

## Financial Statements and Related Announcement::First Quarter 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>	12-Jan-2015 19:10:24
<b>Status</b>	New
<b>Announcement Sub Title</b>	First Quarter Results
<b>Announcement Reference</b>	SG1501120THRGJ0E
<b>Submitted By (Co./ Ind. Name)</b>	Khor Siew Kim
<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>	<p>The Announcement, Press Release and Results Presentation are attached.</p> <p>Sponsorship Statement: Credit Suisse (Singapore) Limited was the sole global coordinator and issue manager for the initial public offering of SPH REIT (the "Offering"). Credit Suisse (Singapore) Limited, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited were the joint bookrunners and underwriters of the Offering (collectively, the "Joint Bookrunners").</p> <p>The Joint Bookrunners for the Offering assume no responsibility for the contents of this announcement.</p>

## Additional Details

<b>For Financial Period Ended</b>	30/11/2014
<b>Attachments</b>	<p><a href="#">SPHREITSGX Announcement Q1FY15.pdf</a></p> <p><a href="#">SPH REIT Press Release Q1FY15.pdf</a></p> <p><a href="#">SGXREIT Results Presentation Slides 1QFY15.pdf</a></p> <p>Total size =3186K</p>

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**SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT \***  
**FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2014**

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

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

Credit Suisse (Singapore) Limited was the sole global coordinator and issue manager for the initial public offering of SPH REIT (the "Offering"). Credit Suisse (Singapore) Limited, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited were the joint bookrunners and underwriters of the Offering (collectively, the "Joint Bookrunners").

The Joint Bookrunners for the Offering assume no responsibility for the contents of this announcement.

### 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.

The financial information as set out in this announcement for the first quarter ended 30 November 2014 has been extracted from the interim financial information for the first quarter ended 30 November 2014, 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.

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

## For The First Quarter Ended 30 November 2014

### 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

	1Q 2015	1Q 2014 <sup>1</sup>	Change
	S\$'000	S\$'000	%
Gross revenue	50,635	49,718	1.8
Property operating expenses	(12,762)	(13,607)	(6.2)
<b>Net property income</b>	<b>37,873</b>	<b>36,111</b>	<b>4.9</b>
Income support <sup>2</sup>	868	1,151	(24.6)
Amortisation of intangible asset	(868)	(1,151)	(24.6)
Manager's management fees	(3,930)	(3,790)	3.7
Trust expenses <sup>3</sup>	(469)	(471)	(0.4)
Finance income	92	21	NM
Finance costs	(4,965)	(4,886)	1.6
<b>Total return before taxes and distribution</b>	<b>28,601</b>	<b>26,985</b>	<b>6.0</b>
Less: income tax	-	-	NM
<b>Total return after taxes and before distribution</b>	<b>28,601</b>	<b>26,985</b>	<b>6.0</b>

Notes:

1. The comparative figures were for the quarter from 1 September 2014 to 30 November 2014. These figures were extracted from SPH REIT's inaugural results announcement which was reviewed by KPMG LLP for the period from 24 July 2013 (listing date) to 30 November 2013.
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.

NM *Not Meaningful*

## For The First Quarter Ended 30 November 2014

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

	1Q 2015	1Q 2014	Change
	S\$'000	S\$'000	%
<b>Total return after taxes and before distribution</b>	<b>28,601</b>	<b>26,985</b>	<b>6.0</b>
Add: Non-tax deductible items <sup>1</sup>	5,430	5,560	(2.3)
<b>Income available for distribution</b>	<b>34,031</b>	<b>32,545</b>	<b>4.6</b>
<b>Distribution to Unitholders<sup>2</sup></b>	<b>33,489</b>	<b>32,545</b>	<b>2.9</b>

Note:

1. Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, amortisation of income support and amortisation of debt issuance costs.
2. For 1Q 2015, SPH REIT had retained S\$0.5 million of taxable income available for distribution to unitholders for distribution in FY2015.

## For The First Quarter Ended 30 November 2014

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

#### Balance Sheet

	As at 30 Nov 14	As at 31 Aug 14
	S\$'000	S\$'000
<b>Non-current assets</b>		
Plant and equipment	1,029	1,055
Investment properties <sup>1</sup>	3,161,247	3,159,000
Intangible asset <sup>2</sup>	11,540	12,408
	<u>3,173,816</u>	<u>3,172,463</u>
<b>Current assets</b>		
Trade and other receivables	5,364	5,912
Cash and cash equivalents	88,385	90,658
	<u>93,749</u>	<u>96,570</u>
<b>Total assets</b>	<b><u>3,267,565</u></b>	<b><u>3,269,033</u></b>
<b>Non-current liabilities</b>		
Borrowing	843,604	843,125
Derivative financial instruments <sup>3</sup>	9,874	8,758
Trade and other payables	25,663	28,953
	<u>879,141</u>	<u>880,836</u>
<b>Current liabilities</b>		
Trade and other payables	38,891	35,131
	<u>38,891</u>	<u>35,131</u>
<b>Total liabilities</b>	<b><u>918,032</u></b>	<b><u>915,967</u></b>
<b>Net assets attributable to Unitholders</b>	<b><u>2,349,533</u></b>	<b><u>2,353,066</u></b>

Notes:

1. The fair value of Paragon and The Clementi Mall as at 31 August 2014 was S\$2,588.0 million and S\$571.0 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 30 November 2014 of the interest rate swap contracts to swap floating rates for fixed interest rates.

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

**Secured borrowing**

	<b>As at 30 Nov 14 S\$'000</b>	<b>As at 31 Aug 14 S\$'000</b>
Amount repayable within one year	-	-
Amount repayable after one year	843,604	843,125

**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\$843.6 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 23 July 2016, S\$300 million on 23 July 2018 and S\$300 million on 22 July 2020.

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.

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**

	<b>1Q 2015</b>	<b>1Q 2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Total return for the period	28,601	26,985
Adjustments for:		
Manager's fee paid/payable in units	3,930	3,790
Depreciation of plant and equipment	34	23
Finance income	(92)	(21)
Finance costs	4,965	4,886
Amortisation of intangible asset	868	1,151
Operating cash flow before working capital changes	38,306	36,814
Changes in operating assets and liabilities		
Trade and other receivables	554	11,201
Trade and other payables	(593)	5,755
<b>Net cash from operating activities</b>	<b>38,267</b>	<b>53,770</b>
<b>Cash flows from investing activities</b>		
Capital expenditure on investment properties	(1,151)	(933)
Purchase of plant and equipment	-	(94)
Interest received	82	13
<b>Net cash used in investing activities</b>	<b>(1,069)</b>	<b>(1,014)</b>
<b>Cash flows from financing activities</b>		
Issue expenses paid	-	(2,414)
Distribution to unitholders <sup>1</sup>	(34,948)	-
Interest paid	(4,523)	(4,436)
<b>Net cash used in financing activities</b>	<b>(39,471)</b>	<b>(6,850)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,273)</b>	<b>45,906</b>
Cash and cash equivalents at beginning of the period	90,658	60,872
<b>Cash and cash equivalents at end of the period</b>	<b>88,385</b>	<b>106,778</b>

Note:

1. Distribution to unitholders in 1Q 2015 relates to distribution for the period from 1 June 2014 to 31 August 2014. SPH REIT's inaugural distribution for the period 24 July 2013 (listing date) to 30 November 2013 was paid on 14 February 2014 in 2Q 2014.



## For The First Quarter Ended 30 November 2014

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

	1Q 2015	1Q 2014
	S\$'000	S\$'000
<b>Balance as at beginning of period</b>	<b>2,353,066</b>	<b>2,243,788</b>
<b><u>Operations</u></b>		
Total return for the quarter / net increase in assets resulting from operations	28,601	26,985
<b><u>Hedging reserve</u></b>		
Movement in hedging reserve <sup>1</sup>	(1,116)	(6,631)
<b><u>Unitholders' transactions</u></b>		
Distribution to unitholders	(34,948)	-
Manager's fee paid/payable in units	3,930	3,790
	(31,018)	3,790
<b>Balance as at end of period</b>	<b>2,349,533</b>	<b>2,267,932</b>

Note:

1. This relates to the hedging reserve arising from interest rate swap arrangements.

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

	1Q 2015	1Q 2014
	No. of units	No. of units
<b>Issued units as at beginning of period</b>	<b>2,514,276,488</b>	<b>2,500,995,000</b>
<b>Issue of new units:</b>		
Manager's fee paid in units <sup>1</sup>	3,678,691	-
<b>Issuable units:</b>		
Manager's fee payable in units <sup>2</sup>	3,703,989	5,499,120
<b>Total issued and issuable units as at end of period</b>	<b>2,521,659,168</b>	<b>2,506,494,120</b>

Notes:

1. There were 3,678,691 units issued to the REIT Manager as satisfaction of management fee for the fourth quarter ended 31 August 2014.
2. There are 3,703,989 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 30 November 2013, there were 5,499,120 units to be issued to the REIT Manager as satisfaction of management fee for the period from 24 July 2013 (listing date) to 30 November 2013.

**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 30 November 2014, SPH REIT had 2,517,955,179 units (31 August 2014: 2,514,276,488 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 first quarter ended 30 November 2014 as set out in this announcement has been extracted from the interim financial information for the first quarter ended 30 November 2014, 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 period, 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 First Quarter Ended 30 November 2014

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

	1Q 2015	1Q 2014
<b><u>Earnings per unit</u></b>		
Weighted average number of units <sup>1</sup>	2,517,995,591	2,502,739,593
Total return for the period after tax (S\$’000)	28,601	26,985
EPU (basic and diluted) (cents)	1.14	1.08
<b><u>Distribution per unit</u></b>		
Total number of units in issue at end of period	2,517,955,179	2,500,995,000
Distribution to Unitholders (\$’000)	33,489	32,545
DPU <sup>2</sup> (cents)	1.33	1.30

Notes:

1. The actual weighted average number of units was based on the number of units in issue and issuable units to the Manager during the quarter.
2. The DPU was computed based on the number of units entitled to distribution at the end of the quarter.

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

	As at 30 Nov 14	As at 31 Aug 14
NAV per unit <sup>1</sup> (S\$)	0.93	0.93

Note:

1. The NAV per unit was computed based on the number of units in issue at the end of the quarter.

### 8. Review of Performance

#### **Review of Results for the First Quarter ended 30 November 2014 (“1Q 2015”) compared with the First Quarter ended 30 November 2013 (“1Q 2014”)**

Gross revenue for 1Q 2015 improved by S\$0.9 million (1.8%) to S\$50.6 million, on the back of higher rental income achieved by both Paragon and The Clementi Mall. The healthy results was driven by good progress in leasing activities. Both Paragon and The Clementi Mall were fully leased with rental reversion of 12.5% and 2.3% respectively for the new or renewed leases in 1Q 2015.

Property operating expenses of S\$12.8 million were S\$0.8 million (6.2%) lower than 1Q 2014. Savings in utilities, lower marketing and maintenance cost were partially offset by higher property taxes.

Consequently, net property income of S\$37.9 million for 1Q 2015 was S\$1.7 million (4.9%) higher than 1Q 2014. NPI margin of 74.8% was achieved, better than 1Q 2014 of 72.6%.

Total return for 1Q 2015 was S\$28.6 million, an increase of S\$1.6 million (6.0%) against the same quarter last year. The positive result was attributable to the higher net property income partially offset by higher manager's fees and finance cost. Finance cost was marginally higher as average cost of debt for 1Q 2015 was 2.35% compared to 1Q 2014 of 2.33%.

Income available for distribution of S\$34.0 million for 1Q 2015 was S\$1.5 million (4.6%) higher compared to 1Q 2014.

### 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

Based on advance estimates of the Ministry of Trade and Industry (MTI), the Singapore economy grew by 2.8% in 2014. The outlook for Singapore economy remains modest with the MTI's growth forecast of 2.0% to 4.0% for 2015. Growth in labour-intensive segments such as retail and food services may be weighed down by manpower constraints.

The retail environment remains challenging. In the past few months between March 2014 and October 2014, the monthly retail sales Index (excluding motor vehicles) fell year-on-year by between 0.4% to 2.0%. The exceptions were a marginal increase of 0.4% in May 2014, 0.6% in September 2014 and 1.9% in October 2014.

For the period from January to October 2014, international visitor arrivals dipped 3.3% year-on-year to 12.6 million. While tourism receipts grew 2% year-on-year to S\$11.8 billion in the first half of 2014, declines in spending on shopping (13%) and food and beverage (2%) were observed.

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 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 September 2014 to 30 November 2014
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.33 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>

**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 September 2013 to 30 November 2013
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.30 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: Friday, 13 February 2015.

**(d) Record date**

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 20 January 2015 for purposes of determining each Unitholder's entitlement to SPH REIT distribution.

## For The First Quarter Ended 30 November 2014

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

Not applicable.

13. **Segment Results**

	1Q 2015	1Q 2014	Change
	S\$'000	S\$'000	%
<b><u>Gross Revenue</u></b>			
Paragon	40,818	40,273	1.4
The Clementi Mall	9,817	9,445	3.9
Total	50,635	49,718	1.8
<b><u>Net Property Income</u></b>			
Paragon	30,992	29,512	5.0
The Clementi Mall	6,881	6,599	4.3
Total	37,873	36,111	4.9

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,  
12 January 2015





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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 audited 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 30 November 2014, to be false or misleading in any material respect.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Leong'.

**LEONG HORN KEE**  
*Chairman*

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

**ANTHONY MALLEK**  
*Director*

Singapore,  
12 January 2015



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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 First Quarter ended 30 November 2014**

We have reviewed the accompanying Balance Sheet and Portfolio Statement of SPH REIT (the "Trust") as at 30 November 2014, the Statement of Total Return, Distribution Statement, Statement of Changes in Unitholders' Funds and Statement of Cash Flows of the Trust for the First Quarter ended 30 November 2014 ("Interim Financial Information"), as set out on pages FS1 to FS9.

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

**Singapore**  
12 January 2015



## **SPH REIT's 1Q 2015 Distribution of 1.33 cents increased 2.3% year-on-year**

- Paragon and The Clementi Mall achieved healthy rental reversion of 12.5% and 2.3% respectively.
- Maintained track record of full occupancy.

**SINGAPORE, January 12, 2015** – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that SPH REIT’s distribution to unitholders was \$33.5m for the first quarter ended 30 November 2014 (“1Q 2015”). This translated to a distribution per unit (“DPU”) of 1.33 cents for 1Q 2015, an increase of 2.3% year-on-year. The 1Q 2015 distribution will be paid to unitholders on 13 February 2015.

### **Steady and resilient operational performance**

Gross revenue for 1Q 2015 improved by \$0.9m (1.8%) to \$50.6m, while net property income of \$37.9m for 1Q 2015 was \$1.7m (4.9%) higher than the same quarter last year. The improvement was on the back of higher rental income and proactive management of expenses in both Paragon and The Clementi Mall.

Both Paragon and The Clementi Mall are fully leased. Paragon continues to achieve consistently robust performance with rental uplift of 12.5% for new or renewed leases in 1Q 2015. The Clementi Mall completed the first lease renewal cycle<sup>1</sup> in 2014 with 84.2% of lease expiring (by net lettable area) in 2017.

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<sup>1</sup> The Clementi Mall opened in two phases in January 2011 and March 2011.

## Capital Management

SPH REIT has a well-staggered debt maturity profile with no refinancing requirement till 2016 and weighted average term to maturity of 3.8 years. It registered gearing level of 26.0% and average cost of debt of 2.35% as at 30 November 2014.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd., said, “We are pleased that SPH REIT has continued to turn in a steady performance, amidst a modest domestic economic outlook and challenging retail environment. We are confident that the well-established positioning of both properties, firm partnership with our tenants and philosophy of continual asset enhancement will enable us to be at the forefront of the competitive retail arena and deliver sustainable returns to unitholders. The chiller decanting project at Paragon is progressing on schedule. In addition, the tenancies for the newly-created net lettable space of about 5,000 square feet have been committed and will contribute close to S\$1 million of rental income annually from FY2016 onwards.”

## Summary Results of SPH REIT

	1Q 2015 \$'000	1Q 2014 \$'000	Change %
Gross revenue	50,635	49,718	1.8
Net property income	37,873	36,111	4.9
Income available for distribution	34,031	32,545	4.6
Distribution to Unitholders <sup>1</sup>	33,489	32,545	2.9
Distribution per unit (cents)	1.33	1.30	2.3
Annualised distribution yield (%) Based on \$1.060 per unit (closing price on 28 November 2014)	5.03	4.92	2.3

Note:

1. For 1Q 2015, SPH REIT had retained S\$0.5 million of taxable income available for distribution to unitholders for distribution in FY2015.

Credit Suisse (Singapore) Limited was the sole global coordinator and issue manager for the initial public offering of SPH REIT (the "Offering"). Credit Suisse (Singapore) Limited, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited were the joint bookrunners and underwriters of the Offering (collectively, the "Joint Bookrunners").

The Joint Bookrunners for the Offering assume no responsibility for the contents of this announcement.

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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\$3.16 billion with an aggregate net lettable area of approximately 900,000 sq ft, the properties have a committed occupancy of 100% 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 (SPH) is Asia's leading media organisation, engaging minds and enriching lives across multiple languages and platforms. SPH has 19 titles licensed under the Newspaper Printing and Presses Act, of which nine are daily newspapers across four languages. On an average day, 2.8 million individuals or 69 per cent of people above 15 years old read one of SPH's news publications. Beyond print, SPH's suite of digital products includes online editions of newspapers and magazines, as well as mobile applications. Our online products enjoy 360 million page views with 23 million unique browsers every month. Other new media initiatives include AsiaOne, omy.sg, Stomp and SPH Razor. SPH has also ventured into book publishing, broadcasting, events, out-of-home advertising and properties. 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.



# 1Q FY15 Financial Results

12 January 2015





# 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 First Quarter Ended 30 November 2014 in the SGXNET announcement.

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**Growth strategy and market outlook** **Slide 17**

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The Joint Bookrunners for the Offering assume no responsibility for the contents of this announcement.

# Key highlights

- 1Q FY15 DPU increased 2.3% year-on-year
- Annualised distribution yield of 5.03% (based on closing price of \$1.060 per unit on 28 November 2014)
- Healthy rental reversion of 12.4%
- Strong balance sheet, with gearing at 26.0%

## 1Q FY15 DPU increased 2.3% year-on-year

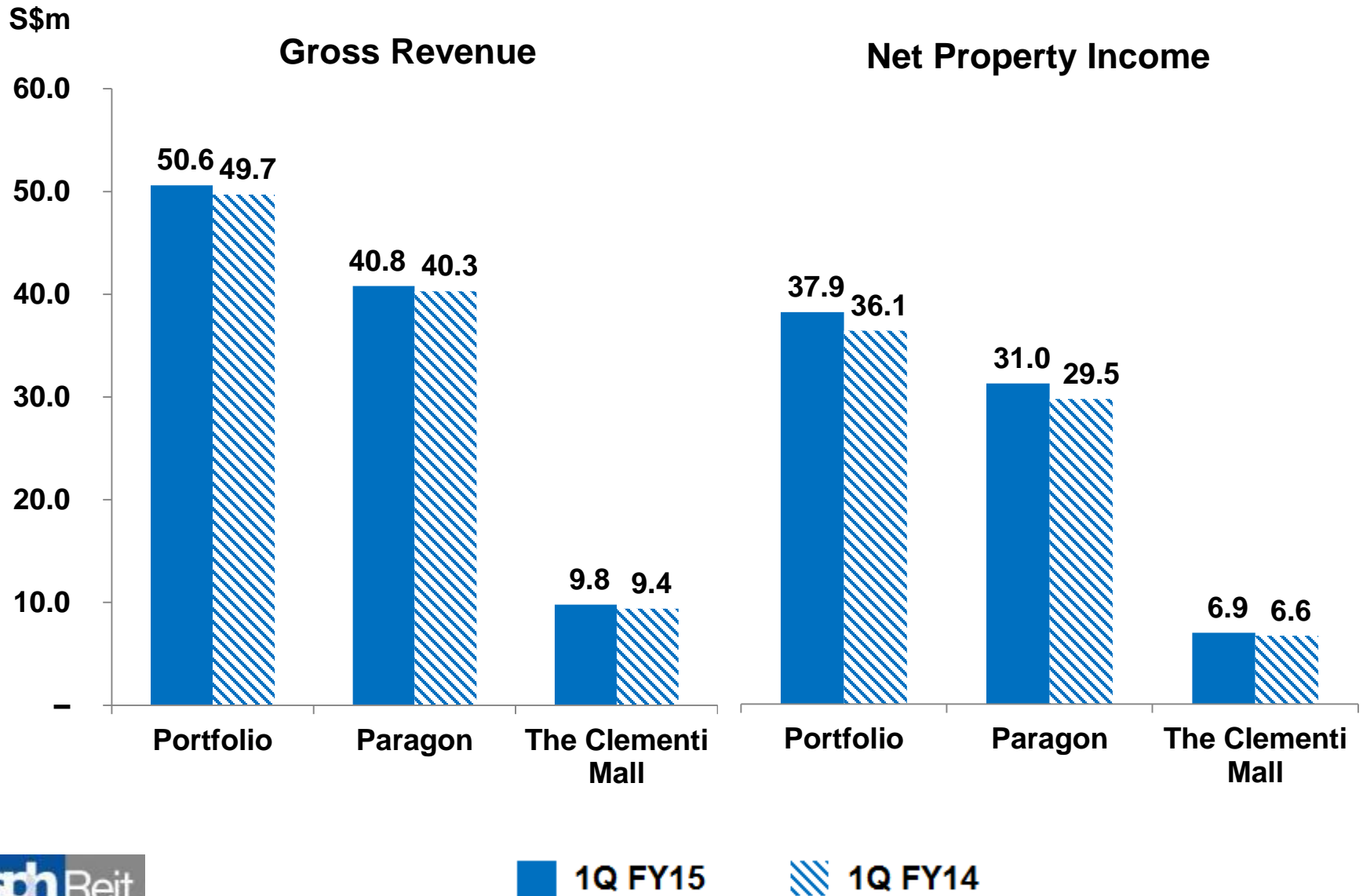
	1Q FY15 S\$'000	1Q FY14 <sup>(a)</sup> S\$'000	Change %
Gross revenue	50,635	49,718	1.8%
Property expenses	(12,762)	(13,607)	(6.2%)
Net property income (NPI)	37,873	36,111	4.9%
Income available for distribution	34,031	32,545	4.6%
Distribution to Unitholders <sup>(b)</sup>	33,489	32,545	2.9%
Distribution per unit (DPU) (cents)	1.33	1.30	2.3%

Note:

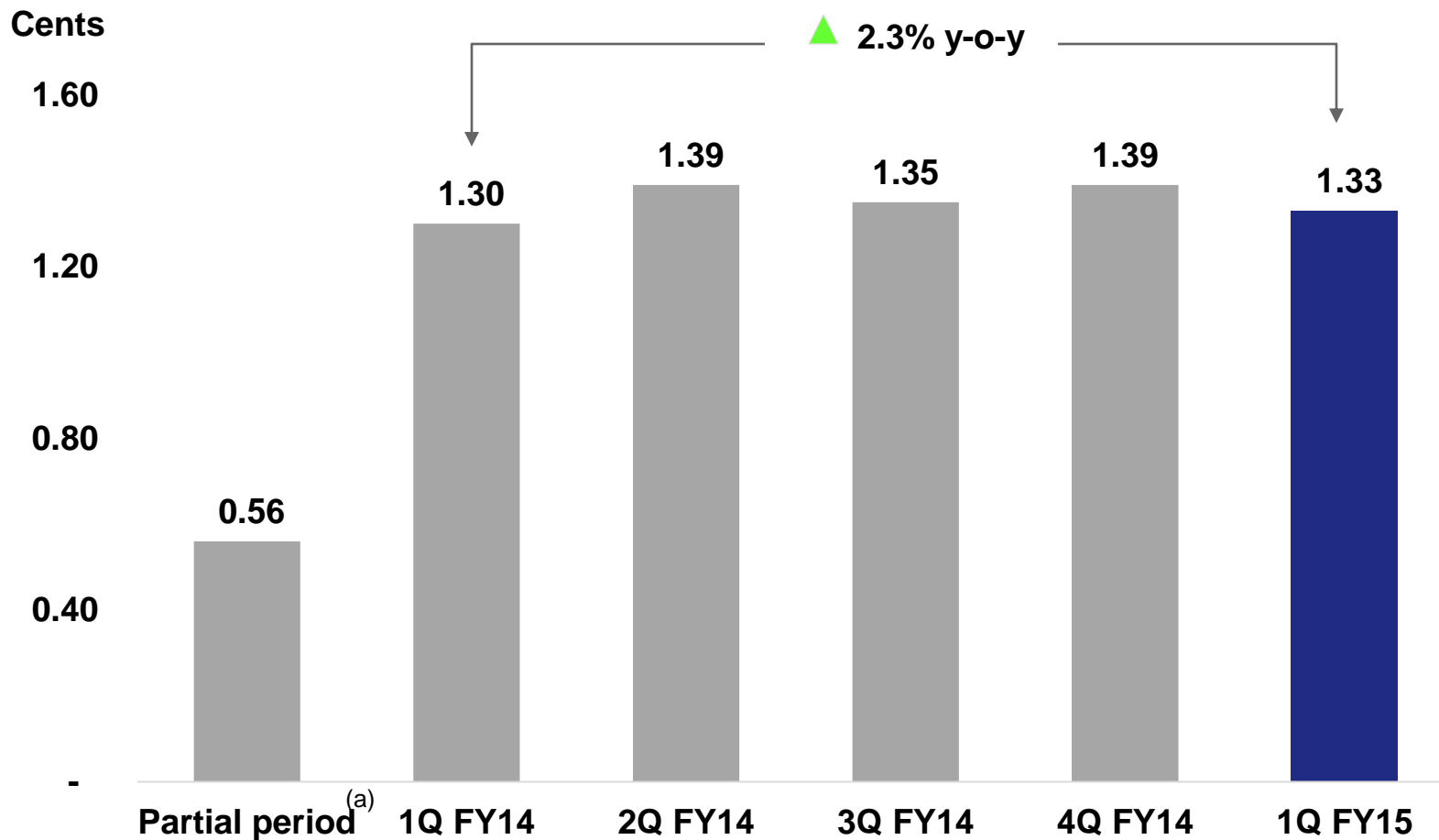
(a) The comparative figures "1Q FY14" is for the quarter from 1 September 2013 to 30 November 2013.

(b) For 1Q 2015, SPH REIT had retained S\$0.5 million of taxable income available for distribution to unitholders for distribution in FY2015.

# Higher Gross Revenue and NPI



# Stable and regular DPU



Note:

(a) For the period from 24 July 2013 (listing date) to 31 August 2013.

# Balance sheet



# Financial position

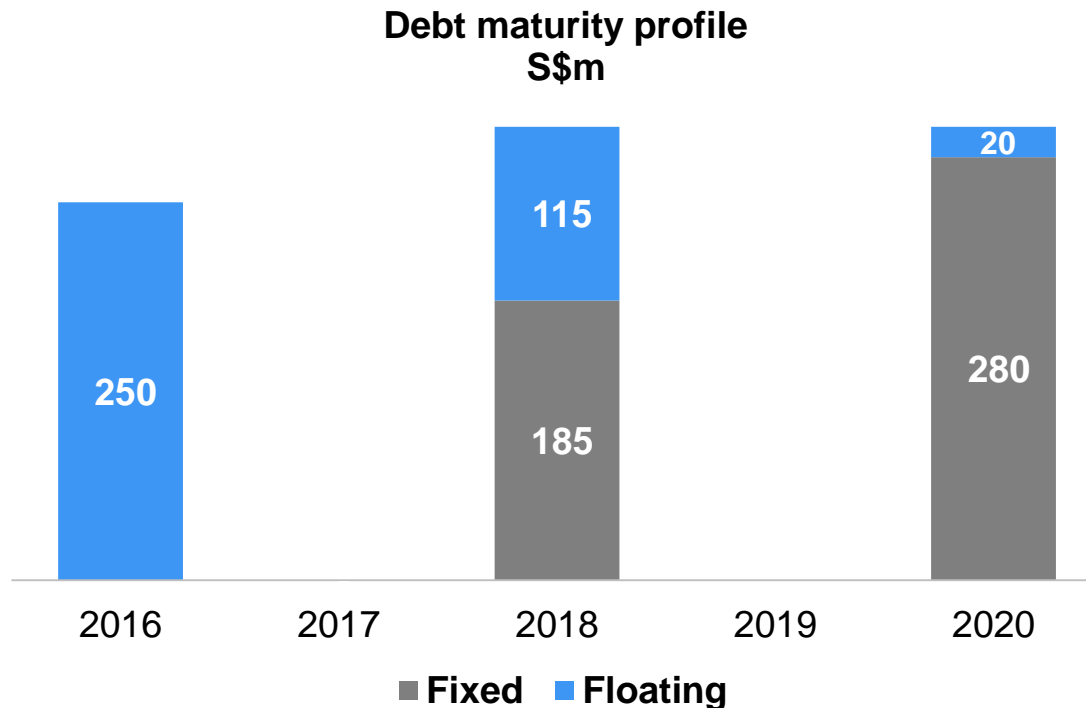
	As at 30 Nov 2014 S\$'000	As at 31 Aug 2014 S\$'000
Total assets	3,267,565	3,269,033
Total liabilities	918,032	915,967
Net assets	2,349,533	2,353,066
Net asset value per unit	S\$0.93	S\$0.93
Gearing <sup>(a)</sup>	26.0%	26.0%

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



# No refinancing required till 2016

- 54.7% of the S\$850m debt facility on a fixed rate basis
- Average cost of debt: 2.35%
- Weighted average term to maturity: 3.8 years



# Valuation of properties about S\$3.16b

	Valuation as at 31 Aug 2014 S\$m <sup>(a)</sup>	Capitalisation rate
Paragon	2,588.0	4.85% - Retail 4.25% - Medical Suite/Office
The Clementi Mall <sup>(b)</sup>	571.0	5.00%
SPH REIT Portfolio	3,159.0	

## Notes

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

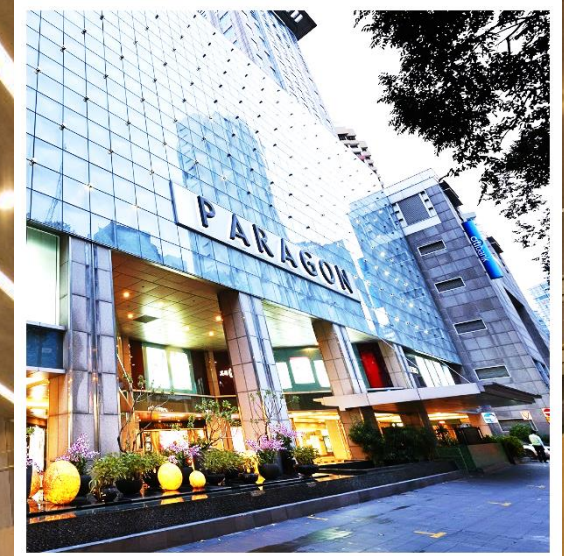
(b) The Clementi Mall's valuation excludes income support. The guaranteed Net Property Income (NPI) per year is S\$31 million and the aggregate top up NPI shall not exceed \$20 million over five years.

# Operational performance



# Steady and resilient performance

- Track record of 100% occupancy
- Healthy rental reversions
- 1Q FY15 visitor traffic held steady year-on-year



# Rental reversions up 12.4% for the portfolio

	Number of renewals / new leases <sup>(a)</sup>	NLA renewed / new leases (sf)	As a % of properties' NLA	Change compared to preceding rental rates <sup>(c)</sup>
Paragon	24	42,637	6.0%	12.5%
The Clementi Mall	1	1,130	0.6%	2.3%
SPH REIT Portfolio	25	43,767	4.9% <sup>(b)</sup>	12.4%

Notes:

(a) For expiries in the quarter from 1 September 2014 to 30 November 2014.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 900,075sf as at 30 November 2014.

(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.

# Well-staggered portfolio lease renewal

## Weighted Average Lease Expiry (WALE) as at 30 November 2014

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By NLA 2.0 years

By Gross Rental Income 2.3 years

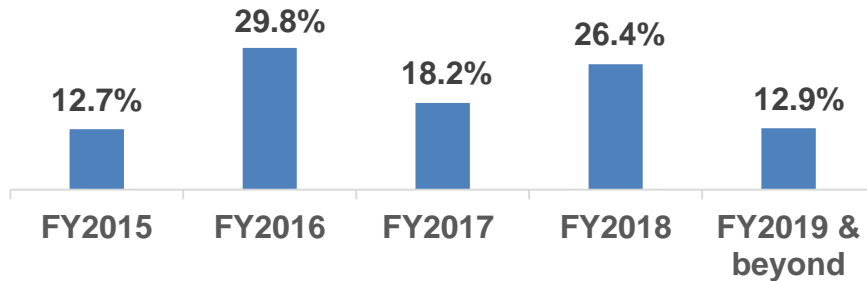
## Lease expiry as at 30 November 2014

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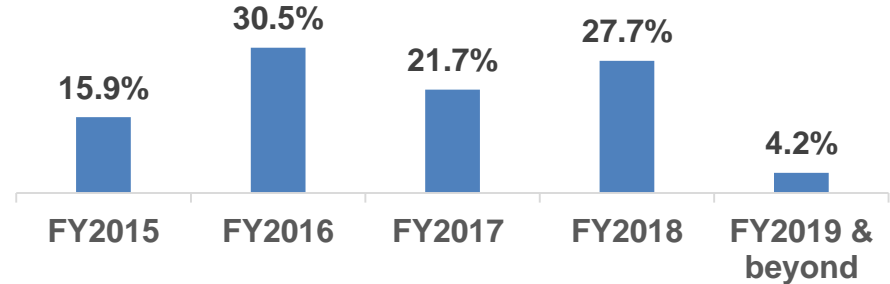
	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019 and beyond</b>
Expiries as a % of total NLA	13.5%	26.0%	35.1%	22.1%	3.3%
Expiries as a % of Gross rental income	11.6%	25.7%	30.6%	21.6%	10.5%

# Paragon: well staggered lease expiry

Expiry by Gross Rental Income

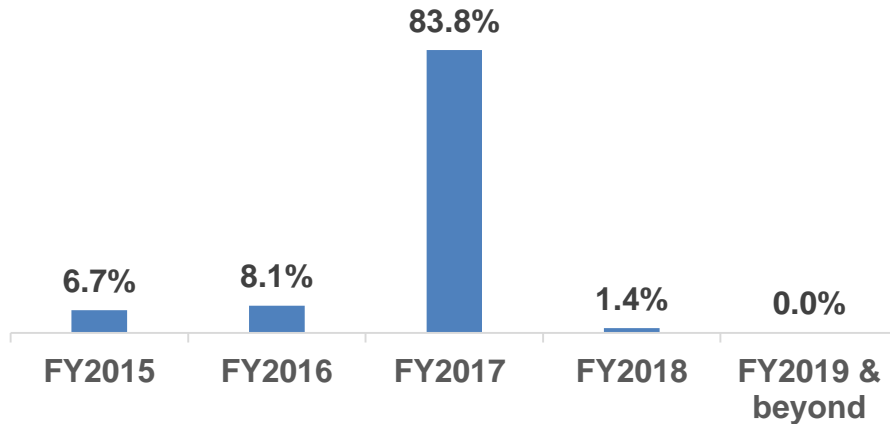


Expiry by NLA

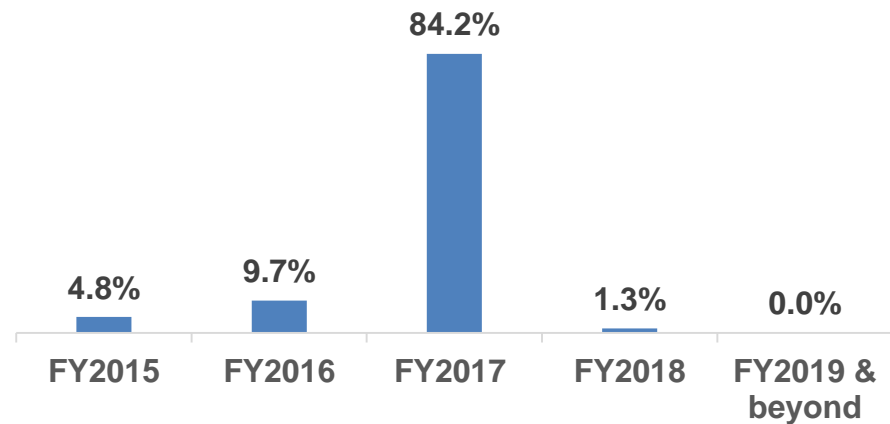


## The Clementi Mall (a) : tenant retention rate of more than 90% for first renewal cycle

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.

# Key Events

Orchard Road Business Association  
Best Dressed Building Contest 2014  
Overall Winner - Judges Choice



Photograph by The Straits Times



Pedestrian Night on Orchard Road  
October 2014 – March 2015

Photograph from Singapore Tourism Board



Photograph from Orchard Road Business Association



# 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 with 99.6% committed occupancy rate.
  - 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.

# Continual asset enhancement in progress

- **Chiller decanting project**

- Creation of approximately 5,000sf of net lettable area.
- Works are expected to complete by FY 2016.
- The tenancies for the new space have been committed and will contribute close to S\$1m of rental income annually.

- **Other two asset enhancement projects**

- To generate a combined net lettable area of 5,000sf, to be phased in from FY 2016.
- Projects are still at the planning stage.
- More details will be announced in due course.

# 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 2.8% in 2014.
  - The outlook for Singapore economy remains modest with the MTI's growth forecast of 2.0% to 4.0% for 2015.
  - Growth in labour intensive segments such as retail and food services may be weighed down by manpower constraints.
- **Visitor arrivals declined**
  - For the period from January to October 2014, visitor arrivals declined year-on-year by 3.3% to 12.6 million.
  - Tourism receipts for 1H 2014 registered a 2% year-on-year increase to S\$11.8 billion. Declines in spending on shopping (13%) and food and beverage (2%) were observed.
- **Retail sales softening**
  - In the past few months between March 2014 and October 2014, the monthly retail sales Index (excluding motor vehicles) fell year-on-year by between 0.4% to 2.0%. The exceptions were a marginal increase of 0.4% in May 2014, 0.6% in September 2014 and 1.9% in October 2014.

# Distribution details and timetable

Distribution period	1Q FY15 (1 September 2014 – 30 November 2014)
Distribution per unit	1.33 cents per unit
Ex-date	16 January 2015
Record date	20 January 2015
Payment date	13 February 2015

# Thank You

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