

Financial Statements and Related Announcement::Full Yearly Results

Issuer & Securities

Issuer/ Manager	SPH REIT MANAGEMENT PTE. LTD.
Securities	SPH REIT - SG2G02994595 - SK6U
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Announcement Details

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Additional Details

For Financial Period Ended	31/08/2018
Attachments	<p>SPH REIT - SGX Announcement Q4FY18.pdf</p> <p>SPH REIT - Press Release Q4FY18.pdf</p> <p>SPH REIT - Results Presentation Slides Q4FY18.pdf</p> <p>Total size =5820K</p>



SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT * FOR THE PERIOD ENDED 31 AUGUST 2018

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 three 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; and
- * The Rail Mall, a unique cluster of shop units with established F&B offerings along Upper Bukit Timah Road, nestled in an affluent residential catchment.

Review by auditors

The financial information as set out in this announcement for the fourth quarter and year ended 31 August 2018 has been extracted from the audited* financial statements for the year ended 31 August 2018, 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.*

TABLE OF CONTENTS

Item No.	Description	Page No.
1	Statement of Total Return and Distribution Statement	3 - 4
	Balance Sheet	5
	Borrowing	6
	Statement of Cash Flows	7-8
	Statement of Changes in Unitholders' Funds	8
	Details of Changes in Issued and Issuable Units	9
2 & 3	Audit Statement	10
4 & 5	Changes in Accounting Policies	10
6	Earnings ("EPU") and Distribution ("DPU")	10-11
7	Net Asset Value ("NAV") and Net Tangible Asset ("NTA")	11
8	Review of Performance	11-12
9	Variance from Prospect Statement	12
10	Outlook and Prospects	13
11 - 12	Distribution	14 - 16
13 - 14	Segment Results	16
15	Breakdown of Gross revenue and Net Income	16
16	Breakdown of Total Distributions	17
17	General mandate relating to Interested Person Transactions	17
18	Confirmation By the Manager Pursuant to Rule 720(1) of the SGX Listing Manual	17
19	Confirmation Pursuant to Rule 704(13) of the Listing Manual	17

For The Year Ended 31 August 2018

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 2018 S\$'000	4Q 2017 S\$'000	Change %	FY 2018 S\$'000	FY 2017 S\$'000	Change %
Gross revenue	52,962	52,850	0.2	211,802	212,756	(0.4)
Property operating expenses	(11,983)	(11,091)	8.0	(45,806)	(44,668)	2.5
Net property income	40,979	41,759	(1.9)	165,996	168,088	(1.2)
Income support ¹	436	(103)	NM	624	1,186	(47.4)
Amortisation of intangible asset	(436)	103	NM	(624)	(1,186)	(47.4)
Write down of intangible asset ²	(876)	(4,349)	(79.9)	(876)	(4,349)	(79.9)
Manager's management fees	(4,205)	(4,197)	0.2	(16,688)	(16,708)	(0.1)
Trust expenses ³	(409)	(226)	81.0	(1,620)	(1,579)	2.6
Finance income ⁴	173	196	(11.7)	778	744	4.6
Finance costs	(6,453)	(6,057)	6.5	(24,506)	(23,944)	2.3
Net income	29,209	27,126	7.7	123,084	122,252	0.7
Fair value change on investment properties ⁵	14,772	34,904	(57.7)	14,772	34,904	(57.7)
Total return before taxes and distribution	43,981	62,030	(29.1)	137,856	157,156	(12.3)
Less: income tax	-	-	NM	-	-	NM
Total return after taxes and before distribution	43,981	62,030	(29.1)	137,856	157,156	(12.3)

For The Year Ended 31 August 2018

1(a)(i) Statement of Total Return (Cont'd)

Notes:

- Income support relates to the top-up payment from the vendors of The Clementi Mall pursuant to the Deed of Income Support. The income support has ended on 23 July 2018, five years from listing date on 24 July 2013. The total amount drawn over the five years was \$12.2m, lower than the guaranteed sum of \$20.0m.
- Intangible asset relates to unamortised income support receivable from the vendors of The Clementi Mall.

The write down of the intangible asset arose due to a lower amount of drawdown as a result of better performance of The Clementi Mall. This write down amount of intangible asset has no impact on SPH REIT's income available for distribution.
- Includes recurring trust expenses such as trustee's fees, valuation fees, audit and tax adviser's fees, legal & others professional fees, cost associated with the preparation of annual reports, and investor communication costs.
- Finance income represent the interest income from bank deposits.
- This relates to the fair value change on the investment properties as at 31 August 2018 and 31 August 2017, based on independent valuations conducted by Edmund Tie & Company (SEA) Pte Ltd ("ETC") and Jones Lang LaSalle Property Consultants Pte Ltd ("JLL") respectively.

NM Not Meaningful

1(a)(ii) Distribution Statement

	4Q 2018 S\$'000	4Q 2017 S\$'000	Change %	FY 2018 S\$'000	FY 2017 S\$'000	Change %
Net income	29,209	27,126	7.7	123,084	122,252	0.7
Add: Non-tax deductible items ¹	5,367	4,705	14.1	19,226	18,976	1.3
Income available for distribution	34,576	31,831	8.6	142,310	141,228	0.8
Distribution to Unitholders²	36,778	36,297	1.3	142,310	141,228	0.8

Notes:

- Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, straight-line rental adjustments, amortisation of income support, amortisation of debt issuance costs, the write down of intangible asset and capital allowances claim on qualifying assets under the Income Tax Act.
- Distribution for 4Q 2018 includes income available for distribution retained earlier in the year.

For The Year Ended 31 August 2018

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

Statements of Financial Position	As at 31 Aug 18 S\$'000	As at 31 Aug 17 S\$'000
Non-current assets		
Plant and equipment	682	843
Investment properties ¹	3,368,300	3,278,000
	3,368,982	3,278,843
Current assets		
Intangible asset ²	-	1,500
Trade and other receivables	3,087	3,353
Cash and cash equivalents ³	35,965	63,005
	39,052	67,858
Total assets	3,408,034	3,346,701
Non-current liabilities		
Borrowings	683,261	528,004
Derivative financial instruments ⁴	2,814	7,365
Trade and other payables	32,622	30,147
	718,697	565,516
Current liabilities		
Borrowings	209,813	319,423
Derivative financial instruments ⁴	-	621
Trade and other payables	40,577	40,081
	250,390	360,125
Total liabilities	969,087	925,641
Net assets attributable to Unitholders	2,438,947	2,421,060

Notes:

- The fair value of Paragon, The Clementi Mall and The Rail Mall as at 31 August 2018 was S\$2,719.0 million, S\$586.0 million and S\$63.3 million respectively. The fair value of the investment properties were based on independent valuations conducted by Edmund Tie & Company (SEA) Pte Ltd.
- Intangible asset relates to income support provided by the vendors of The Clementi Mall. The income support ended on 23 July 2018 in accordance to the Deed of Income Support. The write down of intangible asset was recognised in the Statement of Total Return.
- The decrease in cash and cash equivalents was mainly due to acquisition of The Rail Mall partially by cash, payment of distribution and borrowing costs, partially offset by net movements in borrowings and cash generated from operations.
- Derivative financial instruments represent the fair value of the interest rate swap contracts to swap floating rates for fixed interest rates.

(b)(ii) Borrowing

Secured borrowing

	As at 31 Aug 18 S\$'000	As at 31 Aug 17 S\$'000
Amount repayable within one year	209,813	319,423
Amount repayable after one year	683,261	528,004
Total	893,074	847,427

Details of collateral

SPH REIT's secured term loan amounted to S\$895 million. This included an additional loan of S\$45 million established in end June 2018 to partially finance the acquisition of The Rail Mall.

As at the balance sheet date, the amount of S\$893.1 million represented the loan stated at amortised cost. The term loan is secured by way of a first legal mortgage on Paragon.

Management is currently reviewing the refinancing options for the S\$210 million tranche due in 2019.

For The Year Ended 31 August 2018

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 2018 S\$'000	4Q 2017 S\$'000	FY 2018 S\$'000	FY 2017 S\$'000
Cash flows from operating activities				
Total return for the period/year	43,981	62,030	137,856	157,156
Adjustments for:				
Fair value change on investment properties	(14,772)	(34,904)	(14,772)	(34,904)
Manager's fee paid/payable in units	4,205	2,997	16,688	14,308
Depreciation of plant and equipment	50	53	212	211
Finance income	(173)	(196)	(778)	(744)
Finance costs	6,453	6,057	24,506	23,944
Amortisation of intangible asset	436	(103)	624	1,186
Write down of intangible asset	876	4,349	876	4,349
Straight-line rental adjustments	181	-	(251)	-
Operating cash flow before working capital changes	41,237	40,283	164,961	165,506
Changes in operating assets and liabilities				
Trade and other receivables	(18)	1,344	478	2,475
Trade and other payables	2,039	(2,529)	(599)	(2,781)
Net cash from operating activities	43,258	39,098	164,840	165,200
Cash flows from investing activities				
Acquisition of investment property	(60,027)	-	(65,081)	-
Additions to investment properties	(2,349)	(1,836)	(6,911)	(7,027)
Purchase of plant and equipment	-	(32)	(24)	(45)
Interest received	225	190	817	803
Net cash used in investing activities	(62,151)	(1,678)	(71,199)	(6,269)
Cash flows from financing activities				
Payment of transaction costs related to borrowing ¹	(374)	(18)	(860)	(18)
Proceeds from bank loan (net of transaction costs) ²	44,933	-	44,933	-
Distribution to unitholders	(35,205)	(35,006)	(141,829)	(140,840)
Interest paid	(5,917)	(5,610)	(22,925)	(22,450)
Net cash from/(used) in financing activities	3,437	(40,634)	(120,681)	(163,308)

For The Year Ended 31 August 2018

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 (Cont'd)

	4Q 2018	4Q 2017	FY 2018	FY 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Net decrease in cash and cash equivalents	(15,456)	(3,214)	(27,040)	(4,377)
Cash and cash equivalents at beginning of the period	51,421	66,219	63,005	67,382
Cash and cash equivalents at end of the period	35,965	63,005	35,965	63,005

Notes:

1. This relates to upfront fees incurred for the new loan and refinancing of the loan tranches that matured in FY2018. Please refer to paragraph 1(b)(ii) Borrowing.
2. The net proceeds from bank loan had been used to acquire The Rail Mail and the acquisition was completed on 28 June 2018.

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

	4Q 2018	4Q 2017	FY 2018	FY 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at beginning of period	2,426,518	2,390,884	2,421,060	2,388,532
<u>Operations</u>				
Total return for the period/year	43,981	62,030	137,856	157,156
<u>Hedging reserve</u>				
Effective portion of changes in fair value of cash flow hedges ¹	(552)	155	5,172	1,904
<u>Unitholders' transactions</u>				
Distribution to unitholders	(35,205)	(35,006)	(141,829)	(140,840)
Manager's fee paid/payable in units ²	4,205	2,997	16,688	14,308
	(31,000)	(32,009)	(125,141)	(126,532)
Balance as at end of period	2,438,947	2,421,060	2,438,947	2,421,060

Note:

1. This relates to interest rate swap arrangements.
2. Please refer to paragraph 1(d)(ii) Details of Changes in Issued and Issuable Units

For The Year Ended 31 August 2018

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

	4Q 2018	4Q 2017	FY 2018	FY 2017
	No. of units '000	No. of units '000	No. of units '000	No. of units '000
Issued units as at beginning of period	2,569,733	2,555,207	2,556,106	2,546,703
Manager's fee paid in units ^{1,2}	2,112	899	15,739	9,403
	2,571,845	2,556,106	2,571,845	2,556,106
Issuable units:				
Manager's fee payable in units ^{1,2,3}	10,381	9,547	10,381	9,547
Total issued and issuable units as at end of period	2,582,226	2,565,653	2,582,226	2,565,653

Notes:

In accordance with the amendments to the Trust Deed and new requirement by the Monetary Authority of Singapore, the performance fee for FY2017 and thereafter will be paid on an annual basis, after Board's approval of the audited annual accounts.

- For 4Q 2018 and 4Q 2017, the issued units relates to base management fee for Q3 2018 and Q3 2017 respectively.

For FY2018, the issued units relates to performance management fees for FY2017, partial satisfaction of base management fee for Q4 2017 and base management fee for YTD 3Q 2018.

For FY2017, the issued units relates to base and performance management fees for Q4 2016 and base management fee for YTD 3Q 2017.

- For FY2018, the Manager's management fees will be fully payable in units. For FY 2017, the Manager's management fees comprised S\$1.2 million in cash with the balance in SPH REIT units.
- The number of units is calculated based on volume weighted average traded price for the last 10 business days for the respective quarters, as provided in the Trust Deed.

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 2018, SPH REIT had 2,571,845,315 units (31 August 2017: 2,556,106,012 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.

For The Year Ended 31 August 2018

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.

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

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

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

6. **Earnings per unit ("EPU") and Distribution per unit ("DPU")**

	4Q 2018	4Q 2017	FY 2018	FY 2017
<u>Earnings per unit</u>				
Weighted average number of units ¹	2,578,057	2,562,666	2,571,862	2,557,160
Total return for the period after tax (S\$'000)	43,981	62,030	137,856	157,156
EPU ² (basic and diluted) (cents)	1.71	2.42	5.36	6.14
EPU (cents), excluding fair value change and write down of intangible asset	1.17	1.23	4.82	4.95

For The Year Ended 31 August 2018

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

	4Q 2018	4Q 2017	FY 2018	FY 2017
<u>Distribution per unit</u>				
Total number of units in issue at end of period	2,571,845	2,556,106	2,571,845	2,556,106
Distribution to Unitholders ³ (S\$’000)	36,778	36,297	142,310	141,228
DPU ⁴ (cents)	1.43	1.42	5.54	5.53

Notes:

1. The weighted average number of units was based on the number of units in issue and issuable units to the Manager.
2. Included the effects of fair value change on investment properties and write down of intangible asset for the respective periods/year.
3. As shown in 1(a)(ii) Distribution Statement.
4. The DPU was computed based on the number of units entitled to distribution.

7. Net Asset Value (“NAV”) per unit and Net Tangible Asset (“NTA”) per unit

	As at 31 Aug 18	As at 31 Aug 17
NAV per unit ¹ (S\$)	0.95	0.95
NTA per unit ¹ (S\$)	0.95	0.95

Note:

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

8. Review of Performance

Review of Results for the Fourth Quarter ended 31 August 2018 (“4Q 2018”) compared with the Fourth Quarter ended 31 August 2017 (“4Q 2017”)

Gross revenue for 4Q 2018 grew by S\$0.1 million (0.2%) to S\$53.0 million, on the back of higher rental income achieved from The Clementi Mall and two months’ contribution from The Rail Mall. The increase was offsetted by lower rental income at Paragon.

Property operating expenses of S\$12.0 million was S\$0.9 million (8.0%) higher than 4Q 2017, mainly due to higher property tax and maintenance expenses, which was cushioned by lower marketing expenses.

Consequently, net property income (“NPI”) of S\$41.0 million for 4Q 2018 was S\$0.8 million (1.9%) lower than 4Q 2017.

For The Year Ended 31 August 2018

8. Review of Performance (Cont'd)

Net income for 4Q 2018 increased by S\$2.1 million (7.7%) to S\$29.2 million against the same quarter last year, due to lower amount of intangible asset written down which cushioned the decline in NPI. The intangible asset relates to unamortised income support receivable from the vendors of The Clementi Mall. The income support has ended on 23 July 2018, five years from listing date on 24 July 2013. Accordingly, the intangible asset was fully written down in 4Q 2018, as better net property income performance at The Clementi Mall resulted in a lower utilisation of income support. This write down amount has no impact on income available for distribution.

Review of Results for the Full year ended 31 August 2018 (“FY2018”) compared with the Full year ended 31 August 2017 (“FY2017”)

Gross revenue for FY2018 was lower by S\$1.0 million (0.4%) to S\$211.8 million.

The overall portfolio registered rental reversion of -3.5% for new and renewed leases cumulatively for FY2018, which were mostly committed a year ago in the period of retail sales downturn. This represented 30.7% of total portfolio net lettable area.

Property operating expenses was S\$45.8 million, S\$1.1 million (2.5%) higher against FY2017 mainly due to higher utility rate contracted, property tax and maintenance expenses. The increase was mitigated by lower marketing expenses.

Consequently, NPI of S\$166.0 million for FY2018, was S\$2.1 million (1.2%) lower than last year. NPI margin of 78.4% was achieved.

Net income increased by S\$0.8 million (0.7%) to S\$123.1 million for FY2018 against last year, due to lower amount of intangible asset written down which cushioned the decline in NPI. Finance costs increased by S\$0.6 million (2.3%) to S\$24.5 million for FY2018, mainly due to additional interest expense from the new loan drawn down on 25 June 2018 to partially finance the acquisition of The Rail Mall. The annualised cost of debt was 2.85%.

After taking into account the fair value change of S\$14.8 million, total return for FY2018 was S\$137.9 million. Excluding The Rail Mall, the portfolio was valued at S\$3.305 billion as at 31 August 2018 by Edmund Tie & Company (SEA) Pte Ltd., an increase of 0.8% from the valuation of S\$3.278 billion as at 31 August 2017.

Income available for distribution of S\$142.3 million for FY2018 was S\$1.1 million (0.8%) higher compared to FY2017.

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 Ministry of Trade and Industry (MTI) announced that the Singapore economy grew by 3.9 per cent on a year-on-year basis in the second quarter, easing from the 4.5 per cent growth in the previous quarter. The pace of expansion in the Singapore economy is expected to moderate in the second half of 2018, in tandem with easing growth momentum for key advanced and regional economies in the second half of the year. Growth in domestically-oriented services sectors like retail and food services is likely to be supported by a pickup in consumer sentiments amidst improvement in the labour market. Taking into account the external and domestic economic conditions, MTI expects the economic growth forecast in 2018 to maintain at “2.5 to 3.5 per cent”.

Based on figures released by the Singapore Department of Statistics (DOS), the retail sales index (excluding motor vehicles) grew by 0.4% year-on-year in Q2 2018 and 1.4% in Q1 2018.

In the first half of 2018, Singapore Tourism Board (STB) reported that international visitor arrivals (IVA) grew by 7.6% year-on-year to reach 9.2 million visitors. Tourism receipts (TR) for the first quarter of 2018 held steady at S\$6.7 billion, due to lower expenditure across some components including shopping, accommodation and food & beverage.

SPH REIT has a portfolio of three quality and well-positioned retail properties. Supported by the increase in international visitor arrivals and improvement in consumer sentiments, tenant sales from Paragon, The Clementi Mall has registered growth in tandem with recovery in retail sales.

In line with The Manager’s strategy of acquiring yield-accretive retail properties that provide sustainable returns to unitholders, SPH REIT completed the acquisition of The Rail Mall on 28 June 2018, with remaining lease tenure of about 28 years. The Rail Mall is a unique cluster of shop units, with opportunity for SPH REIT to further strengthen its current F&B mix and create a differentiated positioning for the asset. Full year contribution is expected from The Rail Mall in the next reporting year. 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 2018 to 31 August 2018
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.43 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 (Cont'd)**

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of distribution:	Distribution for the period from 1 June 2017 to 31 August 2017
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.42 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>

(c) Date payable

The date the distribution is payable: Wednesday, 21 November 2018.

(d) Record date

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 19 October 2018 for purposes of determining each Unitholder's entitlement to SPH REIT distribution.

For The Year Ended 31 August 2018

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

Not applicable.

13. Segment Results

	4Q 2018	4Q 2017	Change	FY 2018	FY 2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Gross Revenue</u>						
Paragon	41,697	42,653	(2.2)	169,461	173,077	(2.1)
The Clementi Mall	10,423	10,197	2.2	41,499	39,679	4.6
The Rail Mall	842	-	NM	842	-	NM
Total	52,962	52,850	0.2	211,802	212,756	(0.4)
<u>Net Property Income</u>						
Paragon	33,097	33,905	(2.4)	135,023	138,273	(2.3)
The Clementi Mall	7,196	7,854	(8.4)	30,287	29,815	1.6
The Rail Mall	686	-	NM	686	-	NM
Total	40,979	41,759	(1.9)	165,996	168,088	(1.2)

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 and 12.

15. Breakdown of Gross revenue and Net Income

	FY2018	FY2017	Change
	S\$'000	S\$'000	%
<u>1 September to 28 February</u> (First half year)			
Gross revenue	107,071	106,588	0.5
Net income	63,710	63,523	0.3
<u>1 March to 31 August</u> (Second half year)			
Gross revenue	104,731	106,168	(1.4)
Net income	59,374	58,729	1.1

For The Year Ended 31 August 2018

16. Breakdown of Total Distributions

	FY2018	FY2017
	S\$'000	S\$'000
1 September 2016 to 30 November 2016	-	34,182
1 December 2016 to 28 February 2017	-	35,743
1 March 2017 to 31 May 2017	-	35,006
1 June 2017 to 31 August 2017	-	36,297
1 September 2017 to 30 November 2017	34,380	-
1 December 2017 to 28 February 2018	35,947	-
1 March 2018 to 31 May 2018	35,205	-
1 June 2018 to 31 August 2018 ¹	36,778	-
	142,310	141,228

Notes:

1. Please refer to paragraph 11(a) on page 13.

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. Confirmation By the Manager Pursuant to Rule 720(1) of the SGX Listing Manual.

The Manager confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the SGX Listing Manual.

19. 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.

For The Year Ended 31 August 2018

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,
11 October 2018



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Independent auditors' report

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

Opinion

We have audited the financial statements of SPH REIT (the "Trust"), which comprise the Statement of Financial Position and Portfolio Statement of the Trust as at 31 August 2018, the Statement of Total Return, Distribution Statement, 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 FS1 to FS36.

In our opinion, the accompanying financial statements of the Trust present fairly, in all material respects, the financial position and portfolio holdings of the Trust as at 31 August 2018 and the total return, distributable income, changes in unitholders' funds and cash flows of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Trust in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Valuation of investment properties

(Refer to Note 5 and 22(f) to the financial statements)

Risk:

Investment properties represent the single largest category of assets on the balance sheet, at \$3.4 billion as at 31 August 2018.

These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied i.e. a small change in the assumptions can have a significant impact to the valuation.

Our response:

We evaluated the qualifications and competence of the external valuers. We also read the terms of engagement of the valuers with the Trust to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents. We challenged the key assumptions used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors.

We also assessed whether the disclosures in the financial statements appropriately described the inherent degree of subjectivity and key assumptions in the valuations.

Our findings:

The valuer is a member of recognised professional bodies for valuers and have confirmed their own independence in carrying out their work.

The valuation methodologies adopted by the valuer are in line with generally accepted market practices and the key assumptions used are within range of available market data. The disclosures in the financial statements are appropriate in their description of the inherent subjectivity and estimation involved.



Other information

SPH REIT Management Pte Ltd, the Manager of the Trust (“the Manager”) is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors’ report thereon. We have obtained all other information prior to the date of this auditors’ report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 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 misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Trust or to cease operations of the Trust, or has no realistic alternative but to do so.

The Manager’s responsibilities include overseeing the Trust’s financial reporting process.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lee Size Yeng.

A handwritten signature in blue ink, appearing to read 'Lee Size Yeng'.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
11 October 2018



SPH REIT delivered consistent returns

- FY2018 DPU was 5.54 cents, an increase of 0.2% year-on-year
- Maintained high occupancy of 99.4%
- Two months contribution from the newly acquired The Rail Mall

SINGAPORE, October 11, 2018 – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that net property income (“NPI”) for the year ended 31 August 2018 (“FY2018”) was S\$166.0 million, a decrease of S\$2.1 million (1.2%) compared to last year (“FY2017”), mainly due to lower revenue at Paragon partially offset by higher contribution from The Clementi Mall and The Rail Mall.

The aggregate distribution per unit (“DPU”) of 5.54 cents, was 0.2% higher against last year. The DPU for 4Q 2018 of 1.43 cents will be paid to unitholders on 21 November 2018.

Operational performance

Paragon registered a rental reversion of -3.7% for new and renewed leases cumulatively for FY2018. Typically, negotiation of renewals or new leases commenced twelve months prior to lease expiry. Earlier leases were committed during the retail sales downturn, however, with the recovery in retail sales in the second half of 2017, the cumulative decline was moderated during the financial year.

Supported by the increase in international visitor arrivals and improvement in consumer sentiments, Paragon recorded an increase in visitor traffic of 2.7% to 18.8 million. Tenant sales grew by 2.7% to S\$693 million with lower occupancy cost of 18.3%, compared to last year.

The Clementi Mall recorded a positive rental reversion of 3.0% in FY2018 with renewal of 5.9% of the mall's net lettable area. The Clementi Mall maintained high visitor traffic of 29.9 million. Tenant sales grew by 2.2% to S\$230 million with occupancy cost of 16.2%.

Valuation of properties at S\$3.368 billion

The portfolio recorded steady valuation of S\$3.368 billion as at 31 August 2018 and this included the recently acquired The Rail Mall. Net asset value per unit was maintained at S\$0.95 as at 31 August 2018.

Capital Management

SPH REIT proactively manages its financing risk by staggering the debt maturity profile so that it is well spread out without major concentration of debts maturing in any single year. Including a new loan of S\$45 million established in end June 2018 to partially finance the acquisition of The Rail Mall, the total borrowings stood at S\$895 million. The gearing remained low at 26.3%. The refinancing of the loan tranches was completed as planned and the average term to maturity was extended to 2.3 years. The annualised average cost of debt was 2.85% p.a. for FY2018.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd. said: "SPH REIT has delivered yet another year of consistent returns to our unitholders and our well-positioned assets continued its track record of close to full occupancy. The resilient performance for five years since listing in 2013 amid retail sales downturn, is a testament to our long-standing philosophy of partnership with our tenants for mutual success. We are pleased that our tenants have registered higher sales and lower occupancy cost.

Physical store which offers shoppers touch and feel, in-store engagement continues to play a pivotal role amidst structural challenges from e-commerce. We continue to work closely with our tenants to create unique experiences to shoppers both in-mall and in-store. The newly renovated Gucci duplex flagship store at Paragon now features a distinctive five-storey marble façade, setting a new landmark along Orchard Road. The store offers its very own bespoke client space and also offers DIY customisation service. Gucci Décor (home) collection was also introduced to enhance a holistic shopping experience. Paragon's atrium was the selected venue for Prada to hold their worldwide exclusive 'Prada Silver Line', showcasing an exclusive range of merchandise.

We introduced an integrated, “without inter-tenancy walls” concept on Level 3 to create a seamless shopping journey for our shoppers, and enable better synergies for cross marketing for our tenants. This phased opening of 16,000 sq ft retail space is on track to launch end of 2018.

We are pleased to update that the three-year phased AEI project at Paragon involving the decanting of area occupied by Air Handling Units (AHU), to create about 7,000 sq ft of additional lettable area, has been completed as scheduled. This project will contribute to approximately S\$0.9 million in revenue per annum.

On 28 June 2018, SPH REIT completed the acquisition of The Rail Mall, a unique cluster of shop units along Upper Bukit Timah Road. Plans are underway to strengthen its positioning and to initiate community programs leveraging on the Rail Corridor to attract a wider catchment. Unitholders will enjoy the full year contribution in the next financial year. Looking ahead, we continue to seek opportunities to enhance all our properties and create long-term sustainable value for our unitholders.”

Summary Results of SPH REIT

	4Q 2018 S\$'000	4Q 2017 S\$'000	Change %
Gross revenue	52,962	52,850	0.2
Net property income	40,979	41,759	(1.9)
Income available for distribution	34,576	31,831	8.6
Distribution to Unitholders ¹	36,778	36,297	1.3
Distribution per unit (cents)	1.43	1.42	0.7

Notes:

1. Distribution for 4Q 2018 includes income available for distribution retained earlier in the year.

	2018¹ S\$'000	2017 S\$'000	Change %
Gross revenue	211,802	212,756	(0.4)
Net property income	165,996	168,088	(1.2)
Income available for distribution	142,310	141,228	0.8
Distribution to Unitholders	142,310	141,228	0.8
Distribution per unit (cents)	5.54	5.53	0.2
Annualised distribution yield (%)	5.54 ²	5.53 ³	0.2

Notes:

1. Included The Rail Mall which completed its acquisition on 28 June 2018.
2. Based on S\$1.00 per unit closing price on 31 August 2018.
3. Based on S\$1.00 per unit closing price on 31 August 2017.

For further information and enquiries, please contact:

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ABOUT SPH REIT

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

Its portfolio of properties comprises a 99-year leasehold interest in Paragon commencing on 24 July 2013, a 99-year leasehold interest in The Clementi Mall commencing on 31 August 2010 and a leasehold interest in The Rail Mall with remaining lease tenure of about 28 years. Valued at S\$3.368 billion with an aggregate net lettable area of approximately 960,000 sq. ft, the properties have a committed occupancy of 99.4% and have a diverse and high quality tenant base of about 500 local and international retailers and medical specialists.

Visit SPH REIT's website at www.sphreit.com.sg for more details.

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

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

ABOUT THE SPONSOR: SINGAPORE PRESS HOLDINGS

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

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 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 also owns and operates The Seletar Mall. It is developing a new commercial cum residential site at Woodleigh. It also has a stake in Chinatown Point and acquired a portfolio of Purpose-Built Student Accommodation (PBSA) in the United Kingdom.

It is in the aged care sector and owns Orange Valley, Singapore's largest private nursing home operator.

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.

Important Notice

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



FY18 Financial Results

11 October 2018



Disclaimer

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

This presentation shall be read in conjunction with SPH REIT’s financial results for the fourth quarter and financial year ended 31 August 2018 in the SGXNET announcement.

Contents

Results	Slide 3
Balance sheet	Slide 8
Operational performance	Slide 11
Growth strategy and market outlook	Slide 19
Distribution details and timetable	Slide 23

Key Highlights

- Net property income for FY18 declined 1.2% year-on-year
- FY18 DPU was 5.54 cents, an increase of 0.2% against last year
- 4Q FY18 DPU was 1.43 cents
- Distribution yield was 5.54% (based on closing price of \$1.00 per unit on 31 August 2018)
- The Rail Mall – yield accretive acquisition
- Strong balance sheet, with low gearing of 26.3% and 69.8% debt on fixed rate

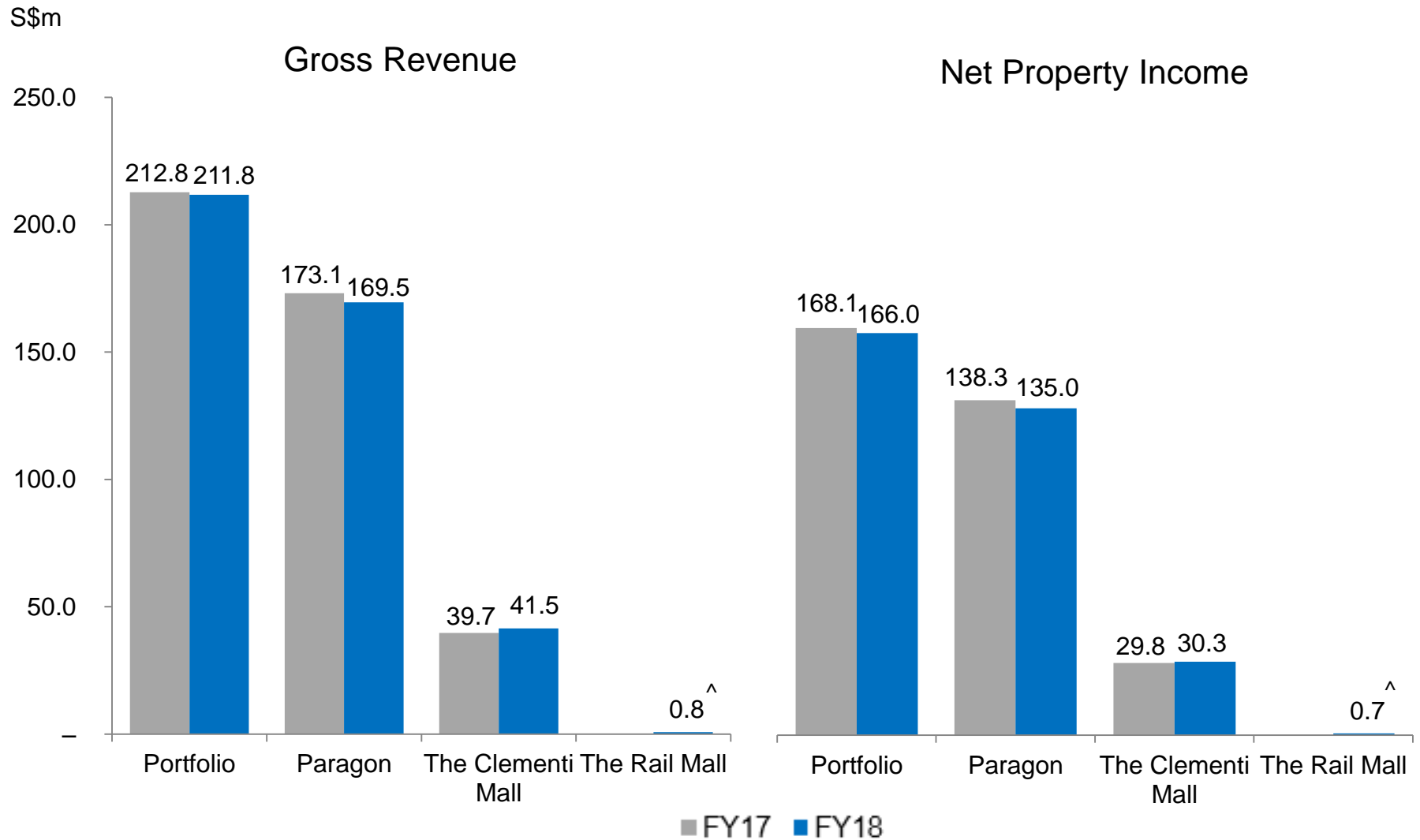
FY 2018 financial performance

	FY18 ^(a) S\$'000	FY17 S\$'000	Change %
Gross revenue	211,802	212,756	(0.4)
Property expenses	(45,806)	(44,668)	2.5
Net property income (NPI)	165,996	168,088	(1.2)
Income available for distribution	142,310	141,228	0.8
Distribution to Unitholders	142,310	141,228	0.8
Distribution per unit (DPU) (cents)	5.54	5.53	0.2

Note:

(a) Included the contribution from The Rail Mall (acquisition was completed on 28 June 2018).

Gross revenue and NPI



Note:

[^] Included the contribution from The Rail Mall (acquisition was completed on 28 June 2018).

Steady distribution

Cents

6.00

5.43⁽¹⁾

5.47

5.50

5.53

5.54

4.00

2.00

FY2014

FY2015

FY2016

FY2017

FY2018

Note:

(1) Does not include the distribution of 0.56 cents from 24 July 2013 (listing date) to 31 August 2013

Balance sheet



Financial position

	As at ^(a) 31 August 2018 S\$'000	As at 31 August 2017 S\$'000
Total assets	3,408,034	3,346,701
Total liabilities	969,087	925,641
Net assets	2,438,947	2,421,060
Net asset value per unit	S\$0.95	S\$0.95
Gearing ^(b)	26.3%	25.4%

Note:

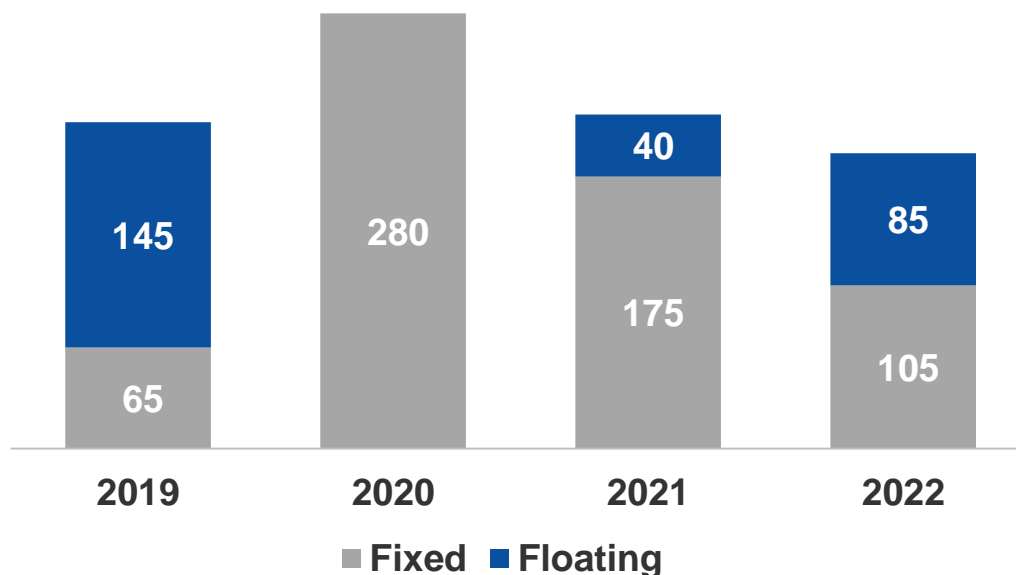
(a) Included the contribution from The Rail Mall (acquisition was completed on 28 June 2018).

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

Low gearing

- SPH REIT maintained a well staggered debt maturity profile without major concentration of debts maturing in a single year.
- Gearing remained low at 26.3% and average cost of debt of 2.85% p.a. as at 31 August 2018.
- Weighted average term to maturity: 2.3 years
- A three year loan of S\$45.0 million was established on 25 June 2018 to partially finance the acquisition of The Rail Mall.

**Debt Maturity Profile (S\$ million)
as at 31 August 2018**



Market value of properties

	Valuation as at 31 August ^(a)		Capitalisation Rate As at 31 August	
	2018 S\$ million	2017 S\$ million	2018 %	2017 %
Paragon	2,719.0	2,695.0	4.50% - Retail 3.75% - Medical Suite/ Office	4.50% - Retail 3.75% - Medical Suite/ Office
The Clementi Mall ^(b)	586.0	583.0	4.75%	4.80%
The Rail Mall	63.3	-	6.00%	-
SPH REIT Portfolio	3,368.3	3,278.0		

Notes:

(a) Valuations as at 31 August 2018 and 31 August 2017 were conducted by Edmund Tie & Company (SEA) Pte Ltd and JLL respectively.

(b) The Clementi Mall's valuation excludes income support. The income support has ended on 23 July 2018, five years after listing date on 24 July 2013.



Operational performance



Operating performance

- SPH REIT portfolio maintained high occupancy of 99.4%.
- Paragon recorded a rental reversion of -3.7% for new and renewed leases cumulatively for FY18. Earlier leases were committed about a year ago, during the retail sales downturn, however, with the recovery in retail sales in the second half of 2017, the cumulative decline was moderated during the financial year.
- The Clementi Mall recorded a positive rental reversion of 3.0%.
- Paragon recorded visitor traffic of 18.8 million, 2.7% higher than the year before. Tenant sales increased by 2.7% to S\$693 million.
- The Clementi Mall visitor traffic remained steady at 29.9 million. Tenant sales grew by 2.2% to S\$230 million.
- Occupancy cost was at 18.3% and 16.2% for Paragon and The Clementi Mall respectively.

Rental reversion

	Number of renewals / new leases ^(a)	NLA renewed / new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates ^(c)
Paragon	97	282,413	39.4%	(3.7%)
The Clementi Mall	19	11,602	5.9%	3.0%
The Rail Mall	1	1,140	2.3%	-
SPH REIT Portfolio	117	295,155	30.7% ^(b)	(3.5%) ^(d)

Notes:

(a) For expiries in FY18, excluding newly created and reconfigured units

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 961,523 sqft as at 31 August 2018.

(c) The change is measured between average rents of the renewed & new lease terms and the average rents of the preceding lease terms. Preceding 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 August 2018

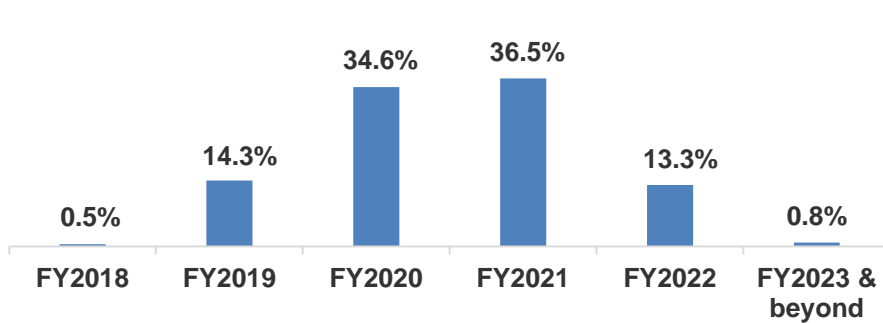
By NLA	1.9 years
By Gross Rental Income	2.0 years

Lease expiry as at 31 August 2018

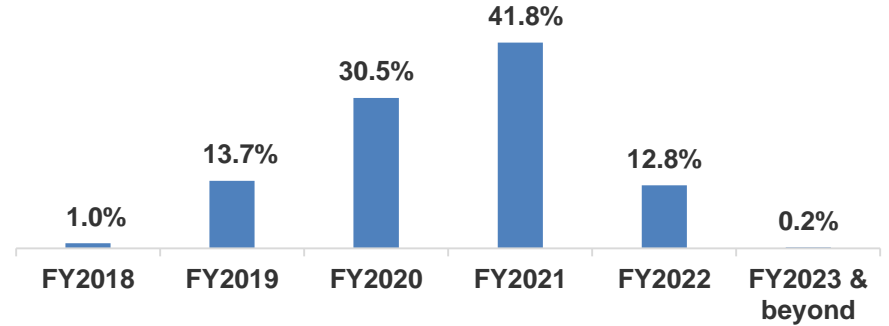
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 and beyond
Expiries as a % of total NLA	1.0%	14.1%	39.3%	35.3%	10.1%	0.2%
Expiries as a % of Gross rental income	0.4%	13.9%	41.5%	32.6%	11.0%	0.6%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income

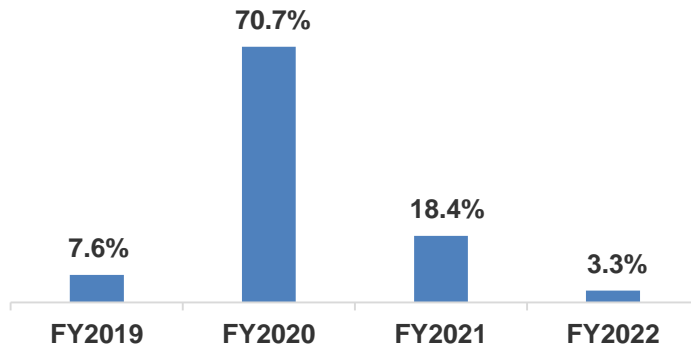


Expiry by NLA

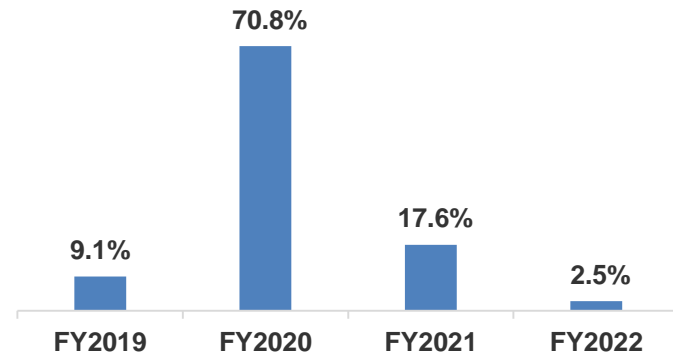


The Clementi Mall : Tenant retention rate of 89% for second renewal cycle in 2017

Expiry by Gross Rental Income



Expiry by NLA

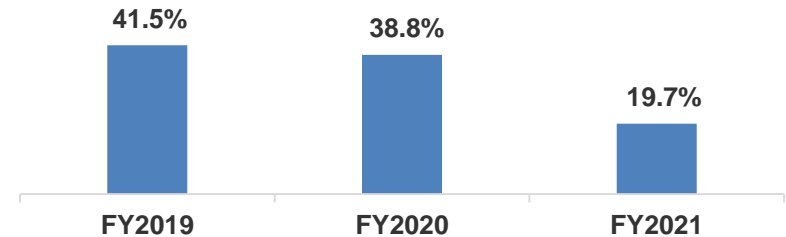


The Rail Mall

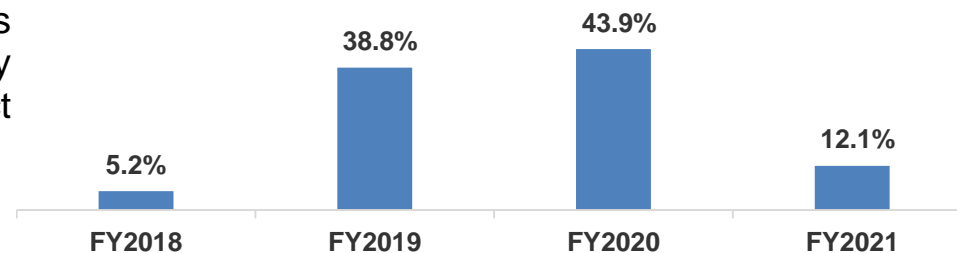
Completed Acquisition on 28 June 2018

- Purchase consideration at S\$63.238 million
- 99-year lease commencing 18 March 1947, with remaining lease tenure of about 28 years
- Approximately 50,000 sq ft net lettable area
- 360 metres prominent road frontage to Upper Bukit Timah Road
- Unique cluster of 43 single-storey shop units with established F&B offerings
- 250 metres to Hillview MRT and a network of public bus services
- Opportunity for SPH REIT to further strengthen its current F&B offerings and to initiate community programs leveraging on the Rail Corridor to attract a wider catchment

Lease expiry by Gross Rental Income

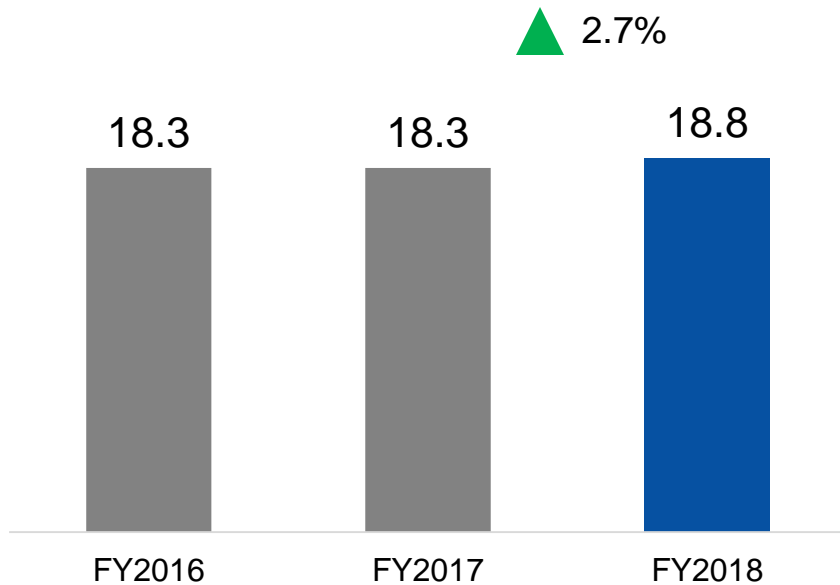


Lease expiry by NLA

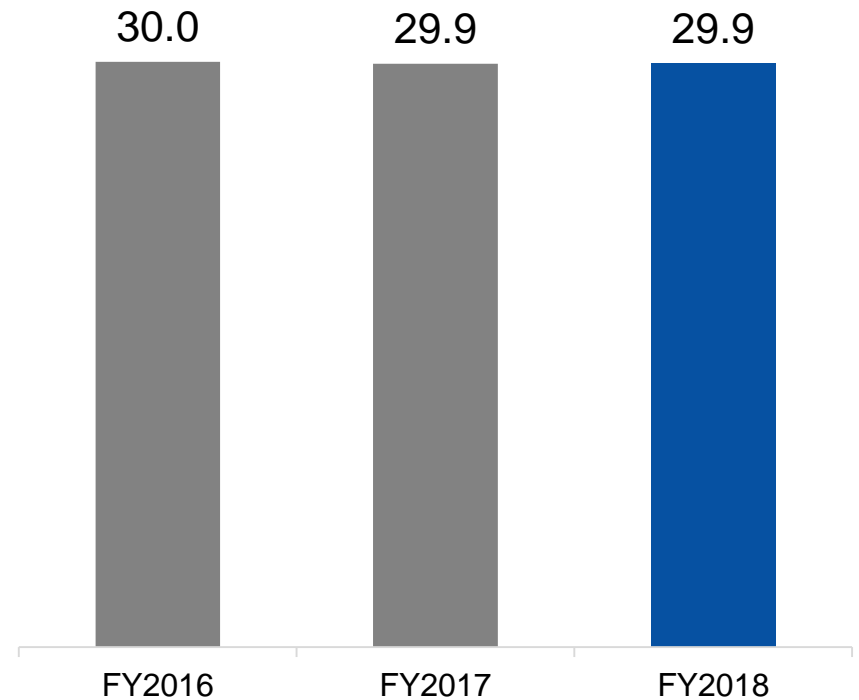


Visitor traffic

Paragon



The Clementi Mall

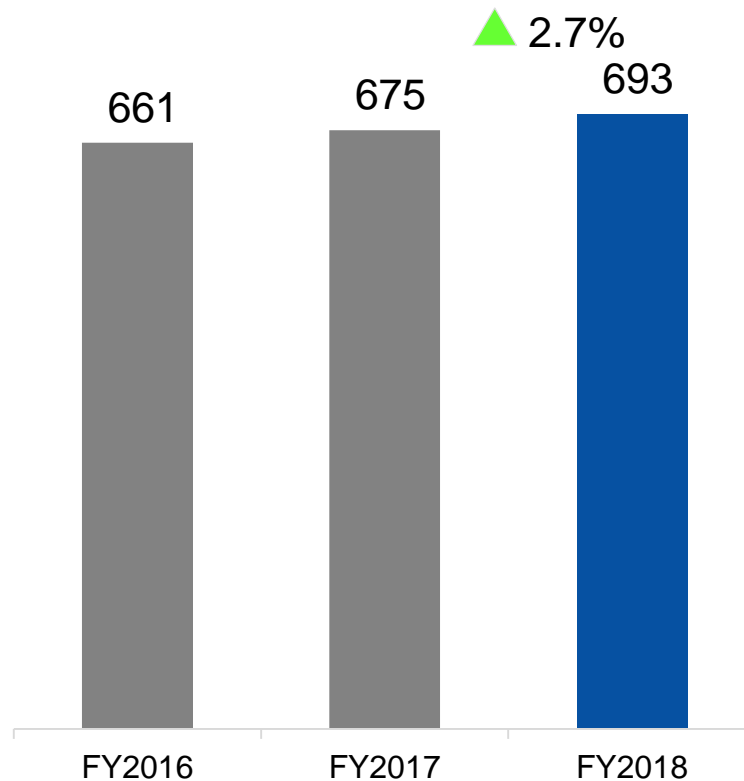


Note:

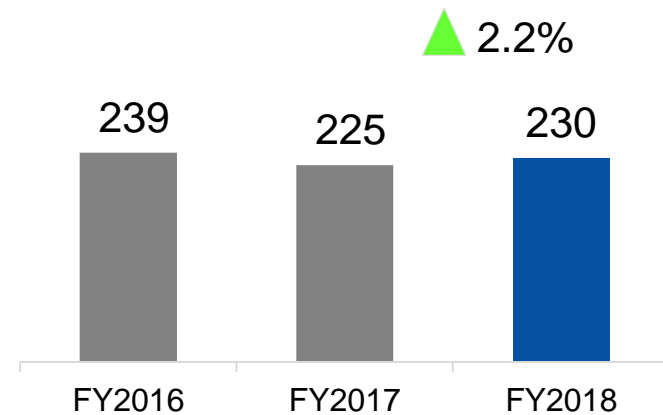
- (a) Financial year refers to the period from 1 September to 31 August in the respective years.
- (b) All figures are in millions

Tenant sales

Paragon



The Clementi Mall



Note:

(a) Financial year refers to the period from 1 September to 31 August in the respective years.

(b) All figures are in millions



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, and maintained high occupancy rate since its opening.
 - 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.

Engaging activities at our malls



Exciting Japanese-infused cultural performances, activities, workshop and demonstrations in Paragon.



The Clementi Fiesta community fun to create the largest CD weaved wall.

Prada Silver Line Pop-up store in Singapore with exclusive range of merchandise.

Market outlook

- **Outlook for Singapore economic growth is expected to moderate in the second half of 2018**
 - The Ministry of Trade and Industry (MTI) reported that the Singapore economy grew by 3.9 per cent on a year-on-year basis in the second quarter of 2018, easing from the 4.5 per cent growth in the previous quarter.
 - Growth in domestically-oriented services sectors like retail and food services is likely to be supported by a pickup in consumer sentiments amidst improvement in the labour market.
 - MTI expects the economic growth forecast in 2018 to maintain at “2.5 to 3.5 per cent”
- **Growth in international visitor arrivals and tourism receipts**
 - In the first half of 2018, international visitor arrivals grew by 7.6% y-o-y to reach 9.2 million visitors.
 - Tourism receipts for the first quarter of 2018 held steady at S\$6.7 billion, due to lower expenditure across some components including shopping, accommodation and food & beverage.
- **Growth in retail sales for five quarters**
 - The retail sales index (excluding motor vehicles) grew by 0.4% y-o-y in Q2 2018 and 1.4% in Q1 2018.

Distribution details and timetable

Distribution period	4Q FY18 (1 June 2018 – 31 August 2018)
Distribution per unit	1.43 cents per unit
Ex-date	17 October 2018
Record date	19 October 2018
Payment date	21 November 2018

Thank You

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

