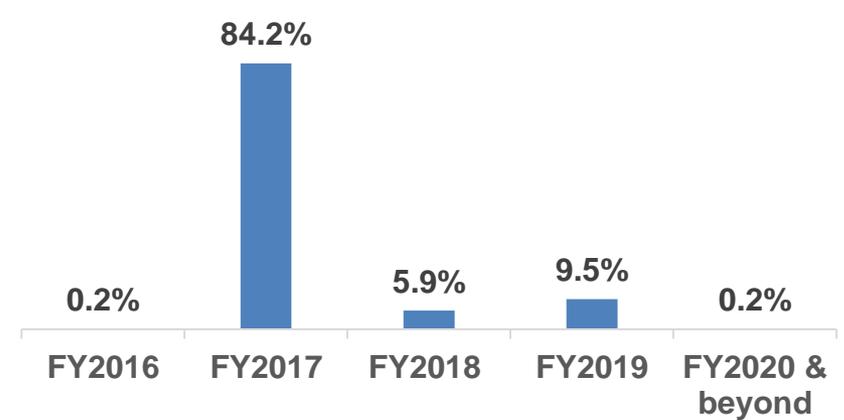


**The Clementi Mall (a) :**  
**tenant retention rate of more than 90% for first renewal cycle**

## Expiry by Gross Rental Income



## Expiry by NLA



Note:

(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<sup>(1)</sup> 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 our product offering to our shoppers.

**DIESEL**

**GOCCO**

**Optic**  **Butler**



treasures

by

Imperial Treasure

一点心

Yi Dian Xin



銀座串勝

GINZA KUSHI-KATSU



Dutch Baby Cafe

Duffy Geymoh Sandaka

**sph**Reit

# Continual asset enhancement

## 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 mid 2018 to minimise disruption to tenants.
- Progressing on schedule.
- Emporio Armani has pre-committed to take up part of the reconfigured space at level 1.
- Reconfigure space at level 3 to create a bigger Marks & Spencer and more specialty units for wider range of offering.

# Market outlook

- **Outlook for Singapore economy remains modest**
  - According to the Ministry of Trade and Industry (MTI), the Singapore economy grew by 2.0% in 2015, slower than the 3.3% in 2014.
  - The Singapore economy is expected to grow at a modest pace of between 1.0% and 3.0% in 2016.
  - Manpower constraints continue to weigh on the growth of labour-intensive services sectors such as food services.
- **STB expects modest growth in 2016 amidst global uncertainties and increasing regional competition**
  - International visitor arrivals (IVA) grew y-o-y by 0.9% to 15.2 million in 2015.
  - Tourism receipts fell by 6.8% to S\$22.0 billion in 2015, largely due to decline in business travel segment.
- **Retail environment remains challenging**
  - The retail sales index (excluding motor vehicles) declined y-o-y by 3.7% in Q4 2015, reversing the growth of 0.5% in Q3 2015.
  - The decline in sales in Q4 2015 was marginal for supermarkets and department stores, while larger decline was registered in other segments such as wearing apparel and footwear (2.6%), watches and jewellery (3.7%), food and beverage (11.5%).

## Distribution details and timetable

Distribution period	2Q FY16 (1 December 2015 – 29 February 2016)
Distribution per unit	1.40 cents per unit
Ex-date	08 April 2016
Record date	12 April 2016
Payment date	13 May 2016

# Thank You

Please visit [www.sphreit.com.sg](http://www.sphreit.com.sg) for more information.