



SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT * FOR THE YEAR ENDED 31 AUGUST 2015

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.

Audited Financial Information

The financial information as set out in this announcement for the fourth quarter and year ended 31 August 2015 has been extracted from the audited* financial statements for the fourth quarter and year ended 31 August 2015, in accordance with the Statement of Recommended Accounting Practice (“RAP”) 7 “Reporting Framework for Unit Trusts”, the Code on Collective Investment Schemes (the “CIS Code”) and the provisions of the Trust Deed.

* *Please refer to the attached audit report.*

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For The Year Ended 31 August 2015

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

	4Q 2015 S\$'000	4Q 2014 S\$'000	Change %	FY 2015 S\$'000	FY 2014 ¹ S\$'000	Change %
Gross revenue	50,789	51,074	(0.6)	205,113	202,241	1.4
Property operating expenses	(12,624)	(13,071)	(3.4)	(49,493)	(51,590)	(4.1)
Net property income	38,165	38,003	0.4	155,620	150,651	3.3
Income support ²	744	1,312	(43.4)	3,008	4,424	(32.0)
Amortisation of intangible asset	(744)	(1,312)	(43.4)	(3,008)	(4,424)	(32.0)
Manager's management fees	(3,994)	(3,960)	0.9	(15,976)	(15,521)	2.9
Trust expenses ³	(281)	(84)	234.5	(1,689)	(1,641)	2.9
Finance income	196	78	151.3	657	219	200.0
Finance costs	(5,951)	(5,006)	18.9	(21,669)	(19,797)	9.5
Net income	28,135	29,031	(3.1)	116,943	113,911	2.7
Fair value change on investment properties ⁴	36,588	102,603	(64.3)	36,588	102,603	(64.3)
Total return before taxes and distribution	64,723	131,634	(50.8)	153,531	216,514	(29.1)
Less: income tax	-	-	NM	-	-	NM
Total return after taxes and before distribution	64,723	131,634	(50.8)	153,531	216,514	(29.1)

Notes:

1. The comparative figures were for the period from 1 September 2013 to 31 August 2014. These figures were extracted from SPH REIT's results announcement which was audited by KPMG LLP for the period from 24 July 2013 (listing date) to 31 August 2014.
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. This relates to the fair value change on Paragon and The Clementi Mall as at 31 August 2015 and 31 August 2014, based on independent valuations conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd.

NM Not Meaningful

For The Year Ended 31 August 2015

1(a)(ii) Distribution Statement

	4Q 2015	4Q 2014	Change	FY 2015	FY 2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net income	28,135	29,031	(3.1)	116,943	113,911	2.7
Add: Non-tax deductible items ¹	5,418	5,909	(8.3)	21,595	22,453	(3.8)
Income available for distribution	33,553	34,940	(4.0)	138,538	136,364	1.6
Distribution to Unitholders²	35,158	34,949	0.6	138,044	136,193	1.4

Notes:

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. Distribution for 4Q 2015 includes taxable income available for distribution retained earlier in the year. For FY2015, the distribution to unitholders was 99.6% of taxable income available for distribution.

For The Year Ended 31 August 2015

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 31 Aug 15 S\$'000	As at 31 Aug 14 S\$'000
Non-current assets		
Plant and equipment	1,044	1,055
Investment properties ¹	3,212,500	3,159,000
Intangible asset ²	9,400	12,408
Derivative financial instruments ³	3,949	-
	3,226,893	3,172,463
Current assets		
Trade and other receivables ⁴	5,008	5,912
Derivative financial instruments ³	365	-
Cash and cash equivalents	77,355	90,658
	82,728	96,570
Total assets	3,309,621	3,269,033
Non-current liabilities		
Borrowing	595,565	843,125
Derivative financial instruments ³	-	8,758
Trade and other payables	36,685	28,953
	632,250	880,836
Current liabilities		
Borrowing	249,330	-
Trade and other payables	30,231	35,131
	279,561	35,131
Total liabilities	911,811	915,967
Net assets attributable to Unitholders	2,397,810	2,353,066

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.
4. Trade and other receivables comprised mainly rental receivable and trade amount due from related parties.

1(b)(ii) Borrowing

Secured borrowing

	As at 31 Aug 15 S\$'000	As at 31 Aug 14 S\$'000
Amount repayable within one year	249,330	-
Amount repayable after one year	595,565	843,125
Total	844,895	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\$844.9 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 reviewing the refinancing options for the S\$250 million tranche.

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

	4Q 2015 S\$'000	4Q 2014 S\$'000	FY 2015 S\$'000	FY 2014 S\$'000
Cash flows from operating activities				
Total return for the period/year	64,723	131,634	153,531	216,514
Adjustments for:				
Fair value change on investment properties	(36,588)	(102,603)	(36,588)	(102,603)
Manager's fee paid/payable in units	3,994	3,960	15,976	15,521
Depreciation of plant and equipment	45	34	160	119
Finance income	(196)	(78)	(657)	(219)
Finance costs	5,951	5,006	21,669	19,797
Amortisation of intangible asset	744	1,312	3,008	4,424
Operating cash flow before working capital changes	38,673	39,265	157,099	153,553

For The Year Ended 31 August 2015

1(c) Statement of Cash Flows (Cont'd)

	4Q 2015 S\$'000	4Q 2014 S\$'000	FY 2015 S\$'000	FY 2014 S\$'000
Changes in operating assets and liabilities				
Trade and other receivables	490	289	955	10,991
Trade and other payables	1,390	2,520	321	9,981
Net cash from operating activities	40,553	42,074	158,375	174,525
Cash flows from investing activities				
Additions to investment properties	(4,757)	(822)	(15,318) ³	(2,729)
Purchase of plant and equipment	(92)	(2)	(125)	(160)
Interest received	220	81	606	214
Net cash used in investing activities	(4,629)	(743)	(14,837)	(2,675)
Cash flows from financing activities				
Issue expenses paid	-	-	-	(8,959)
Distribution to unitholders ¹	(34,094)	(33,891)	(137,835)	(115,250)
Payment of transaction costs related to borrowing	(18)	(18)	(220) ²	(18)
Interest paid	(4,551)	(4,466)	(18,786)	(17,837)
Net cash used in financing activities	(38,663)	(38,375)	(156,841)	(142,064)
Net (decrease)/increase in cash and cash equivalents	(2,739)	2,956	(13,303)	29,786
Cash and cash equivalents at beginning of the period/year	80,094	87,702	90,658	60,872
Cash and cash equivalents at end of the period/year	77,355	90,658	77,355	90,658

Notes:

1. Distribution to unitholders for FY2015 was for the 4Q 2014 ended 31 August 2014 of S\$34.9 million, 1Q 2015 ended 30 November 2014 of S\$33.5 million, 2Q 2015 ended 28 February 2015 of S\$35.3 million, and 3Q 2015 ended 31 May 2015 of S\$34.1 million. Distribution for FY2014 was for SPH REIT's inaugural distribution of S\$46.5 million for the period 24 July 2013 (listing date) to 30 November 2013, 2Q 2014 ended 28 February 2014 of S\$34.8 million, and 3Q 2014 ended 31 May 2014 of S\$33.9 million.
2. This includes upfront fees paid for revision to the tenures of the existing loan facility. Please refer to paragraph 1(b)(ii) Borrowing.
3. This include payments relating to the replacement and relocation of chillers and decanting works.

For The Year Ended 31 August 2015

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

	4Q 2015	4Q 2014	FY 2015	FY 2014
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at beginning of period/year	2,354,360	2,251,121	2,353,066	2,243,788
<u>Operations</u>				
Total return for the period/year	64,723	131,634	153,531	216,514
<u>Hedging reserve</u>				
Movement in hedging reserve ¹	8,827	242	13,072	(7,778)
<u>Unitholders' transactions</u>				
Issue expenses	-	-	-	271
Distribution to unitholders ²	(34,094)	(33,891)	(137,835)	(115,250)
Manager's fee paid/payable in units	3,994	3,960	15,976	15,521
	(30,100)	(29,931)	(121,859)	(99,458)
Balance as at end of period/year	2,397,810	2,353,066	2,397,810	2,353,066

Notes:

1. This relates to interest rate swap arrangements.
2. Please refer to 1(c) Statement of Cash Flows [Note 1].

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

	4Q 2015	4Q 2014	FY 2015	FY 2014
	No. of units	No. of units	No. of units	No. of units
Issued units as at beginning of period/year	2,525,504,384	2,510,475,049	2,514,276,488	2,500,995,000
Issue of new units:				
Manager's fee paid in units ¹	3,804,918	3,801,439	15,032,814	13,281,488
Issuable units:				
Manager's fee payable in units ²	4,211,448	3,678,691	4,211,448	3,678,691
Total issued and issuable units as at end of period/year	2,533,520,750	2,517,955,179	2,533,520,750	2,517,955,179

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

Notes:

1. For FY2015, there were 3,804,918 units, 3,845,216 units, 3,703,989 units, and 3,678,691 units issued to the REIT Manager as satisfaction of management fee for the 3Q 2015 ended 31 May 2015, 2Q 2015 ended 28 February 2015, 1Q 2015 ended 30 November 2014 and 4Q 2014 ended 31 August 2014, respectively. For FY 2014, there were 3,801,439 units, 3,980,929 units, and 5,499,120 units issued to the REIT Manager as satisfaction of management fee for the 3Q 2014 ended 31 May 2014, 2Q 2014 ended 28 February 2014, and period 24 July 2013 (listing date) to 30 November 2013.
2. There are 4,211,448 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 31 August 2014, there were 3,678,691 units to be issued to the REIT Manager as satisfaction of management fee for 4Q 2014.

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 31 August 2015, SPH REIT had 2,529,309,302 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 figures for the year have been audited. The auditors' report on the financial statements of SPH REIT was not subject to any modification.

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 audit 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.

For The Year Ended 31 August 2015

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.

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

	4Q 2015	4Q 2014	FY 2015	FY 2014
<u>Earnings per unit</u>				
Weighted average number of units ¹	2,529,354,586	2,514,316,044	2,523,660,181	2,508,533,801
Total return for the period/year after tax (\$’000)	64,723	131,634	153,531	216,514
EPU ⁴ (basic and diluted) (cents)	2.56	5.24	6.08	8.63
<u>Distribution per unit</u>				
Total number of units in issue at end of period/year	2,529,309,302	2,514,276,488	2,529,309,302	2,514,276,488
Distribution to Unitholders ² (\$’000)	35,158	34,949	138,044	136,193
DPU ³ (cents)	1.39	1.39	5.47	5.43

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.
4. Included the effects of fair value change on investment properties for the respective periods/years.

For The Year Ended 31 August 2015

7. Net Asset Value (“NAV”) per unit

	As at 31 Aug 15	As at 31 Aug 14
NAV per unit ¹ (S\$)	0.95	0.93

Note:

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

8. Review of Performance

Review of Results for the Fourth Quarter ended 31 August 2015 (“4Q 2015”) compared with the Fourth Quarter ended 31 August 2014 (“4Q 2014”)

Gross revenue for 4Q 2015 was down marginally by S\$0.3 million (0.6%) to S\$50.8 million. Higher rental income from positive portfolio reversion was impacted by fitting-out period scheduled for the tenancy revitalisation program at Paragon.

Property operating expenses of S\$12.6 million was S\$0.5 million (3.4%) lower than 4Q 2014. Savings in utilities and lower maintenance cost were partially offset by higher property taxes and marketing expenses. Decrease in utilities was due to lower tariff rate and savings in consumption from the new and more efficient chillers.

Consequently, net property income (“NPI”) of S\$38.2 million for 4Q 2015 was S\$0.2 million (0.4%) marginally above 4Q 2014. NPI of Paragon of S\$31.2 million was S\$0.4 million (1.3%) lower, while The Clementi Mall’s NPI of S\$7.0 million was S\$0.6 million (8.9%) higher, compared to 4Q 2014.

Net income decreased by S\$0.9 million (3.1%) to S\$28.1 million for 4Q 2015 mainly due to the increase in finance cost arising from higher interest rate.

Income available for distribution to unitholders was S\$33.6 million for 4Q 2015, a decrease of S\$1.3 million (4.0%) against 4Q 2014, mainly due to the higher finance cost and lower NPI from Paragon.

Review of Results for the Full year ended 31 August 2015 (“FY2015”) compared with the Full year ended 31 August 2014 (“FY2014”)

Gross revenue for FY2015 was up S\$2.9 million (1.4%) to S\$205.1 million. The positive results were driven by good progress in leasing activities. The portfolio average rental reversion was 8.6% for the new or renewed leases in FY2015.

Property operating expenses was S\$2.0 million (4.1%) lower against FY2014. This was largely due to lower maintenance, utilities and marketing cost, partially offset by higher property tax and property management fees.

Consequently, NPI of S\$155.6 million for FY2015, was S\$4.9 million (3.3%) higher than last year. Both Paragon and The Clementi Mall performed better than the previous year, by S\$3.5 million (2.9%) and S\$1.4 million (5.3%) respectively. NPI margin of 75.9% was achieved, better than FY2014 of 74.5%.

For The Year Ended 31 August 2015

Net income increased by S\$3.0 million (2.7%) to S\$116.9 million for FY2015 against last year. This was mainly attributable to the higher NPI and finance income, partially offset by the increase in finance cost. Finance cost was S\$1.9 million (9.5%) higher as the average cost of debt as at 31 August 2015 was 2.55% compared to last year of 2.33%.

After taking into account the fair value change of S\$36.6 million, total return for FY2015 was S\$153.5 million. As at 31 August 2015, the portfolio was valued at S\$3.212 billion by DTZ Debenham Tie Leung (SEA) Pte Ltd. The revaluation change represented an increase of 1.7% from the valuation of S\$3.159 billion as at 31 August 2014.

Income available for distribution of S\$138.5 million for FY2015 was S\$2.1 million (1.6%) higher compared to FY2014 mainly due to the increase in Paragon's NPI, partially offset by the higher finance cost.

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**

The Singapore economy grew by 1.8 per cent on a year-on-year basis in the second quarter, slower than the 2.8 per cent growth in the previous quarter. With the Singapore labour market expected to remain tight, growth in some labour-intensive sectors such as retail and food services may continue to be weighed down by manpower constraints. Against a backdrop of uncertainties in the global environment and potential domestic headwinds to growth, the Ministry of Trade and Industry has narrowed the growth forecast for 2015 to between 2.0% and 2.5%.

The retail environment remains challenging. Based on figures released by the Singapore Department of Statistics (DOS), the retail sales index (excluding motor vehicles) declined year-on-year by 0.7% in 2014. Retail sales continued to contract year-on-year by a marginal 0.1% in Q1 2015, and 0.8% in Q2 2015.

According to Singapore Tourism Board (STB) statistics, decline in international visitor arrivals (IVA) moderated to 1.7% in the first seven months of 2015. IVA recorded positive year-on-year growth from May to July 2015 for the first time since February 2014. STB has forecast visitor arrivals to grow between 0% and 3%, and tourist receipts to grow between 0% and 2% in 2015.

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 June 2015 to 31 August 2015
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.39 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 June 2014 to 31 August 2014
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.39 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: Monday, 16 November 2015.

(d) Record date

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 20 October 2015 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.

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13. Segment Results

	4Q 2015	4Q 2014	Change	FY 2015	FY 2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Gross Revenue</u>						
Paragon	41,029	41,281	(0.6)	166,070	163,915	1.3
The Clementi Mall	9,760	9,793	(0.3)	39,043	38,326	1.9
Total	50,789	51,074	(0.6)	205,113	202,241	1.4
<u>Net Property Income</u>						
Paragon	31,157	31,566	(1.3)	127,627	124,075	2.9
The Clementi Mall	7,008	6,437	8.9	27,993	26,576	5.3
Total	38,165	38,003	0.4	155,620	150,651	3.3

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 on page 11.

15. **Breakdown of Gross revenue and Net Income**

	FY2015	FY2014	Change
	S\$'000	S\$'000	%
<u>1 September to 28 February</u> (First half year)			
Gross revenue	103,089	100,762	2.3
Net income	59,534	56,531	5.3
<u>1 March to 31 August</u> (Second half year)			
Gross revenue	102,024	101,479	0.5
Net income	57,409	57,380	0.1

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16. Breakdown of Total Distributions

	FY2015	FY2014
	S\$'000	S\$'000
24 July 2013 (listing date) to 31 August 2013 ¹	-	14,006
1 September 2013 to 30 November 2013	-	32,513
1 December 2013 to 28 February 2014	-	34,840
1 March 2014 to 31 May 2014	-	33,891
1 June 2014 to 31 August 2014	-	34,949
1 September 2014 to 30 November 2014	33,489	-
1 December 2014 to 28 February 2015	35,303	-
1 March 2015 to 31 May 2015	34,094	-
1 June 2015 to 31 August 2015 ²	35,158	-
	138,044	150,199

Notes:

1. Distribution for the period from 24 July 2013 (listing date) to 31 August 2013 of S\$14.0 million, was paid together with 1Q 2014 distribution on 14 February 2014.
2. Please refer to paragraph 11(a) on page 15.

17. 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.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13). If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, SPH REIT Management Pte. Ltd. (the "Company"), as manager of SPH REIT, confirms that there is no person occupying a managerial position in the Company who is related to a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of SPH REIT.

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 October 2015



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

To the Unitholders of SPH REIT
(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 9 July 2013)

Report on the financial statements

We have audited the accompanying financial statements of SPH REIT (the "Trust"), which comprise the Balance Sheet and Portfolio Statement of the Trust as at 31 August 2015, and the Statement of Total Return, Distribution Statement and Statement of Changes in Unitholders' Funds and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages # to #.

Manager's responsibility for the financial statements

The Manager of the Trust ("the Manager") is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements of the Trust present fairly, in all material respects, the financial position of the Trust as at 31 August 2015 and the total return, distributable income, changes in Unitholders' funds and cash flows of the Trust for the year then ended in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 October 2015

The page numbers are as stated in the Independent Auditors' Report dated 12 October 2015 included in SPH REIT Annual Report for the financial year ended 31 August 2015.