



3Q FY17 Financial Results

12 July 2017

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This presentation shall be read in conjunction with SPH REIT’s financial results for the third quarter and year-to-date ended 31 May 2017 in the SGXNET announcement.

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Key Highlights

- Net property income for 3Q FY17 up 5.4% year-on-year
- 3Q FY17 DPU was 1.37 cents
- YTD 3Q FY17 DPU was 4.11 cents
- Annualised distribution yield was 5.50% (based on closing price of \$1.000 per unit on 31 May 2017)
- Strong balance sheet, with low gearing of 25.6% and 85.9% debt on fixed rate

Resilient performance

	3Q FY17 S\$'000	3Q FY16 S\$'000	Change %
Gross revenue	53,318	52,232	▲ 2.1
Property expenses	(11,148)	(12,209)	▼ 8.7
Net property income (NPI)	42,170	40,023	▲ 5.4
Income available for distribution	35,711	34,995	▲ 2.0
Distribution to Unitholders ^(a)	35,006	34,575	▲ 1.2
Distribution per unit (DPU) (cents)	1.37	1.36	▲ 0.7

Notes:

(a) For 3Q FY17, the distribution to unitholders was 98.0% of taxable income available for distribution.

Resilient performance

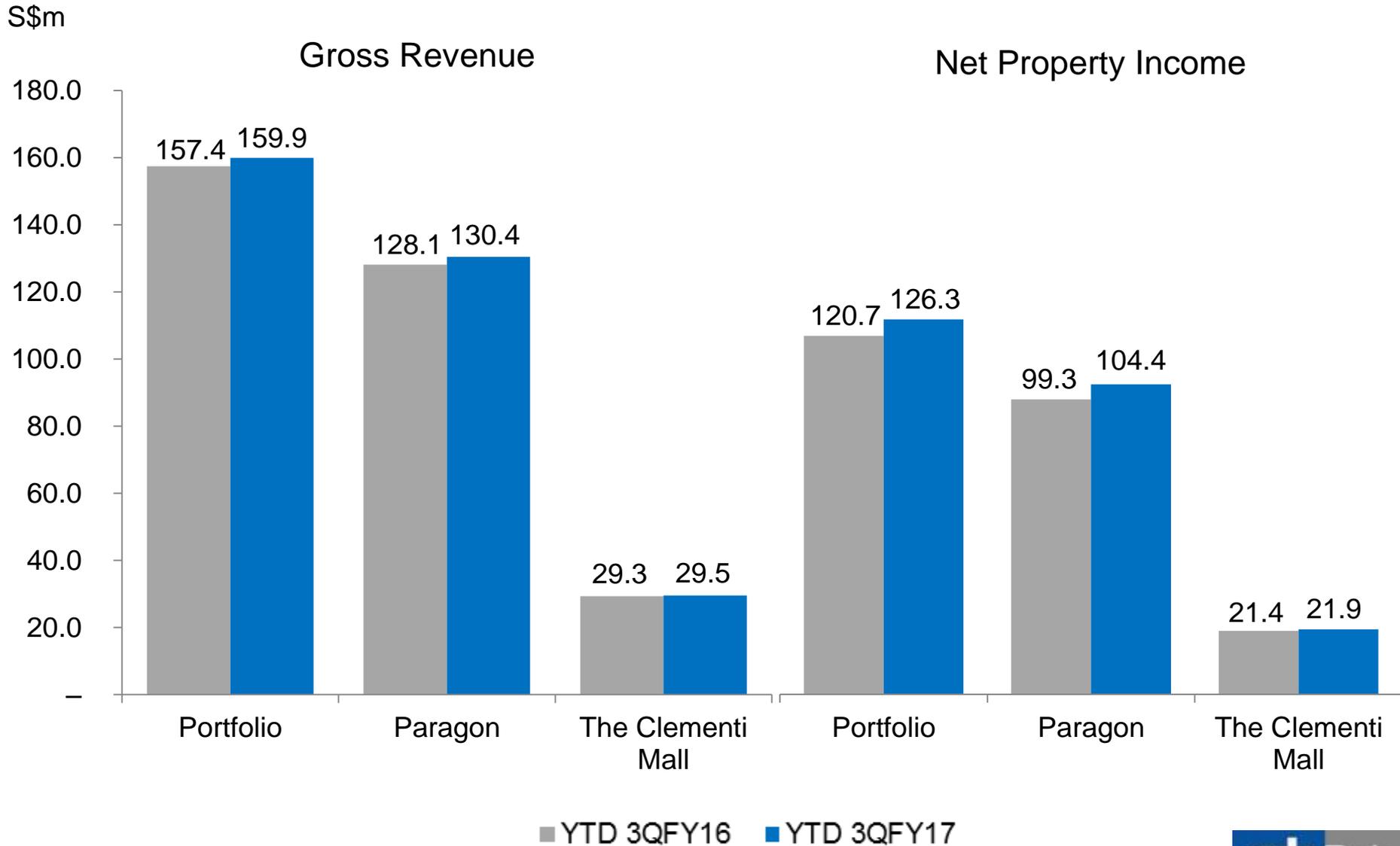
	YTD 3Q FY17 S\$'000	YTD 3Q FY16 S\$'000	Change %
Gross revenue	159,906	157,417	▲ 1.6
Property expenses	(33,577)	(36,681)	▼ 8.5
Net property income (NPI) ^(a)	126,329	120,736	▲ 4.6
Income available for distribution	109,397	106,728	▲ 2.5
Distribution to Unitholders ^(b)	104,932	103,802	▲ 1.1
Distribution per unit (DPU) (cents)	4.11	4.09	▲ 0.5

Notes:

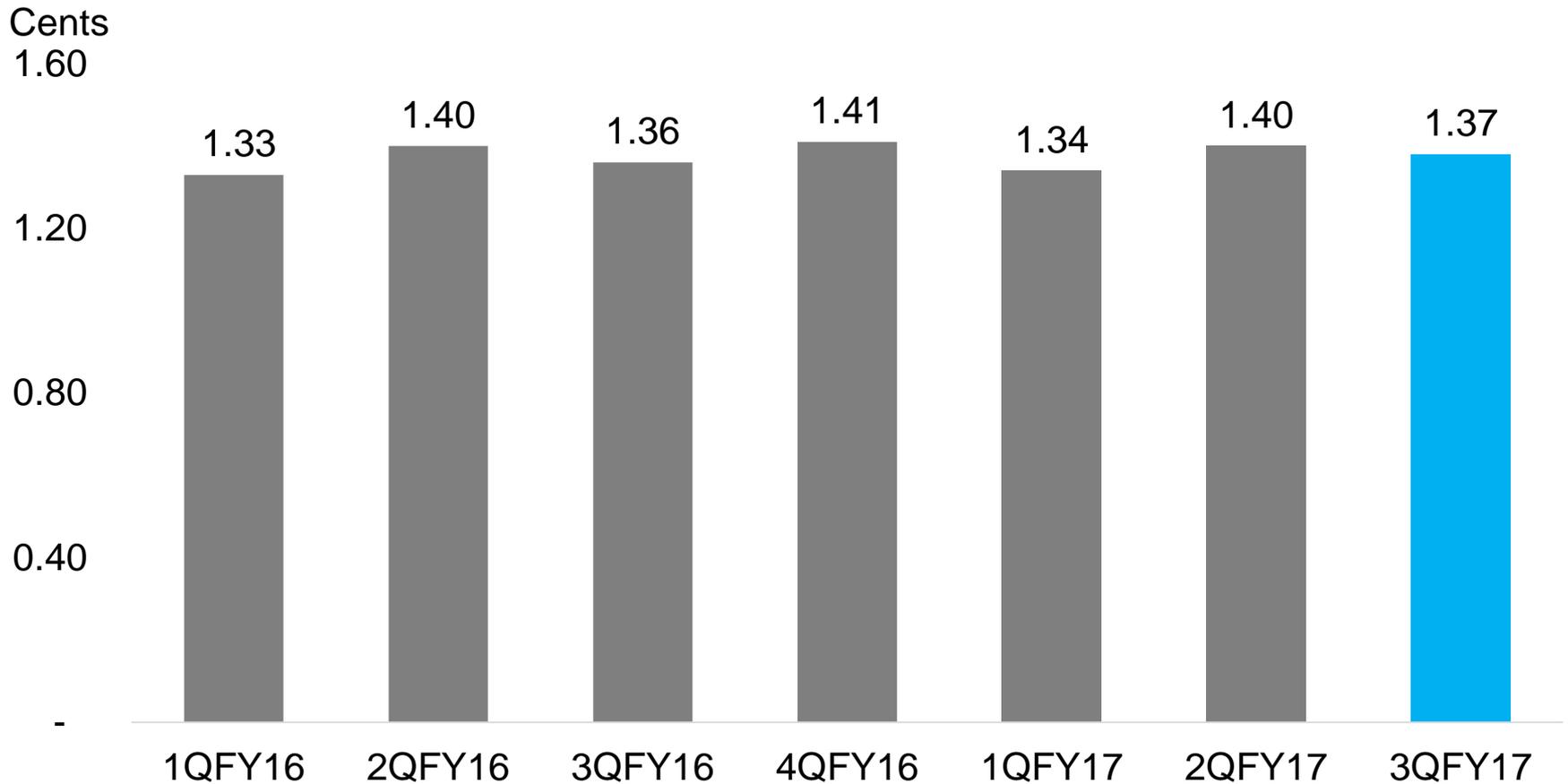
(a) NPI for YTD 3Q FY16 included additional one-off provision for prior years' property tax based on the assessment received. Excluding the effect of the property tax provision, the NPI increase was \$4.7 million (3.8%) compared to YTD 3Q FY16.

(b) For YTD 3Q FY17, the distribution to unitholders was 95.9% of taxable income available for distribution.

Higher gross revenue and NPI



Stable and regular DPU



Balance sheet



Financial position

	As at 31 May 2017 S\$'000	As at 31 August 2016 S\$'000
Total assets	3,313,647	3,311,255
Total liabilities	922,763	922,723
Net assets	2,390,884	2,388,532
Net asset value per unit	S\$0.94	S\$0.94
Gearing ^(a)	25.6%	25.7%

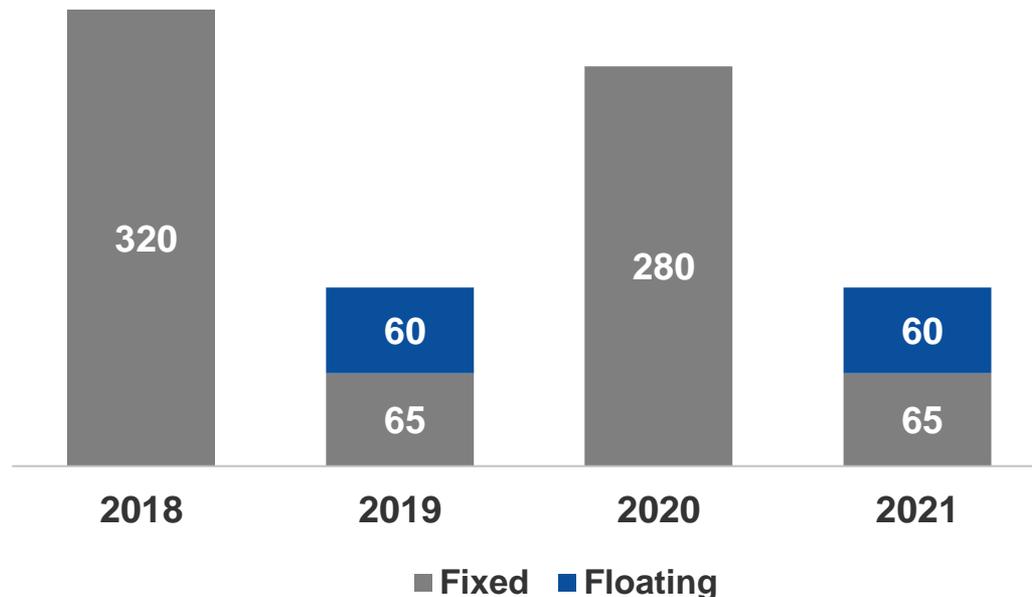
Note:

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

Low gearing and 86% of debt fixed

- Proactive capital management with 85.9% of the S\$850m debt facility on a fixed rate basis
- Gearing level of 25.6% and average cost of debt: 2.81% p.a.
- Weighted average term to maturity: 2.3 years

Debt Maturity Profile (S\$m)



Market value of properties

	Valuation as at 31 August ^(a)		Capitalisation Rate As at 31 August 2016 and 2015
	2016 S\$m	2015 S\$m	
Paragon	2,656.0	2,641.0	4.85% - Retail 4.00% ^(c) - Medical Suite/Office
The Clementi Mall ^(b)	574.0	571.5	5.00%
SPH REIT Portfolio	3,230.0	3,212.5	

Notes:

(a) Valuations as at 31 August 2016 and 31 August 2015 were conducted by JLL and DTZ respectively.

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

(c) The capitalisation rate was 4.25% for the valuation as at 31 August 2015



Operational performance



Resilient operating performance

- Both malls achieved 100% committed occupancy
- Paragon achieved a moderate rental uplift of 3.6% for new and renewed leases in YTD 3Q FY17
- The Clementi Mall completed its second renewal cycle in 2017 with tenant retention rate of 89% and rental reversion of 3.7%.
- YTD 3Q FY17 visitor traffic remained steady.

Rental reversion up 3.7%

	Number of renewals / new leases ^(a)	NLA renewed / new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates ^(c)
Paragon	65	95,867	13.4%	3.6%
The Clementi Mall	94	154,392	80.0%	3.7%
SPH REIT Portfolio	159	250,259	27.6% ^(b)	3.7% ^(d)

Notes:

(a) For expiries in YTD 3Q FY17, excluding newly created and reconfigured units

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 907,945 sqft as at 31 May 2017.

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

(d) Reversion rate is computed based on weighted average of all expiring leases.

Staggered portfolio lease renewal

Weighted Average Lease Expiry (WALE) as at 31 May 2017

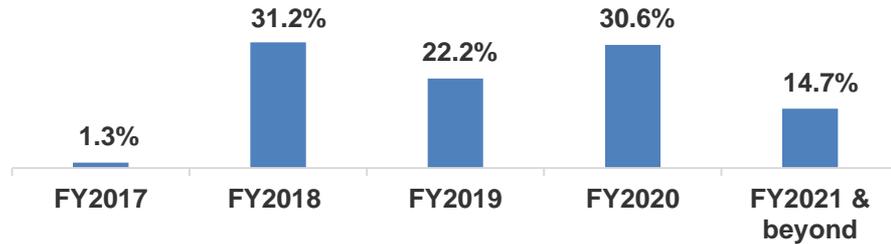
By NLA	2.4 years
By Gross Rental Income	2.2 years

Lease expiry as at 31 May 2017

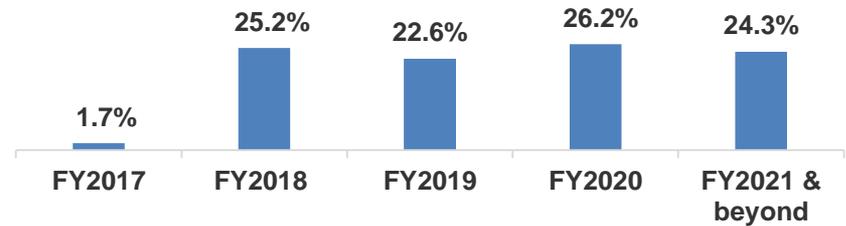
	FY2017	FY2018	FY2019	FY2020	FY2021 and beyond
Expiries as a % of total NLA	1.4%	20.9%	20.8%	36.0%	20.9%
Expiries as a % of Gross rental income	1.1%	27.1%	21.4%	36.9%	13.5%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income

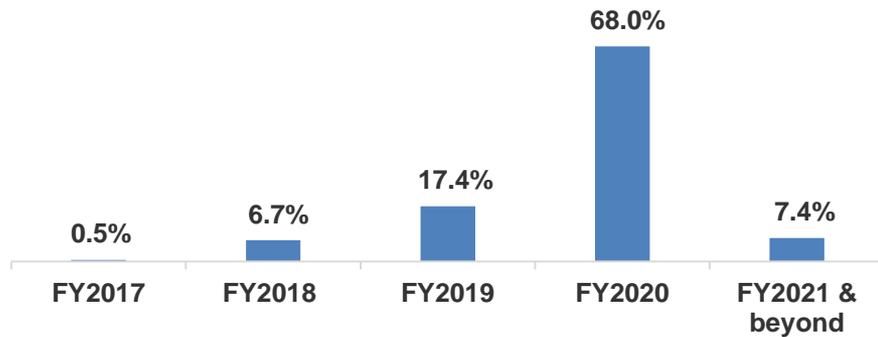


Expiry by NLA

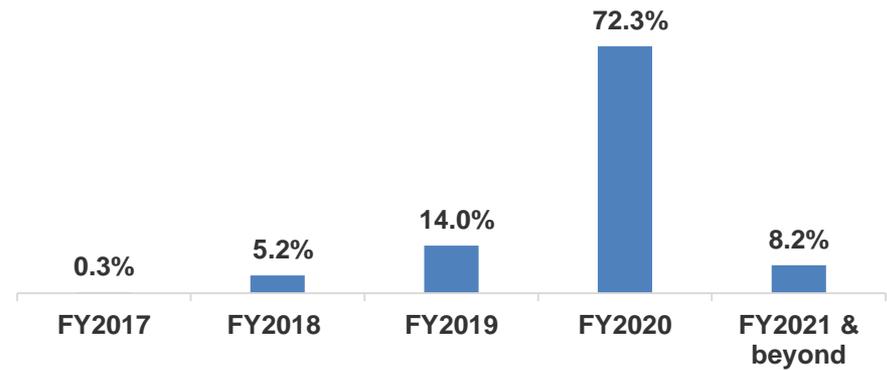


The Clementi Mall (a) : Tenant retention rate of 89% for second renewal cycle in 2017

Expiry by Gross Rental Income



Expiry by NLA



Note:

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



Growth strategy and market outlook



Multi-pronged strategy to ensure growth

Proactive asset management and asset enhancement strategy

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

Investments and acquisition growth strategy

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

Note:

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

Refresh tenancies to enhance shoppers' experience at The Clementi Mall

New offerings



Coming Soon



New look



New concept



Market outlook

- **Outlook for Singapore economy remains modest**
 - The Ministry of Trade and Industry (MTI) reported that the Singapore economy grew by 2.7% on a year-on-year in first quarter 2017, easing from the 2.9% growth in the previous quarter.
 - MTI has maintained the 2017 growth forecast at 1.0% to 3.0%.
- Singapore Tourism Board reported 13% year-on-year growth in tourism receipts in 2016. The growth in international visitor arrivals was 8% in 2016 and 4% in Q1 2017.
- **Despite growth in the tourism sector, the retail environment remains muted**
 - The retail sales index (excluding motor vehicles) declined by 4.4% in Q3 2016, 1.6% in Q4 2016 and 0.4% in Q1 2017.
 - Several segments registered decline in sales, in particular department stores (4.6%), supermarkets (2.2%), food retailers (1.9%) and wearing apparel & footwear (1.6%) in Q1 2017.

Distribution details and timetable

Distribution period	3Q FY17 (1 March 2017 – 31 May 2017)
Distribution per unit	1.37 cents per unit
Ex-date	18 July 2017
Record date	20 July 2017
Payment date	23 August 2017

Thank You

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

