

## ASSET ACQUISITIONS AND DISPOSALS::ACQUISITION OF A 50.0% INTEREST IN WESTFIELD MARION SHOPPING CENTRE, ADELAIDE, SOUTH AUSTRALIA

### Issuer & Securities

#### Issuer/ Manager

SPH REIT MANAGEMENT PTE. LTD.

#### Securities

SPH REIT - SG2G02994595 - SK6U

#### Stapled Security

No

### Announcement Details

#### Announcement Title

Asset Acquisitions and Disposals

#### Date &Time of Broadcast

07-Nov-2019 18:08:35

#### Status

New

#### Announcement Sub Title

Acquisition of a 50.0% Interest in Westfield Marion Shopping Centre, Adelaide, South Australia

#### Announcement Reference

SG191107OTHRIW70

#### Submitted By (Co./ Ind. Name)

Sheryl Cher Ya Li

#### Designation

Company Secretary

#### Description (Please provide a detailed description of the event in the box below)

The Announcement, Press Release and IR Presentation are attached.

### Attachments

[SPH%20REIT%20-%20SGX%20Announcement%20on%20Acquisition%20Interest%20in%20Westfield%20Marion%20Shopping%20Centre.pdf](#)

[SPH%20REIT%20-%20Press%20Release.pdf](#)

[SPH%20REIT%20-%20IR%20Presentation.pdf](#)

Total size =3381K MB



**SPH REIT MANAGEMENT PTE. LTD.**

(Registration No: 201305497E)  
(Incorporated in the Republic of Singapore)

## **ACQUISITION OF A 50.0% INTEREST IN WESTFIELD MARION SHOPPING CENTRE, ADELAIDE, SOUTH AUSTRALIA**

*Unless otherwise stated in this announcement, all conversions are based on an illustrative exchange rate of A\$1.00:S\$0.95.*

### **1. INTRODUCTION**

SPH REIT Management Pte. Ltd., in its capacity as the manager of SPH REIT (the “**Manager**”), is pleased to announce the acquisition of a 50.0% interest (the “**Sale Interest**”) in the Westfield Marion Shopping Centre (“**Westfield Marion**”) located at 293-297 Diagonal Road Oaklands Park, South Australia, for a purchase consideration of A\$670.0 million (approximately S\$636.5 million) (the “**Purchase Consideration**”) from an unrelated third party, Lendlease Real Estate Investments Limited (as Responsible Entity for Australian Prime Property Fund – Retail) (the “**Seller**”) under a Sale of Land Contract in respect of a direct 50.0% interest in Westfield Marion entered into today between the Seller and the Marion Sub Trust (the “**Buyer Trust**”) (the “**Sale Agreement**”, and the acquisition of the Sale Interest, the “**Acquisition**”).

The Buyer Trust is a wholly-owned sub-trust of SPH REIT Marion Trust (the “**Head Trust**”). The Head Trust is, in turn, a wholly-owned sub-trust of DBS Trustee Limited, in its capacity as the trustee of SPH REIT (the “**Trustee**”).

The Sale Interest is currently held by the Seller as a tenant-in-common with two entities which are part of Scentre Group Limited (“**Scentre Group**”), the existing co-owners of Westfield Marion (the “**Existing Co-owners**”). Upon the settlement of the Acquisition, the Buyer Trust will hold the Sale Interest as a tenant-in-common with the Existing Co-owners. Scentre Group is the owner and operator of Westfield in Australia and New Zealand with interests in 41 Living Centres, encompassing approximately 11,500 outlets and total assets under management of A\$54.6 billion (approximately S\$51.9 billion). Completion of the Acquisition is expected to take place by end 2019.

The Acquisition is in the ordinary course of business of SPH REIT and therefore would not constitute a “transaction” as defined under Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**Listing Manual**” and “**SGX-ST**” respectively).

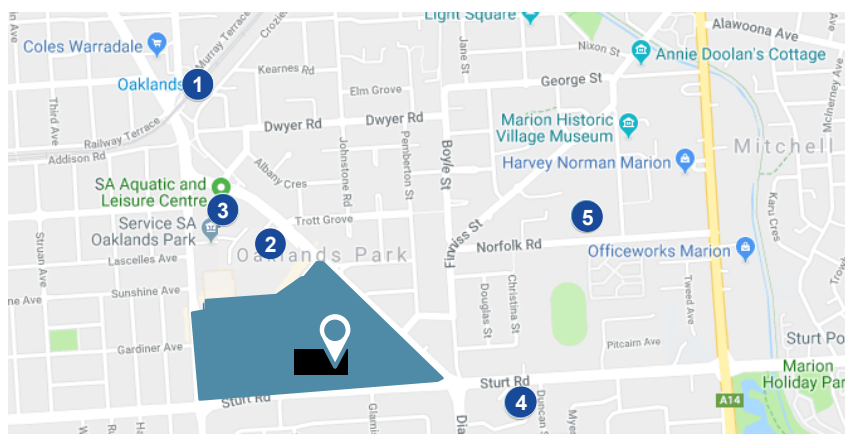
## 2. INFORMATION ON WESTFIELD MARION<sup>1</sup>

Westfield Marion is South Australia’s largest shopping centre, with a Gross Lettable Area (“GLA”) of approximately 1.5 million square feet (“sq ft”), across a three-storey retail mall, with five storeys of office space supported by approximately 5,270 parking spaces. As the only super-regional shopping centre in South Australia, Westfield Marion has a total trade area of approximately 497,000 residents spread out across 15.0 kilometres to the north and 40.0 kilometres to the south.

Westfield Marion is well represented by most Australian National retailers, anchored by three departmental stores – David Jones, Myer, and Harris Scarfe, three supermarkets – Aldi, Coles and Woolworths, three discount departmental stores – Big W, Kmart, and Target, and two free standing tenants – a bulky goods store, Bunnings Warehouse, and a liquor supermarket, Dan Murphy’s. Westfield Marion features a 26-screen cinema (Event Cinemas), which represents the largest cinema offering in the whole of South Australia, and 17 mini-major tenants including Commonwealth Bank, Daiso Japan, Nike and Priceline Pharmacy. Westfield Marion also features approximately 320 specialty stores, kiosks and a fresh food precinct.

Westfield Marion occupies a high profile and strategic location along Diagonal Road, Sturt Road and Morphett Road and is located approximately 10.0 kilometres south-west from Adelaide Central Business District (“CBD”). Westfield Marion is in close proximity to a range of infrastructure with community and educational uses, including the: (i) Oaklands Train Station, (ii) Marion Cultural Centre, (iii) SA Aquatic and Leisure Centre, (iv) City of Marion Council and (v) Marion R.S.L Bowling Club.

**Figure 2: Community amenities surrounding Westfield Marion**



**Landmarks:**

- ① Oaklands Train Station
- ② Marion Cultural Centre
- ③ SA Aquatic and Leisure Centre
- ④ City of Marion Council
- ⑤ Marion R.S.L. Bowling Club

The Acquisition is in line with SPH REIT’s strategy of acquiring retail properties in Asia Pacific that complement its existing portfolio of quality assets so as to provide unitholders of SPH

<sup>1</sup> Information obtained from Colliers International or extracted from the Valuation Report (as defined herein).

REIT (“**Unitholders**”) with regular and stable distributions, sustainable long-term growth in distributable income and distribution per unit, while maintaining an appropriate capital structure.

### **3. DETAILS OF ACQUISITION**

#### **3.1 Purchase Consideration**

Pursuant to the terms of the Sale Agreement, the Purchase Consideration of A\$670.0 million (approximately S\$636.5 million) was arrived on a willing-buyer and willing-seller basis, taking into account the independent valuation of Westfield Marion of A\$679.5 million (approximately S\$645.5 million) as stated in the independent valuation report by Urbis Valuations Pty Ltd dated 6 August 2019 (the “**Valuation Report**”) commissioned by the Manager. Both the capitalisation of income and discounted cash flow analysis approaches were used in the valuation.

Urbis Valuations Pty Ltd is a licensed valuer operating under the Australian Property Institute Limited Liability Scheme which is a scheme approved under the Australian Professional Standards Legislation.

A copy of the Valuation Report is available for inspection during normal business hours at the registered office of the Manager<sup>2</sup> at 1000 Toa Payoh North, News Centre, Singapore 318994 from the date of this announcement up to and including the date falling three months thereafter.

#### **3.2 Certain Terms and Conditions of the Sale Agreement**

In addition to the customary representations and warranties for such agreements, the Sale Agreement also provides for:

- 3.2.1** a refundable deposit of approximately A\$16.8 million (approximately S\$15.9 million), being 2.5% of the Purchase Consideration, to be paid within two business days following the entry of the parties into the Sale Agreement;
- 3.2.2** the Seller to procure the assignment of the relevant tenancy agreements, guarantees, service agreements and building warranties relating to Westfield Marion from the Seller to the Buyer Trust at settlement of the Sale Agreement; and
- 3.2.3** the risk of damage in respect of Westfield Marion to only pass to the Buyer Trust on settlement, with the Seller being required to give notice to the Buyer Trust, and the Buyer Trust being entitled to terminate the Sale Agreement or to make a claim to reduce the Purchase Consideration, should Westfield Marion suffer any substantial damage between the date of entry into the Sale Agreement and the date of settlement under the Sale Agreement.

#### **3.3 Estimated Total Acquisition Cost**

The current estimated total cost (the “**Total Acquisition Cost**”) of the Acquisition to SPH REIT is approximately A\$691.3 million (approximately S\$656.7 million), comprising:

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<sup>2</sup> Prior appointment with the Manager will be appreciated.

- 3.3.1 the Purchase Consideration of A\$670.0 million (approximately S\$636.5 million), representing a 1.4% discount to the appraised valuation;
- 3.3.2 the registration fee for the transfer of land amounting to A\$5.8 million (approximately S\$5.5 million) payable by the Buyer Trust for the Acquisition;
- 3.3.3 the acquisition fee of approximately S\$6.4 million, being the acquisition fee payable to the Manager for the Acquisition, pursuant to the SPH REIT Trust Deed dated 9 July 2013, which the Manager has elected to be paid in units of SPH REIT (“Units”); and
- 3.3.4 professional fees and other expenses of approximately S\$8.3 million, being the professional fees and other expenses incurred by SPH REIT in connection with the Acquisition.

### 3.4 Establishment of Special Purpose Vehicles

In connection with the Acquisition, the following special purpose vehicles have been established:

- 3.4.1 an attribution managed investment trust established in Australia, the Head Trust, with an affiliate of Moelis Australia Limited (“**Moelis Australia**”), Mendoza Limited, appointed as the trustee of the Head Trust and an affiliate of Moelis Australia, Moelis Australia Funds Management Pty Ltd, appointed as the investment manager of the Head Trust; and
- 3.4.2 a private trust established in Australia, the Buyer Trust, with an affiliate of Moelis Australia, MAAM TT (Marion) Pty Ltd, appointed as the trustee of the Buyer Trust. The Head Trust holds 100.0% of the units in the Buyer Trust.

A summary is provided as follows:

| Name           | Place of Constitution | Total Direct and/or Indirect Interest of SPH REIT | Description                                                                                                                                 |
|----------------|-----------------------|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| The Head Trust | Australia             | 100.0%                                            | Mendoza Limited as the trustee of the Head Trust.<br>Moelis Australia Funds Management Pty Ltd as the investment manager of the Head Trust. |

|                 |           |        |                                                                                                                                                                   |
|-----------------|-----------|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                 |           |        | The Trustee and SPH REIT (Investments) Pte. Ltd., a wholly-owned subsidiary of the Trustee, hold 1.0% and 99.0% of the units in the Head Trust respectively.      |
| The Buyer Trust | Australia | 100.0% | MAAM TT (Marion) Pty Ltd as the trustee of the Buyer Trust.<br><br>Mendoza Limited as the trustee of the Head Trust holds 100.0% of the units in the Buyer Trust. |

Moelis Australia is a financial services group that operates in the areas of equities sales trading and research, asset management and corporate advisory through Australian licensed entities and is a publicly-listed company on the Australian Securities Exchange.

### 3.5 Trustee Guarantee

In connection with the Acquisition, the Buyer Trust will accede to certain agreements relating to the operation of Westfield Marion between the Existing Co-owners and their affiliates (the “**Operational Agreements**”). In connection with the accession of the Buyer Trust to the Operational Agreements, the Trustee will be providing a guarantee in favour of the Existing Co-owners and their affiliates in respect of the obligations of the Buyer Trust under the Operational Agreements.

## 4. RATIONALE FOR AND BENEFITS OF THE ACQUISITION<sup>3</sup>

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

### 4.1 Deepens Strategic Presence in Australia with entry into attractive and stable Adelaide market

The Acquisition provides entry into the stable Adelaide market, further expanding SPH REIT’s strategic presence in Australia, following the Figtree Grove Shopping Centre acquisition last year<sup>4</sup>.

<sup>3</sup> Information obtained from Colliers International or extracted from the Valuation Report.

<sup>4</sup> Please refer to the previous announcements issued by the Manager; “Acquisition Of An 85.0% Interest In Figtree Grove Shopping Centre, New South Wales, Australia” issued on 18 December 2018 and “Completion Of The Acquisition Of An 85.0% Interest In Figtree Grove Shopping Centre, New South Wales, Australia” issued on 21 December 2018.

As one of the top 10 most liveable cities globally<sup>5</sup>, according to the Economist Intelligence Unit, Greater Adelaide is home to more than 75.0% of South Australia's population, making it the most centralised population of any state. According to the South Australian State Government, Greater Adelaide's population is expected to grow by 545,000 people from 2015 to 2045, resulting in a population of almost two million<sup>6</sup>.

South Australia's population and economic growth is expected to be resilient, supported by world-class educational facilities, growing tourism arrivals and strong investments into infrastructure developments and healthcare, including the A\$3.8 billion Adelaide BioMed City<sup>7</sup> and the A\$90.0 billion commitment to defence projects such as the Future Frigates and the Future Submarine programs<sup>8</sup>.

Westfield Marion serves a Total Trade Area population of 497,240, and is poised to benefit from the growing population and spending which are forecasted to continue to grow steadily from 2018 to 2031 with an implied compound annual growth rate of 0.8% and 3.6%, respectively.

## 4.2 Dominant Destination Lifestyle Mall in South Australia

Westfield Marion is the largest and the only super regional shopping centre in South Australia, with GLA of approximately 1.5 million sq ft. The freehold property which sits on a land parcel of approximately 2.5 million sq ft, is strategically located approximately 10.0 kilometres south-west of Adelaide's CBD. With its large offerings and well segmented precincts of entertainment, fresh food, and dining, Westfield Marion is able to attract a footfall of 13.5 million annual visitors. Westfield Marion boasts a healthy occupancy of 99.3% (by GLA) and a well-distributed Weighted Average Lease Expiry ("**WALE**") of 6.7 years (by GLA) and 4.2 years (by income), supported by a high quality tenant base including leading national retailers like Bunnings Warehouse, Coles, David Jones, Kmart, Myer, Target, Woolworths and more.

Westfield Marion is located in a highly accessible location – bound by three major thoroughfares and arterial roads, Diagonal Road, Sturt Road and Morphett Road, extending greater access to shoppers beyond its immediate catchment. Westfield Marion is also located next to the Oaklands Train Station, connecting it with Adelaide's CBD and the southern coastline via multiple train lines.

Westfield Marion is surrounded by community amenities – (i) Oaklands Train Station, (ii) Marion Cultural Centre, (iii) SA Aquatic and Leisure Centre, (iv) City of Marion Council and (v) Marion R.S.L Bowling Club.

Westfield Marion currently occupies a significant site of approximately 22.9 hectares that is currently zoned as the Regional Centre within the City of Marion Planning Scheme, reflecting the importance of the location and its contribution to the region.

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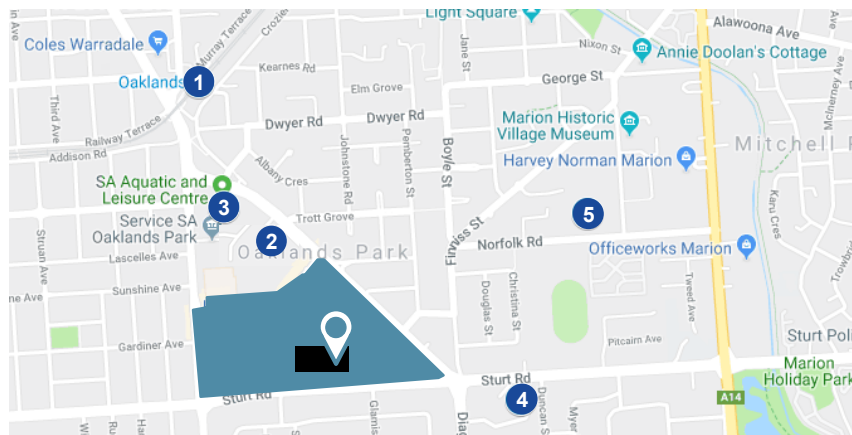
5 Based on Economist Intelligence Unit's 2018 Global Liveability Index.

6 Source: [https://livingadelaide.sa.gov.au/data/assets/pdf\\_file/0011/278336/Factsheet - Population and Demographics.pdf](https://livingadelaide.sa.gov.au/data/assets/pdf_file/0011/278336/Factsheet_-_Population_and_Demographics.pdf).

7 Source: <https://www.rah.sa.gov.au/research/adelaide-biomed-city>.

8 Source: <https://defence.gov.au/NavalShipBuilding/Plan/>.

**Figure 4.2: Community amenities surrounding Westfield Marion**



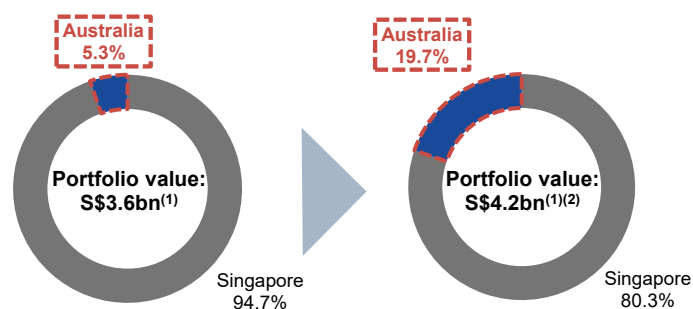
**Landmarks:**

- ① Oaklands Train Station
- ② Marion Cultural Centre
- ③ SA Aquatic and Leisure Centre
- ④ City of Marion Council
- ⑤ Marion R.S.L. Bowling Club

**4.3 Complementary Acquisition, Adding to Resilience, Diversity and Quality of SPH REIT’s Portfolio**

The Acquisition will strengthen the quality of SPH REIT’s portfolio, by adding further asset and geographical diversification, as well as lengthening the portfolio WALE. Post-Acquisition, approximately 19.7% of SPH REIT’s portfolio by valuation will be derived from Australia (compared to 5.3% pre-Acquisition).

**Figure 4.3.1: Enhanced geographic distribution post-Acquisition**



**Notes:**

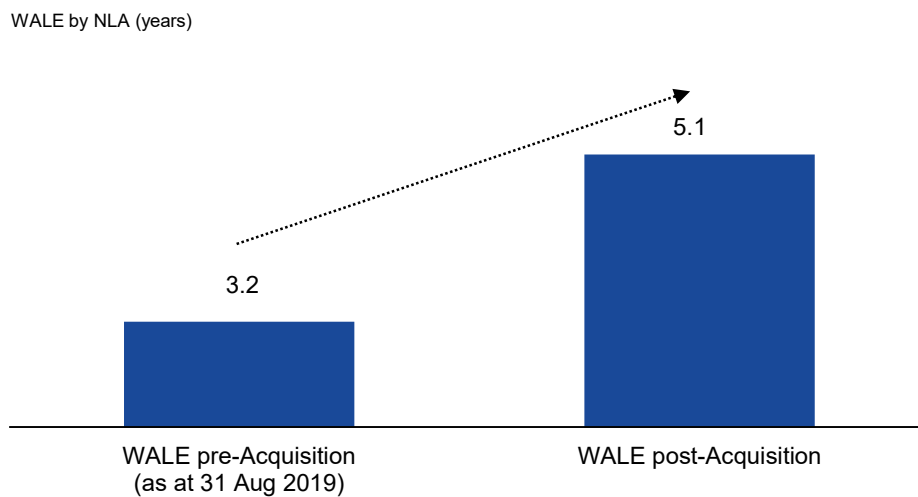
(1) As of 31 August 2019, and includes 100.0% size and valuation of Figtree Grove Shopping Centre. SPH REIT owns 85.0% of Figtree Grove Shopping Centre.



(2) Includes Figtree Grove Shopping Centre, and 50.0% stake in Westfield Marion which has a valuation of A\$679.5 million (approximately S\$645.5 million).

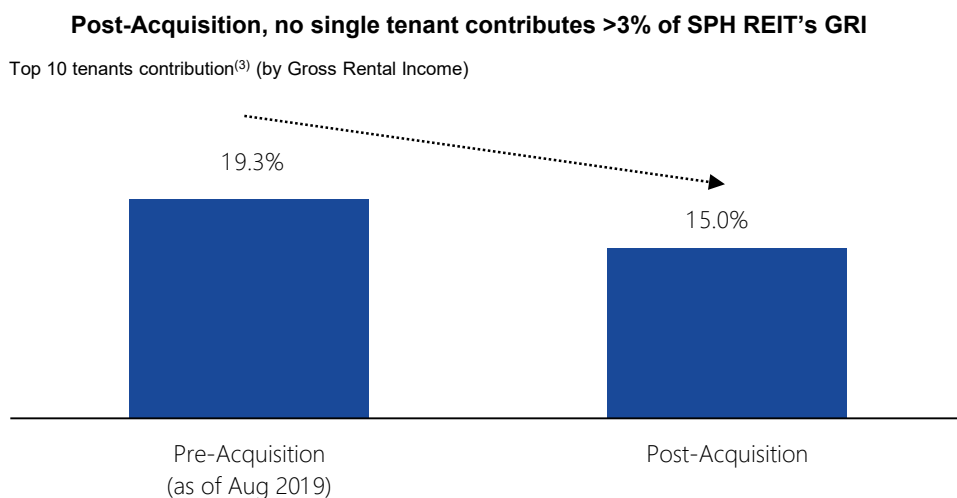
Post-Acquisition, SPH REIT's portfolio WALE by net lettable area ("NLA") is expected to improve from 3.2 years to 5.1 years. The strong committed occupancy and healthy WALE will enhance income sustainability for Unitholders over the long-term.

**Figure 4.3.2: Improved WALE post-Acquisition**



The Acquisition will also further diversify SPH REIT's tenant base and reduce concentration with the addition of new tenants to SPH REIT's portfolio. Post-Acquisition, the top 10 tenants' percentage contribution to SPH REIT's Gross Rental income ("GRI") reduces from 19.3% to 15.0%, with no more than 2.6% attributable to a single tenant based on rental income as of August 2019.

**Figure 4.3.3: Enhanced diversification of tenant base post-Acquisition**



**Note:**

- (3) Top 10 tenants of the portfolio by Gross Rental Income is based on the rental income for the month of August 2019.

Majority of the specialty tenant leases have predominantly fixed consumer price index (“CPI”) based rent reviews with an additional spread of 2.0% to 2.5% on average (CPI + 2.0% to 2.5%), which improves income growth visibility and opportunity.

The Acquisition will allow SPH REIT to enter into a joint venture partnership with the Scentre Group, the largest Australian retail real estate investment trust, owning and operating Westfield in Australia and New Zealand with a network of 41 Westfield Living Centres and with assets under management valued at A\$54.6 billion (approximately S\$51.9 billion). This is a strong platform that generates A\$24.0 billion (approximately S\$22.8 billion) of annual retail in-store sales across 11,500 retailers, representing a diverse range of more than 3,500 brands, and over 65.0% of the Australian population is within a 30-minute drive of a Westfield Living Centre.

#### **4.4 Distribution Per Unit (“DPU”) and Net Asset Value (“NAV”) Per Unit Accretive Transaction**

Based on the proposed method of financing, and the pro forma financial effects of the Acquisition on the DPU and NAV per Unit for the financial year ended 31 August 2019 (“FY2019”), the Acquisition is expected to be DPU and NAV per Unit accretive to Unitholders.

Please refer to paragraph 5.2 below for the pro forma financial effects of the Acquisition on SPH REIT’s DPU and NAV per Unit using the audited financial statements of SPH REIT for FY2019.

## **5. METHOD OF FINANCING AND FINANCIAL EFFECTS**

### **5.1 Method of Financing**

The Acquisition is to be financed through a combination of proceeds from the S\$300.0 million of perpetual securities issued on 30 August 2019<sup>9</sup>, debt and/or equity fund raising.

The final decision regarding the timing and proportion of funding will be made by the Manager at the appropriate time taking into account market conditions, with a view to provide overall DPU accretion to Unitholders while maintaining an optimum level of aggregate leverage.

For purposes of completion certainty, the Manager intends to arrange a bridging loan facility, which can be drawn upon to fully fund the Acquisition, if required.

### **5.2 Pro Forma Financial Effects**

The Acquisition is regarded as being in the ordinary course of business of SPH REIT and SPH REIT is therefore not required to disclose the illustrative financial effects of the Acquisition as prescribed in Chapter 10 of the Listing Manual. However, the pro forma financial effects of the

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<sup>9</sup> Please refer to the previous announcements issued by the Manager; “Establishment of S\$1,000,000,000 Multicurrency Debt Issuance Programme” issued on 21 August 2019, “Pricing of Offering of S\$300,000,000 4.10 Per Cent. Subordinated Perpetual Securities under the S\$1,000,000,000 Multicurrency Debt Issuance Programme” issued on 23 August 2019 and “Issuance of S\$300,000,000 4.10 Per Cent. Subordinated Perpetual Securities under the S\$1,000,000,000 Multicurrency Debt Issuance Programme” issued on 30 August 2019.

Acquisition, using the audited financial statements of SPH REIT for FY2019 and based on the guidelines in Chapter 10 of the Listing Manual, are set out in the illustrative examples below for Unitholders' reference and ease of comparison.

The pro forma financial effects of the Acquisition on the DPU and the NAV per Unit presented below are strictly for illustrative purposes and were prepared based on the following assumptions:

- a) Total Acquisition Cost will be funded by debt, net proceeds from the S\$300.0 million perpetual securities issued on 30 August 2019<sup>10</sup> and approximately S\$6.4 million of acquisition fee payable to the Manager via the issuance of Units as acquisition fee for the Acquisition at the illustrative issue price of S\$1.040 per Unit, with the balance to be funded by an estimated equity fund raising amount of approximately S\$161.5 million raised from an illustrative issuance of 155.3 million new Units at an illustrative issue price of S\$1.040 per new Unit; and
- b) exchange rate of A\$1.000: S\$0.950.

#### 5.2.1 Pro Forma DPU

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on SPH REIT's DPU for the FY2019, as if the Acquisition was completed on 1 September 2018 and SPH REIT held Westfield Marion through to 31 August 2019 is as follows:

|                                  | Before the Acquisition | After the Acquisition    |
|----------------------------------|------------------------|--------------------------|
| Distributable Income (S\$'000)   | 145,034                | 156,749                  |
| Issued and Issuable Units ('000) | 2,588,701              | 2,753,467 <sup>(1)</sup> |
| DPU (Singapore cents)            | 5.60                   | 5.69 <sup>(1)</sup>      |
| DPU Accretion (%)                | -                      | 1.6                      |

**Notes:**

- (1) The Units in issue includes existing Units as at 31 August 2019 and includes (a) new Units issued from the potential equity fund raising, (b) new Units issuable as payment of the Manager's base and performance fees in respect of Westfield Marion for the period from 1 September 2018 to 31 August 2019, and (c) new Units issuable to the Manager as acquisition fee for the Acquisition.

#### 5.2.2 Pro Forma NAV

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on SPH REIT's NAV as at 31 August 2019, as if the Acquisition was completed on 31 August 2019 is as follows:

|               | Before the Acquisition | After the Acquisition |
|---------------|------------------------|-----------------------|
| NAV (S\$'000) | 2,458,864              | 2,625,231             |

<sup>10</sup> Please refer to the preceding footnote.

|                           |           |                          |
|---------------------------|-----------|--------------------------|
| Issued and Issuable Units | 2,588,701 | 2,753,467 <sup>(1)</sup> |
| NAV per Unit (S\$)        | 0.950     | 0.953 <sup>(1)</sup>     |

**Notes:**

(1) The Units in issue includes existing Units as at 31 August 2019 and includes (a) new Units issued from the potential equity fund raising, (b) new Units issuable as payment of the Manager's base and performance fees in respect of Westfield Marion for the period from 1 September 2018 to 31 August 2019, and (c) new Units issuable to the Manager as acquisition fee for the Acquisition.

### 5.2.3 Pro Forma Gearing

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on SPH REIT's gearing as at 31 August 2019, as if the Acquisition was completed on 31 August 2019 is as follows:

|                            | Before the Acquisition | After the Acquisition |
|----------------------------|------------------------|-----------------------|
| Gearing <sup>(1)</sup> (%) | 27.5%                  | 29.7%                 |

**Notes:**

(1) Gearing refers to the ratio of the value of total debt to the value of total assets.

## 6. INTEREST OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

Based on the information available to the Manager as at the date of this announcement, none of the Directors or the substantial unitholders<sup>11</sup> have any interest, direct or indirect, in the Acquisition (otherwise than through their unitholdings, if any, in SPH REIT).

## 7. OTHER INFORMATION

### 7.1 Directors' Service Contracts

No person is or is proposed to be appointed as a director of the Manager in connection with the Acquisition.

### 7.2 Disclosure under Rule 1010(13) of the Listing Manual

Chapter 10 of the Listing Manual classifies transactions by SPH REIT into (i) non-disclosable transactions, (ii) disclosable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, inter alia, the following bases or comparison set out in Rules 1006(b), 1006(c) and 1006(d) of the Listing Manual:

- (a) the net profits attributable to the assets acquired, compared with SPH REIT's net profits;

<sup>11</sup> A "substantial unitholder" refers to a person with an interest in SPH REIT Units constituting not less than 5.0% of all Units in issue.

- (b) the aggregate value of the consideration given, compared with SPH REIT's market capitalisation;
- (c) the number of Units as consideration for the Acquisition, compared with the number of Units previously in issue.

The relative figures for the Acquisition using the applicable bases of comparison in Rule 1006 are set out below:

|                                                                                                                                                                                                                                                   |                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| <b><u>Rule 1006(b)</u></b><br>Net property income <sup>(1)</sup> attributable to the assets acquired compared to SPH REIT's net property income <sup>(1)</sup>                                                                                    | 20.0%                                                |
| <b><u>Rule 1006(c)</u></b><br>Aggregate value of consideration <sup>(2)</sup> to be given compared with SPH REIT's market capitalisation on 6 November 2019, being the market day immediately preceding the date of signing of the Sale Agreement | 21.3%                                                |
| <b><u>Rule 1006(d)</u></b><br>Number of Units issued by SPH REIT as consideration for the Acquisition, compared with the number of Units previously in issue                                                                                      | Not Applicable<br>(No Units issued as consideration) |

**Note:**

- (1) In the case of a real estate investment trust, the net property income is a close proxy to the net profits attributable to its assets.
- (2) For the purposes of computation under Rule 1006(c), the aggregate consideration given by SPH REIT is the Purchase Consideration.

**7.3** Notwithstanding the computation under Rule 1006(b) and Rule 1006(c), the Acquisition is in the ordinary course of business of SPH REIT and SPH REIT is therefore not required to disclose the Acquisition and seek the approval of Unitholders as a major transaction under Chapter 10 of the Listing Manual.

Issued by SPH REIT Management Pte. Ltd.

As manager of SPH REIT

7 November 2019

## IMPORTANT NOTICE

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

This announcement 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 other companies, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), 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 the current view of the Manager on future events.

While the Manager has taken reasonable actions to ensure that the information from the relevant sources cited in footnotes 1, 3, 5, 6, 7, and 8 are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such sources, neither the Manager, nor any other party has conducted an independent review of the information contained in such sources or verified the accuracy of the contents of the relevant information.

The value of Units and the income derived from them, if any, may fall or 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.

Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is not for distribution, directly or indirectly, in or into the United States and is not an offer of securities for sale in the United States or any other jurisdictions. Any proposed issue of new Units described in this announcement have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any state or other jurisdiction of the United States, or under the securities laws of any other jurisdiction, and any such new Units may not be offered or sold, directly or indirectly, in the United States or any other jurisdiction except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws. The Manager does not intend to conduct a public offering of any securities of SPH REIT in the United States.

The past performance of SPH REIT is not necessarily indicative of the future performance of SPH REIT.



**SPH REIT MANAGEMENT PTE. LTD.**  
(Registration No: 201305497E)  
(Incorporated in the Republic of Singapore)

## **SPH REIT TO ACQUIRE A 50.0% INTEREST IN WESTFIELD MARION SHOPPING CENTRE, ADELAIDE, SOUTH AUSTRALIA**

**SINGAPORE, November 7, 2019** - SPH REIT Management Pte. Ltd., in its capacity as the manager of SPH REIT (the “Manager”), is pleased to announce that Marion Sub Trust (which is wholly owned by SPH REIT) has today entered into a Sale of Land Contract with an unrelated third party, Lendlease Real Estate Investments Limited (the “Seller”) to acquire a direct 50.0% interest in the Westfield Marion Shopping Centre (“Westfield Marion”) for a purchase consideration of A\$670.0 million (approximately S\$636.5 million) (the “Acquisition”). The Acquisition is expected to be completed by end 2019. Moelis Australia Funds Management Pty Ltd, a subsidiary of Moelis Australia Limited (“Moelis Australia”), has been appointed as investment manager for the Marion Sub Trust.

Scentre Group Limited (“Scentre Group”) is the current co-owner of Westfield Marion and will be SPH REIT’s joint venture partner post completion of the acquisition. Scentre Group is the largest Australian Retail REIT, owning and operating Westfield in Australia and New Zealand with interests in 41 Living Centres, encompassing approximately 11,500 outlets and total assets under management of A\$54.6 billion.

Westfield Marion is the largest and the only super regional shopping centre in South Australia, with approximately 1.5 million sq ft of Gross Lettable Area (“GLA”). The freehold property which sits on a land parcel of approximately 2.5 million sq ft, is strategically located approximately 10.0 kilometres south west of Adelaide’s Central Business District “CBD”). With its large offerings and well segmented precincts of entertainment, fresh food, and dining, Westfield Marion is able to attract a footfall of 13.5 million annual visitors. Westfield Marion boasts a healthy occupancy of 99.3% (by GLA) and a well-distributed Weighted Average Lease Expiry (“WALE”) of 6.7 years (by GLA) and 4.2 years (by income), supported by a high quality tenant base including leading national retailers like David Jones, Myer, Harris Scarfe, Target, Kmart, Big W, Bunnings Warehouse, Coles, Woolworths, Aldi and Events. Westfield Marion is located in a highly accessible location which is bound by three major thoroughfares and arterial roads in Diagonal Road, Sturt Road and Morphett Road, extending greater access to shoppers beyond its usual

catchment. Westfield Marion is also located next to the Oaklands Train Station, connecting it with Adelaide's CBD and the southern coastline via multiple train lines.

"We are very pleased to welcome SPH REIT as our joint venture partner at Westfield Marion," said Scentre Group Chief Executive Officer Peter Allen. "Westfield Marion is the market leading Living Centre in South Australia with long-term development potential. With the confirmation of SPH REIT as our JV partner, we look forward to progressing plans for the next stage of the centre's development."

The Acquisition is in line with SPH REIT's strategy of acquiring retail properties in Asia Pacific that complement its existing portfolio of quality assets. It will provide unitholders of SPH REIT with regular and stable distributions, sustainable long-term growth in distributable income and distribution per unit, while maintaining an appropriate capital structure.

Ms Susan Leng Mee Yin, Chief Executive Officer of SPH REIT Management Ltd., as manager of SPH REIT, said, "The Acquisition deepens SPH REIT's presence in the Australian market and follows on from our first asset acquisition of Figtree Grove Shopping Centre in December 2018. The Acquisition will enhance the sustainability and resilience of SPH REIT's returns to unitholders through the increased geographic diversity, larger freehold land tenure, and longer underlying leases with embedded rental growth potential. This transaction and our co-ownership with Scentre Group marks another significant milestone in expanding our presence in a country and sector with growth prospects. We are pleased with this opportunity to partner Scentre Group, the premier developer and operator of Westfield Shopping Centres in Australia, as well as to strengthen our existing relationship with Moelis Australia."

**Issued by SPH REIT Management Pte Ltd**

**Co. Regn. No. 201305497E**

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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.

SPH REIT has a portfolio of four assets in Singapore and Australia.

Its portfolio of properties in Singapore comprises a 99-year leasehold interest in Paragon commencing on 24 July 2013, a 99-year leasehold interest in The Clementi Mall commencing on 31 August 2010 and a 99-year leasehold interest in The Rail Mall commencing on 18 March 1947. Valued at S\$3.405.8 billion as at 31 August 2019 with an aggregate net lettable area of approximately 960,000 sq. ft.

In Australia, SPH REIT owns an 85% stake in Figtree Grove Shopping Centre, a freehold sub-regional shopping centre in Wollongong, New South Wales, Australia. Valued at A\$206.0 million as at 31 August 2019 with an aggregate gross lettable area of approximately 236,000 sq. ft.

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 SPONSOR: SINGAPORE PRESS HOLDINGS LTD**

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.

SPH's core business is publishing of newspapers, magazines and books in both print and digital editions. It also owns other digital products, online classifieds, radio stations and outdoor media.

On the property front, SPH owns approximately 70% in a real estate investment trust called SPH REIT which comprises Paragon, a premier upscale retail mall and medical suite/office property in Orchard Road, The Clementi Mall, a mid-market suburban mall and The Rail Mall, a stretch of shopping and dining outlets along Upper Bukit Timah Road. SPH REIT also holds 85% equity stake in Figtree Grove, a freehold sub-regional shopping centre in Wollongong, New South Wales, Australia. SPH owns and operates The Seletar Mall and is developing a new commercial cum residential site, The Woodleigh Residences and The Woodleigh Mall. It also owns a portfolio of Purpose-Built Student Accommodation (PBSA) in the United Kingdom.

It is in the aged care sector and owns Orange Valley, one of Singapore's largest nursing homes.

SPH runs a regional events arm and a chain of Buzz retail outlets. It also invested in the education business.

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

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LinkedIn: [linkedin.com/company/singapore-press-holdings/](https://linkedin.com/company/singapore-press-holdings/)

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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.



# Acquisition of 50.0% Interest in Westfield Marion Shopping Centre, Adelaide, South Australia

7 November 2019

PARAGON

THE CLEMENTI  
mall

figtree  
grove

The Rail Mall

# Disclaimer

## Important Notice

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These materials contain a summary only and do not purport to contain all of the information that may be required to evaluate any potential transaction mentioned in this presentation, including the proposed formation of joint ventures and acquisition of data centres by these joint ventures as described, which may or may not proceed. You should conduct your own independent analysis of the Sponsor, the Manager and SPH REIT, including consulting your own independent legal, business, tax and financial advisers and other advisers in order to make an independent determination of the suitability, merits and consequences of investment in SPH REIT.

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# Transaction overview



Entrance to fresh food precinct

# Overview of Westfield Marion Shopping Centre

- ✓ South Australia's only super regional shopping centre<sup>(1)</sup> alongside Scentre Group Limited ("Scentre Group"), the largest Australian Retail REIT, owning and operating Westfield in Australia and New Zealand with a network of 41 Westfield Living Centres, and with assets under management valued at A\$54.6bn
- ✓ Total pedestrian foot traffic of 13.5m annual visitors
- ✓ High occupancy of 99.3% by Gross Lettable Area ("GLA")
- ✓ Weighted Average Lease Expiry ("WALE") of 6.7 years by GLA and 4.2 years by income
- ✓ Destination lifestyle mall for the Greater Adelaide region with unique highlights including the largest cinema offering in the whole of South Australia with 26 cinema halls

## Overview of major tenants in Westfield Marion



|                                      |                                                                           |
|--------------------------------------|---------------------------------------------------------------------------|
| Property                             | ■ Westfield Marion Shopping Centre                                        |
| Location                             | ■ 293-297 Diagonal Road, Oaklands Park<br>Adelaide, South Australia, 5046 |
| SPH REIT's ownership stake           | ■ 50.0%                                                                   |
| Title                                | ■ Freehold                                                                |
| Land area (sqm)                      | ■ 228,782                                                                 |
| GLA (sqm)                            | ■ 136,629                                                                 |
| Number of storeys                    | ■ 3 (retail); 5 (office)                                                  |
| Number of car park bays              | ■ 5,270                                                                   |
| Total number of tenants              | ■ 327                                                                     |
| Sales / Moving Annual Turnover (MAT) | ■ A\$846m for the year ending 30 June 2019 (+2.35% YoY) <sup>(2)</sup>    |
| Purchase Consideration (100%)        | ■ A\$1,340m                                                               |
| Implied NPI yield <sup>(3)</sup>     | ■ 5.6%                                                                    |
| Co-owner / property manager          | ■ Scentre Group                                                           |

Sources: Colliers International, Urbis.

(1) Based on Colliers International research and data.

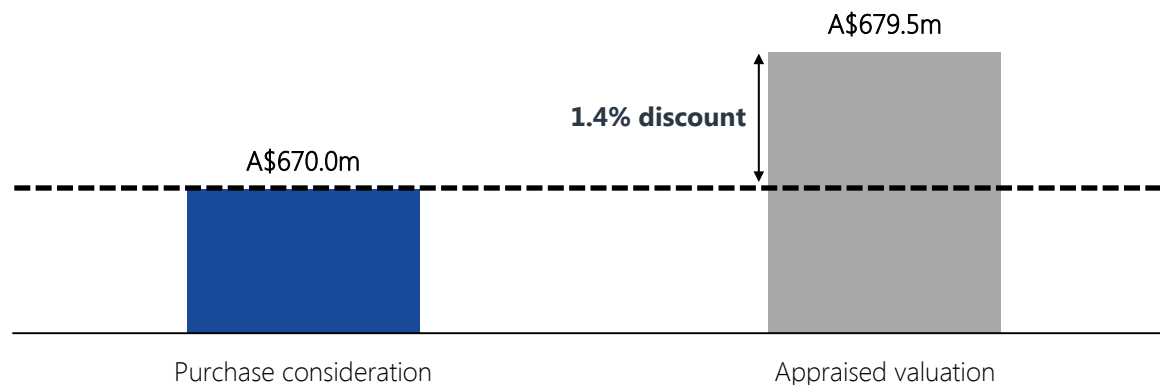
(2) Includes all entertainment and travel categories as well as an estimate for Aldi.

(3) Defined as net property income (A\$75.6m) divided by Purchase Consideration.

# Deepening SPH REIT's presence in Australia with acquisition of 50.0% interest in the largest shopping mall in South Australia



|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Proposed acquisition                 | <ul style="list-style-type: none"> <li>50.0% interest in Westfield Marion Shopping Centre ("Westfield Marion"), Adelaide, South Australia<sup>(1)</sup></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Independent valuation <sup>(2)</sup> | <ul style="list-style-type: none"> <li>A\$1,359.0m (100%); A\$679.5m (50%)</li> <li>Conducted by Urbis Valuation Pty Ltd ("Urbis")</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Purchase consideration               | <ul style="list-style-type: none"> <li>A\$670.0m (50%)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Funding structure                    | <ul style="list-style-type: none"> <li>Combination of proceeds from the S\$300.0m of perpetual securities issued on 30 August 2019, debt and/or equity fund raising</li> <li>Final decision regarding the timing and proportion of funding will be made by the Manager at the appropriate time taking into account market conditions, with a view to provide overall DPU accretion to Unitholders while maintaining an optimum level of aggregate leverage</li> <li>For purposes of completion certainty, the Manager intends to arrange a bridging loan facility, which can be drawn upon to fully fund the acquisition, if required</li> </ul> |
| Accretive transaction                | <ul style="list-style-type: none"> <li>Transaction expected to be DPU and NAV per unit accretive</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |



Sources: Company information, Urbis.

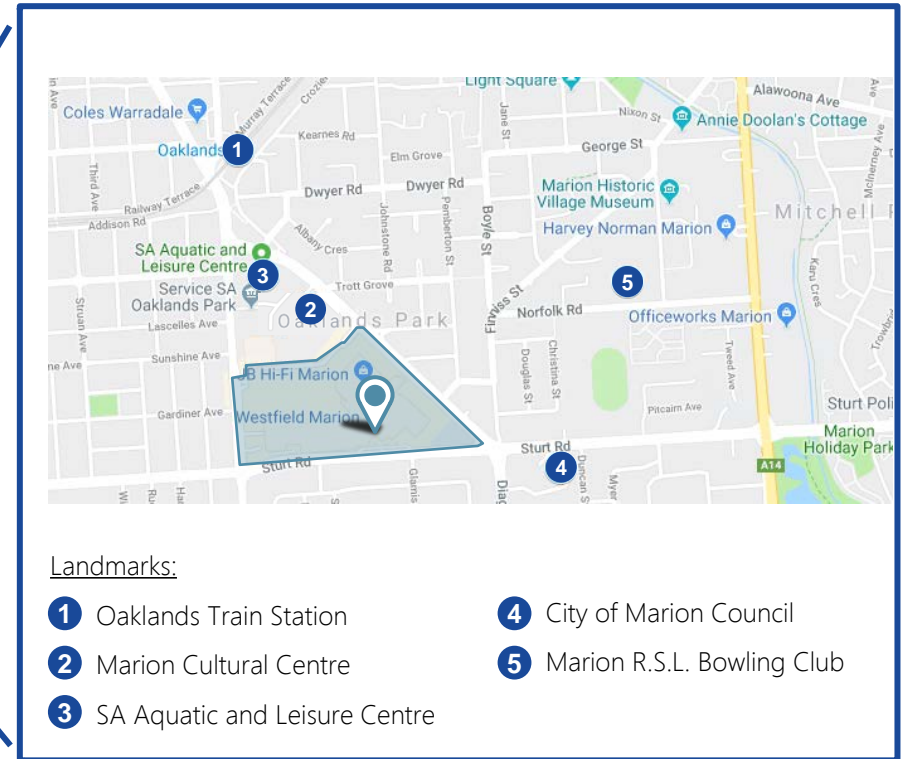
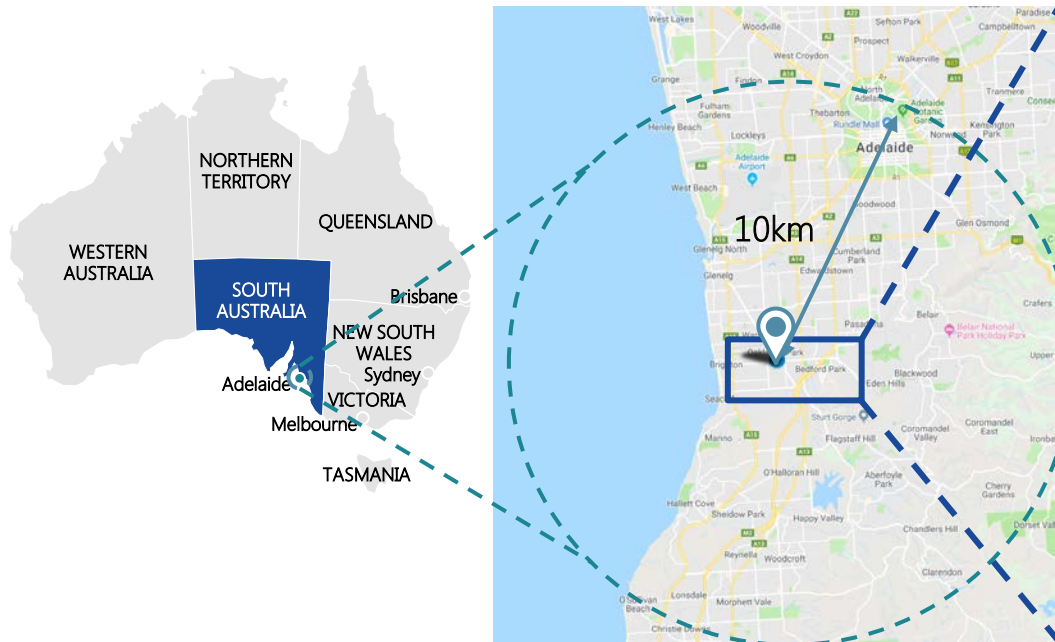
(1) Remaining 50.0% interest is owned by Scentre Group.

(2) Valuation as at 6 August 2019.



# Strategic, highly accessible location with large residential and commercial catchment area

- ✓ South Australia's only super regional shopping centre strategically located approximately 10km south west of Adelaide's CBD
- ✓ **Highly accessible location:** Bound by three major thoroughfares and arterial roads in Diagonal Road, Sturt Road and Morphett Road, extending greater access to shoppers beyond its usual catchment
- ✓ **Convenient access to train network:** Next to Oaklands Train Station, connecting it with Adelaide's CBD and the southern coastline via multiple train lines
- ✓ **Close proximity to community amenities:** Marion Cultural Centre, the SA Aquatic and Leisure Centre, and the City of Marion Council offices, which are all located along the perimeter of Westfield Marion

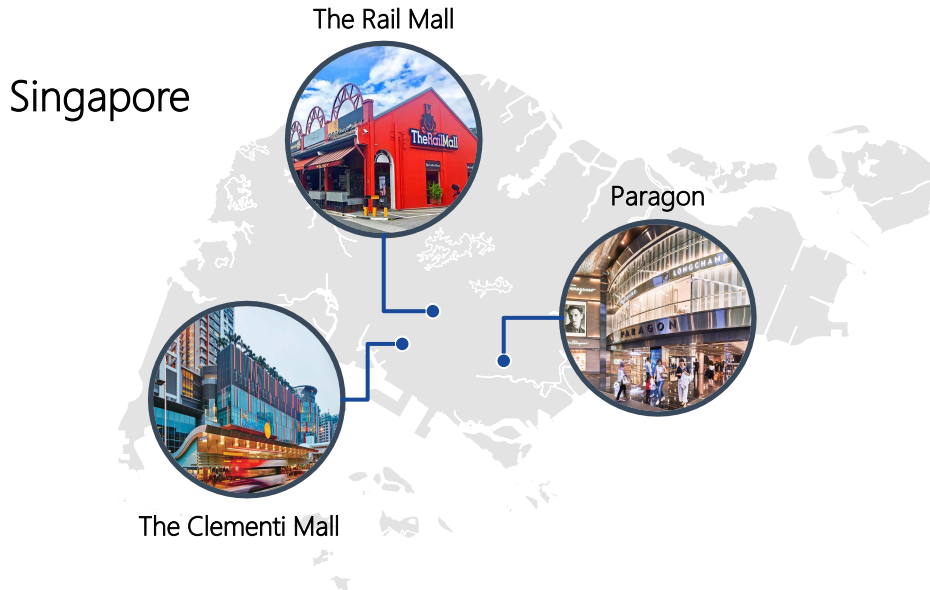
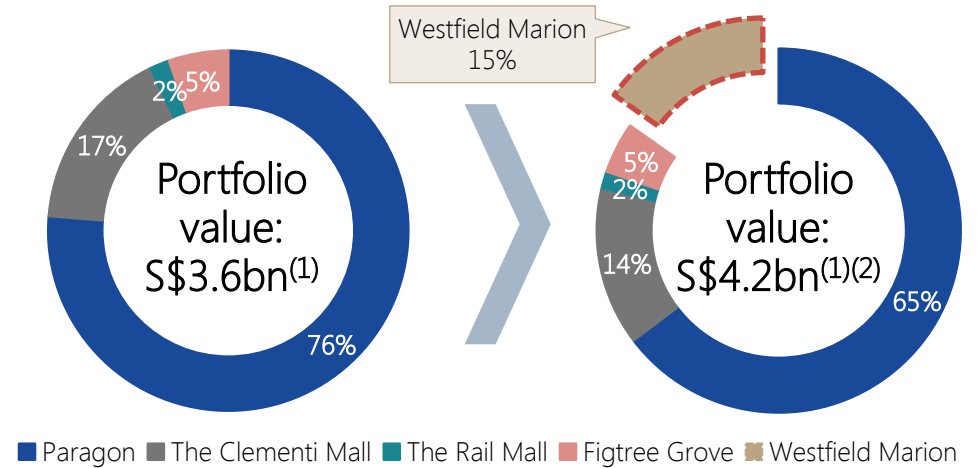
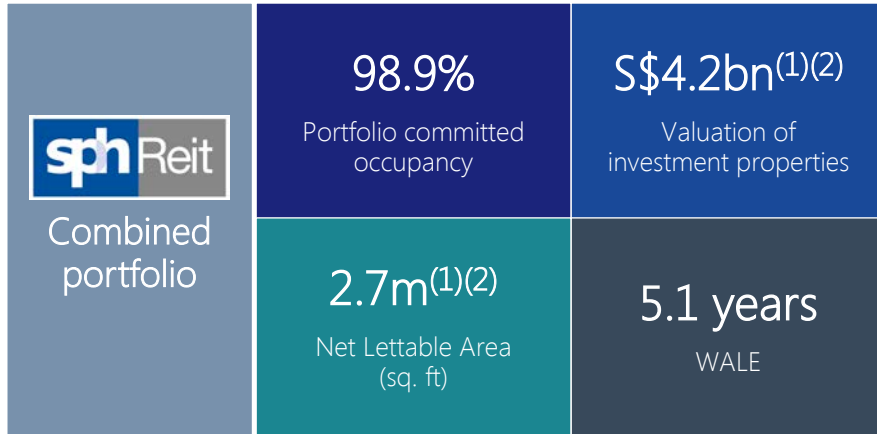


Landmarks:

- 1 Oaklands Train Station
- 2 Marion Cultural Centre
- 3 SA Aquatic and Leisure Centre
- 4 City of Marion Council
- 5 Marion R.S.L. Bowling Club

# Overview of SPH REIT post-acquisition

- Post completion of Westfield Marion acquisition, SPH REIT will have a portfolio of 5 assets across Singapore and Australia



Exchange rate: A\$1.00 = S\$0.95

Source: Company information.

(1) As of 31 August 2019, and includes 100% size and valuation of Figtree Grove Shopping Centre. SPH REIT owns 85% of Figtree Grove Shopping Centre.

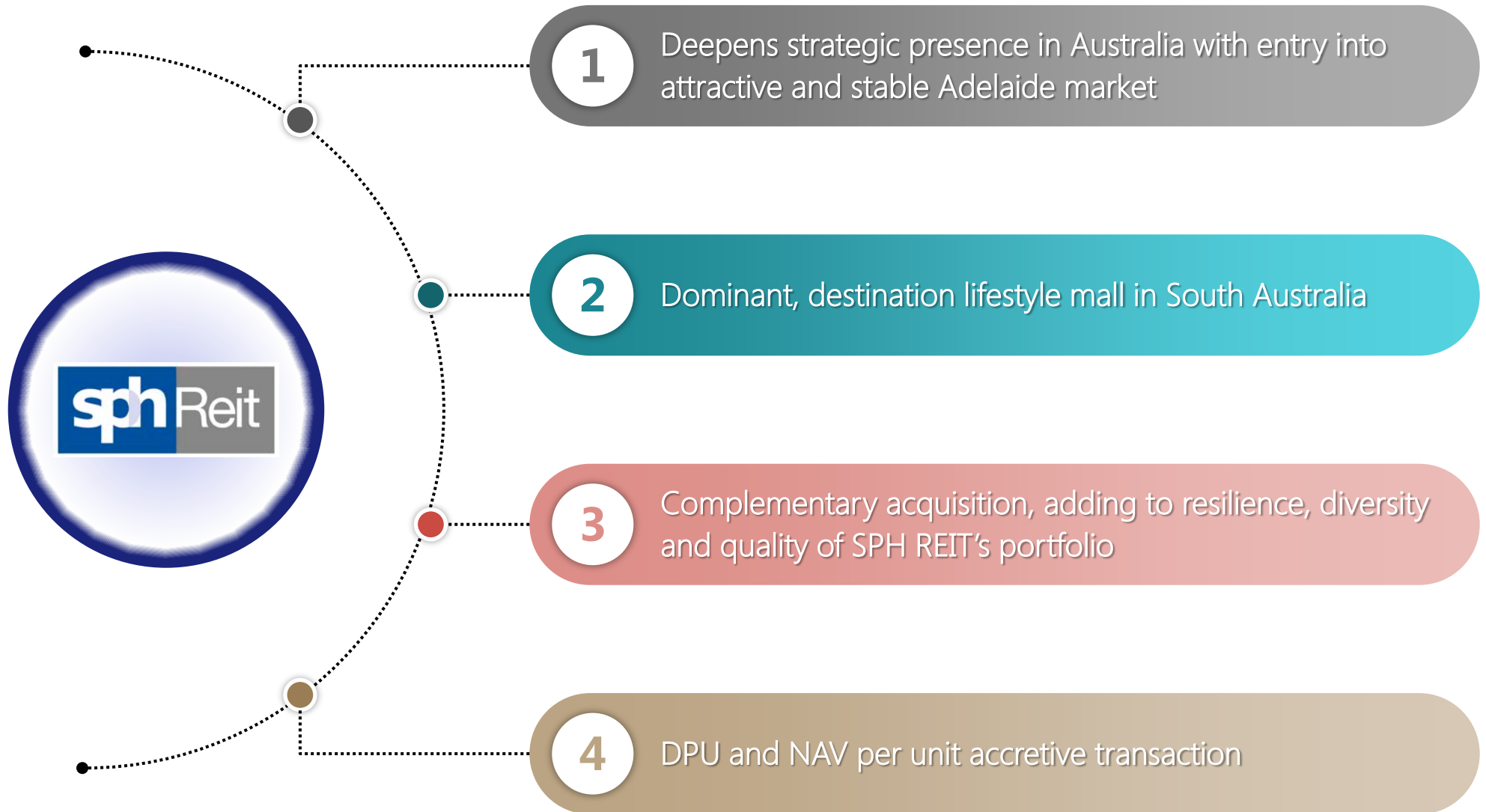
(2) Includes Figtree Grove Shopping Centre, and 50% stake in Westfield Marion which has a valuation of A\$679.5m (c.S\$645.5m).

# Rationale for acquisition and benefits



Main shopping podium

# Acquisition Rationale and Benefits



# 1 Deepens strategic presence in Australia with entry into attractive and stable Adelaide market



Greater Adelaide region is a significant population centre

- ✓ Among the top 10 most liveable cities globally<sup>(1)</sup>
- ✓ Home to more than 75% of the South Australian population, making it the most centralised population of any state
- ✓ Population is forecast to grow by 545,000 people from 2015 to 2045, resulting in a population of almost 2 million



Hub status for strategic industries generate employment and drive GSP<sup>(2)</sup> growth

- ✓ A\$90bn has been committed to defence projects in South Australia; an active defence sector presence within Adelaide will provide an additional 10,000 jobs
- ✓ The Government's investment into the Australian Space Agency located in Adelaide expected to create 20,000 long-term, high-wage skilled jobs by 2030
- ✓ A\$3.8bn invested in BioMed City project in Adelaide CBD, expected to be one of the largest health and life sciences clusters in Southern Hemisphere



Positive monetary policies encourage further retail spending

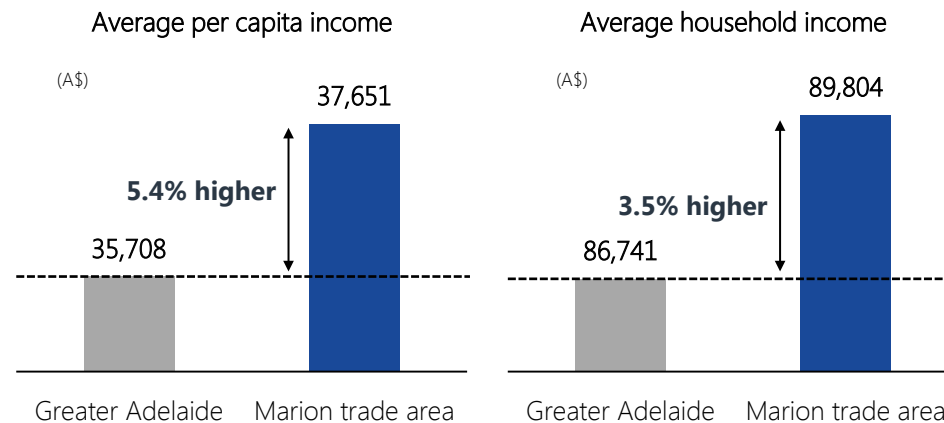
- ✓ Tax cuts, monetary and fiscal stimulus expected to boost consumption in Australia's retail sector, with total retail expenditure to reach A\$11.2bn by 2031



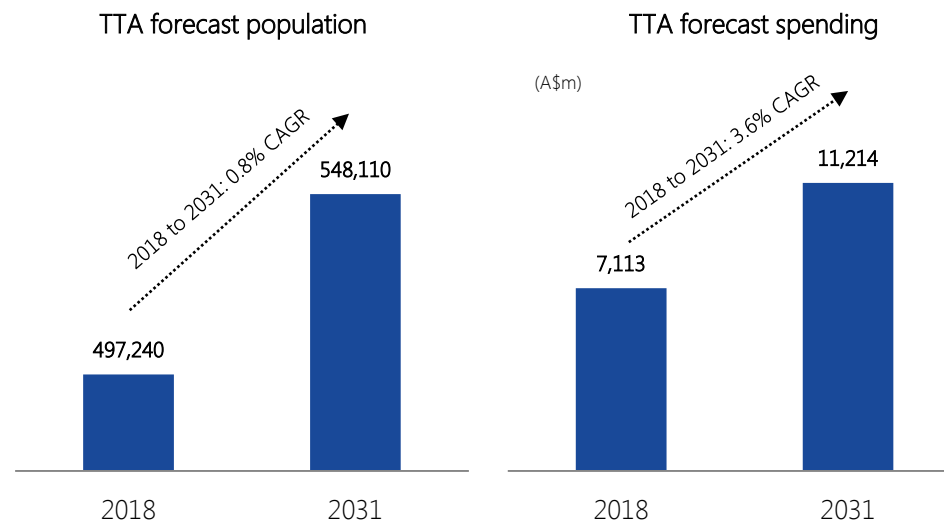
World class educational facilities to attract students

- ✓ International student enrolments in South Australia has grown by 36% since 2012 to 20,700 p.a. as at November 2018

Marion trade area has favourable metrics compared to Adelaide



Population and spending growth in the Total Trade Area ("TTA")<sup>(3)</sup>



Sources: Colliers International, Urbis.

(1) Based on Economist Intelligence Unit's 2018 Global Liveability Index.

(2) GSP = Gross State Product.

(3) The TTA extends from West Beach and the Adelaide Airport in the north through to Sellicks Beach in the south.

## Dominant, destination lifestyle mall in South Australia

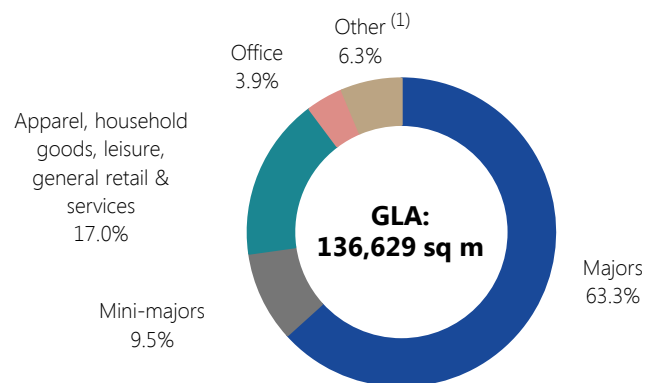
Anchored by high quality and reputable tenant base largely consisting of Australian national retailers

| Major tenants              | Trade mix          | GLA (sq m)    | GLA (% total) |
|----------------------------|--------------------|---------------|---------------|
| David Jones                | Department store   | 13,816        | 10.1%         |
| Myer                       | Department store   | 13,796        | 10.1%         |
| Event Cinemas              | Cinema             | 11,030        | 8.1%          |
| Bunnings Warehouse         | Household          | 10,102        | 7.4%          |
| Big W                      | Discount store     | 7,948         | 5.8%          |
| Target                     | Discount store     | 7,413         | 5.4%          |
| Kmart                      | Discount store     | 6,623         | 4.8%          |
| Woolworths                 | Supermarket        | 4,577         | 3.3%          |
| Coles                      | Supermarket        | 4,401         | 3.2%          |
| Harris Scarfe              | Department store   | 3,387         | 2.5%          |
| Aldi                       | Supermarket        | 1,741         | 1.3%          |
| Dan Murphy's               | Liquor supermarket | 1,655         | 1.2%          |
| <b>Total major tenants</b> |                    | <b>86,489</b> | <b>63.3%</b>  |

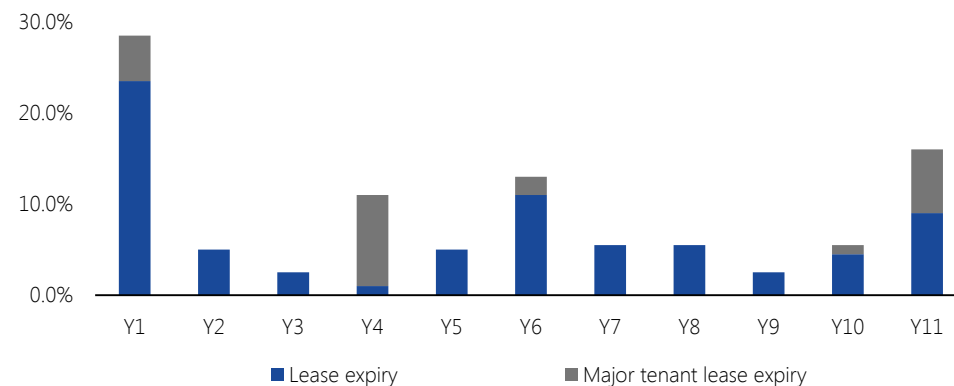
WALE of 6.7 years by GLA and 4.2 years by income

| Tenant type                | WALE by GLA (years) | WALE by income (years) |
|----------------------------|---------------------|------------------------|
| Majors                     | 10.4                | 10.6                   |
| Mini-Majors                | 3.2                 | 3.5                    |
| Retail Specialties         | 2.1                 | 2.1                    |
| Non-Retail Specialties     | 3.0                 | 2.9                    |
| Non-Retail (Non-Shopfront) | 0.7                 | 0.4                    |
| External / Pad Sites       | 3.6                 | 2.8                    |
| <b>Total</b>               | <b>6.7</b>          | <b>4.2</b>             |

Diversified tenant base – Breakdown of GLA by tenant type



Well distributed lease expiry profile – Discussions underway for leases expiring in Year 1



Source: Urbis.

(1) Includes Kiosks, ATMs, Freestanding, Food & Liquor, and Food Catering.

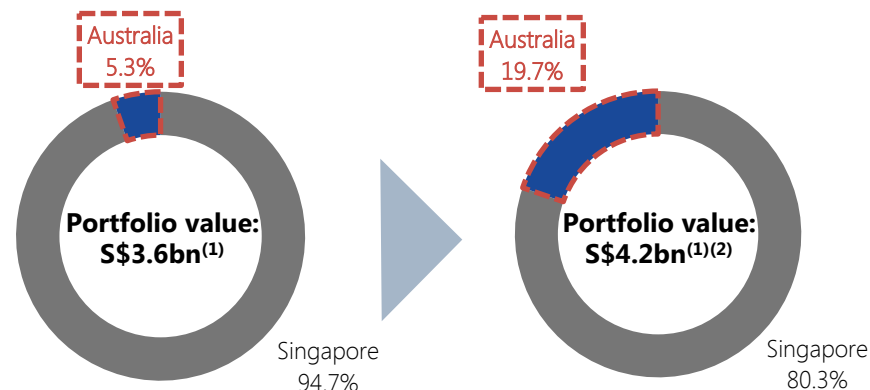
### 3

# Complementary acquisition, adding to resilience, diversity and quality of SPH REIT's portfolio

## A more resilient and diversified portfolio post-acquisition

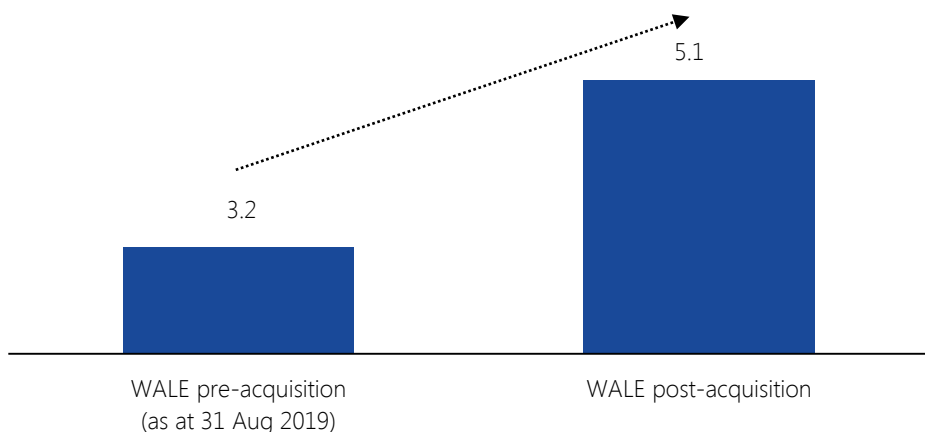
- c.19% of SPH REIT's portfolio by valuation will be derived from Australia post-acquisition, representing a significant increase compared to 5% pre-acquisition
- Post-acquisition, c.19.7% of SPH REIT's portfolio by valuation will comprise freehold assets, compared to 5.3% pre-acquisition
- WALE will increase from 3.2 years to 5.1 years by NLA, post-acquisition
- Majority of specialty tenant leases have predominantly fixed CPI based rent reviews with an additional spread of 2.0% to 2.5% on average (CPI + 2.0% to 2.5%), which improves income growth visibility and opportunity
- Further diversification of its tenant base also enables SPH REIT to reduce its exposure to tenant and asset concentration

## Enhanced geographic diversification



## Improve SPH REIT's portfolio WALE

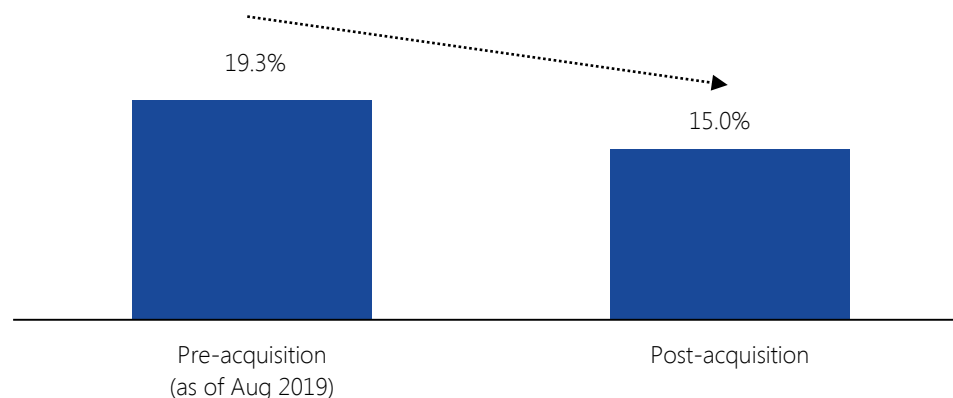
WALE by NLA (years)



## Enhance diversification of tenant base

Post-acquisition, no single tenant contributes >3% of SPH REIT's GRI

Top 10 tenants contribution<sup>(3)</sup> (by Gross Rental Income)



Exchange rate: A\$1.00 = S\$0.95

Sources: Company information, Urbis.

(1) As of 31 August 2019, and includes 100% size and valuation of Figtree Grove Shopping Centre. SPH REIT owns 85% of Figtree Grove Shopping Centre.

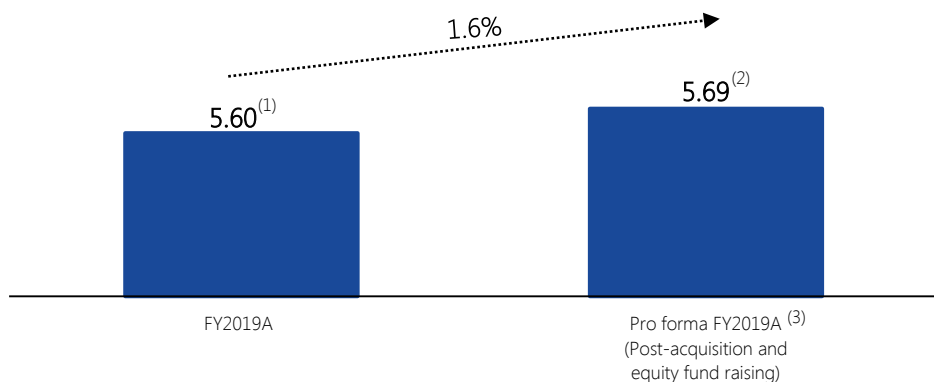
(2) Includes Figtree Grove Shopping Centre, and 50% stake in Westfield Marion which has a valuation of A\$679.5m (c.S\$645.5m).

(3) Top 10 tenants of the portfolio by Gross Rental Income is based on the rental income for the month of August 2019.

## Pro forma FY2019 DPU for enlarged portfolio

S\$ cents

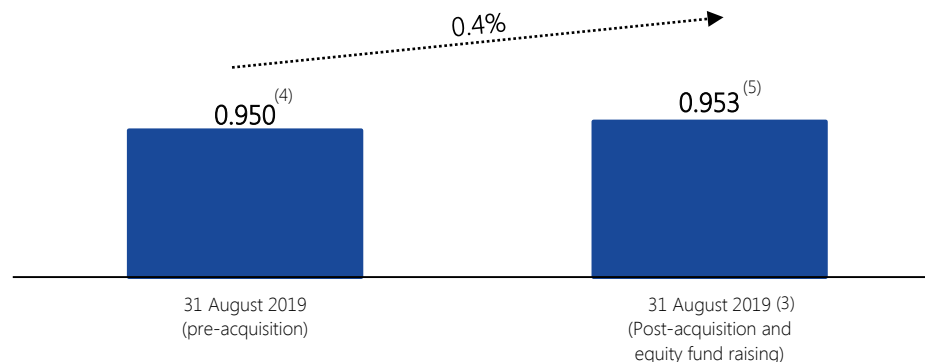
FOR ILLUSTRATION ONLY



## Pro forma NAV per unit as of 31 August 2019 post-acquisition

S\$

FOR ILLUSTRATION ONLY



Based on the proposed method of financing, the acquisition is expected to be DPU and NAV per Unit accretive to Unitholders



In line with Manager's strategy to have a portfolio of quality assets to provide unitholders with regular and stable distributions, sustainable long-term income growth while maintaining a disciplined capital structure

Exchange rate: A\$1.00 = S\$0.95

Source: Company information.

- (1) Based on distributable income / no. of units in issue as of 31 August 2019.
- (2) Based on pro forma distributable income as if acquisition of Westfield Marion was completed on 1 September 2018 and SPH REIT held Westfield Marion through to 31 August 2019 / pro forma no. of units issued and issuable as of 31 August 2019.
- (3) Pro forma assuming acquisition will be funded by debt, net proceeds from the S\$300.0 million perpetual securities issued on 30 August 2019 and approximately S\$6.4 million of acquisition fee payable to the Manager via the issuance of Units as acquisition fee at the illustrative issue price of S\$1.040 per Unit, with the balance to be funded by an estimated equity fund raising amount of approximately S\$161.5 million raised from an illustrative issuance of 155.3 million new Units at an illustrative issue price of S\$1.040 per new Unit and exchange rate of A\$1.000: S\$0.950. The pro forma no. of units issued includes (a) 155.3 million new Units issued from the potential equity fund raising, (b) new Units issuable as payment of the Manager's base and performance fees in respect of Westfield Marion for the period from 1 September 2018 to 31 August 2019, and (c) new Units issuable to the Manager as acquisition fee.

- (4) Based on net assets / no. of units in issue as of 31 August 2019.
- (5) based on pro forma net assets as if acquisition was completed on 31 August 2019 / pro forma no. of units issued and issuable as of 31 August 2019.





# Summary of acquisition

Fresh food precinct

# Acquisition enhances portfolio strength and resilience



*Westfield Marion: Largest shopping mall in South Australia*

- ✓ Adelaide is among the top 10 most liveable cities globally and enjoys a growing resident population
- ✓ World class educational facilities will continue to attract student enrolments
- ✓ Hub status for strategic industries expected to generate employment
- ✓ Positive monetary policies expected to boost near-to-medium term consumption in Australia's retail sector

1

Deepens strategic presence in Australia with entry into attractive and stable Adelaide market

2

Dominant, destination lifestyle mall, with Westfield Marion as South Australia's only super-regional shopping centre and enjoying a high quality, reputable and diversified tenant base

3

Complementary acquisition, adding resilience and diversification to SPH REIT's existing portfolio, reducing tenant and asset concentration risks

4

DPU and NAV per unit accretive transaction, in line with the Manager's strategy and investment mandate

# Appendix

Economic overview of South Australia and  
Adelaide Retail market

Dining and entertainment precinct

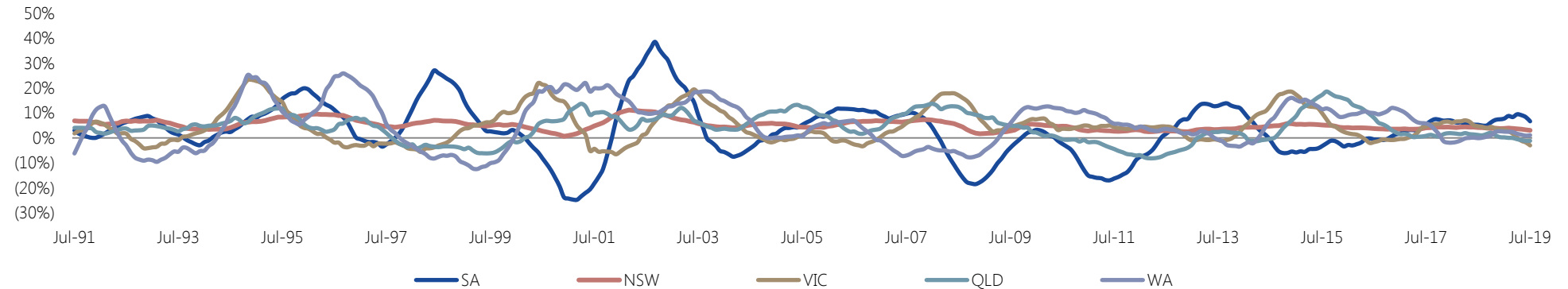
# Overview of South Australia Retail market

Positive retail sales growth experienced for the South Australia market

## Australia National retail sales y-o-y growth by State

South Australia currently enjoys the highest retail sales growth among all Australian states

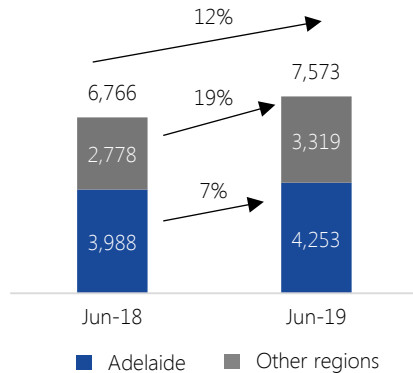
Retail sales y-o-y growth (%)



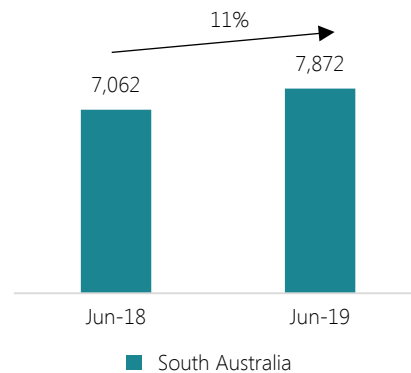
## South Australia tourism expenditure and visitor nights

South Australia's tourism expenditure and total visitor nights have increased by 12% and 11% y-o-y respectively

Tourism expenditure (A\$m)



Total visitor nights ('000)



## Australia retail space per capita

South Australia's Regional retail has the lowest retail space per capita among all Australian states implying a manageable supply situation and room for potential growth

Retail space per capita by type (sq m)



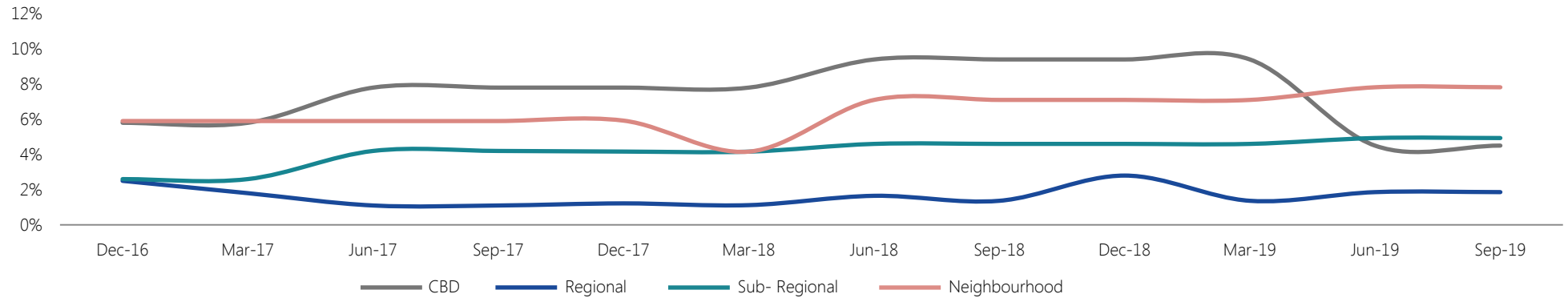
# Overview of Adelaide Retail market

Retail yields are expected to compress with vacancy rates remaining low

## Adelaide retail vacancy rates

Adelaide's Regional retail vacancy rate of approximately 2% has been stable and consistently the lowest among the various retail categories

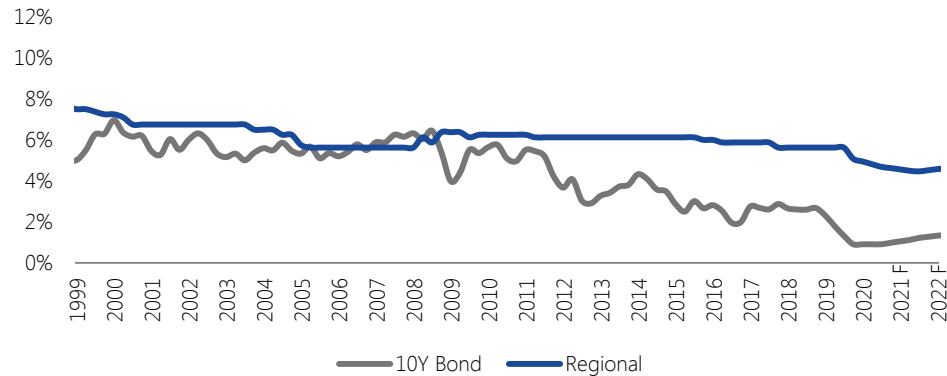
Retail vacancy (%)



## Adelaide retail forecast yields

Adelaide's Regional retail yields are expected to compress in 2020F and 2021F

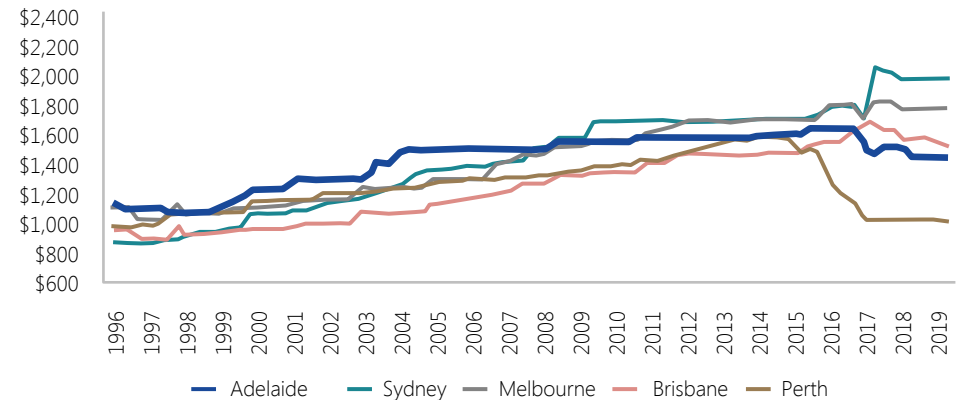
Retail yields (%)



## Regional retail gross face rents


Adelaide's retail rents have retracted slightly in line with the overall Australian market after a long upcycle

Gross face rents (A\$ / psm / pa)



# Thank you

For more information, please visit <http://www.sphreit.com.sg/>

woolworths 

Fresh food precinct

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