



Q2 FY2020 Financial Results

Date: 1 April 2020



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 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 second quarter and year-to-date ended 29 February 2020 in the SGXNET announcement.

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Overview of SPH REIT

- SPH REIT is a Singapore-based Real Estate Investment Trust (“REIT”) established principally to invest, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for retail purposes.
- As of 29 February 2020, SPH REIT has a portfolio of 5 assets across Singapore and Australia.

98.9% Portfolio committed occupancy	S\$4.2bn⁽¹⁾ Valuation of investment properties	+6.7%⁽²⁾ Q2 FY2020 rental reversion
2.6m⁽¹⁾ Net Lettable Area (“NLA”) (sq. ft)	29.3% Gearing ratio	

Singapore



Australia



Note:

1. Includes 100% size and valuation of Figtree Grove Shopping Centre and 50% size and valuation of Westfield Marion Shopping Centre. SPH REIT owns 85% of Figtree Grove Shopping Centre and 50% of Westfield Marion Shopping Centre.
2. For Singapore assets only.



A Singapore-anchored Prime Retail-dominant Portfolio with Presence in Australia

Valuation conducted as at 31 August 2019 for all assets

Singapore



Paragon

Valued at S\$2,745.0 million

A premier upscale retail mall and medical suite / office property located in the heart of Orchard Road.



The Clementi Mall

Valued at S\$597.0 million

A mid-market suburban mall centrally located in Clementi town, integrated with HDB residential blocks, the Clementi public library, MRT, and bus interchange.



The Rail Mall, acquired on 28 June 2018

Valued at S\$63.8 million

A unique retail strip with a 360-metre prominent road frontage to Upper Bukit Timah Road, housing a diverse selection of F&B and lifestyle offerings.

Australia



Figtree Grove Shopping Centre, acquired on 21 December 2018

Valued at A\$206.0 million

An established sub-regional mall in Wollongong, city in New South Wales, Australia.

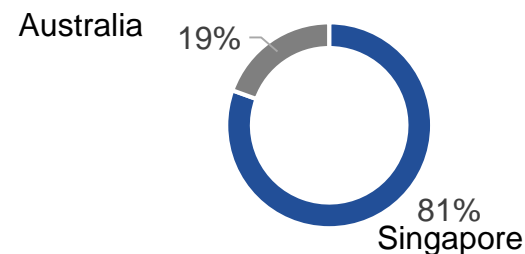


Westfield Marion Shopping Centre, acquired on 6 December 2019

Valued at A\$679.5 million

The largest super regional shopping centre in South Australia.

SPH REIT's portfolio by geography, by valuation as at 29 February 2020



Q2 FY2020 & 1H FY2020 Financial results-in-review

Net Property Income (\$'000)

Q2 FY2020

S\$56,532

+23.3% vs Q2 FY2019 (S\$45,855)

1H FY2020

S\$103,496

+18.1% vs 1H FY2019 (S\$87,641)

DPU – Q2 FY2020

S\$0.30 cents

-78.7% vs Q2 FY2019 (S\$1.41 cents)

DPU – 1H FY2020

1.68 cents

-38.9% vs 1H FY2019 (S\$2.75 cents)

Annualised Distribution Yield

3.35% based on the closing unit price of S\$1.01 as at 28 February 2020

Gearing

29.3%

+1.8% vs Q4 FY2019 (27.5%)

Q2 FY2020 Financial performance

	Q2 FY2020 (a),(b) S\$'000	Q2 FY2019 S\$'000	Change %
Gross revenue	73,268	58,123	26.1
Property expenses	(16,736)	(12,268)	(36.4)
Net property income (NPI)	56,532	45,855	23.3
Income available for distribution	41,548	37,018	12.2
Distribution to Unitholders	8,272	36,440	(77.3)
Distribution per unit (cents)	0.30	1.41	(78.7)

Note:

(a) Included the contribution from Westfield Marion Shopping Centre (acquired on 6 December 2020).

(b) Following the emergence of COVID-19, SPH REIT announced a Tenants' Assistance scheme on 27 February 2020 to assist tenants impacted by the outbreak. Subsequent to 2Q 2020, S\$4.6 million of rental rebates for February and March were set aside and the February tranche of the rebate will be credited to tenants commencing from April 2020. The S\$4.6 million has not been recognised in the 6 months period ended 29 February 2020.

1H FY2020 Financial performance

	1H FY2020 (a),(b) S\$'000	1H FY2019 S\$'000	Change %
Gross revenue	133,405	111,928	19.2
Property expenses	(29,909)	(24,287)	(23.1)
Net property income (NPI)	103,496	87,641	18.1
Income available for distribution	77,348	72,874	6.1
Distribution to Unitholders	44,132	71,042	(37.9)
Distribution per unit (cents)	1.68	2.75	(38.9)

Note:

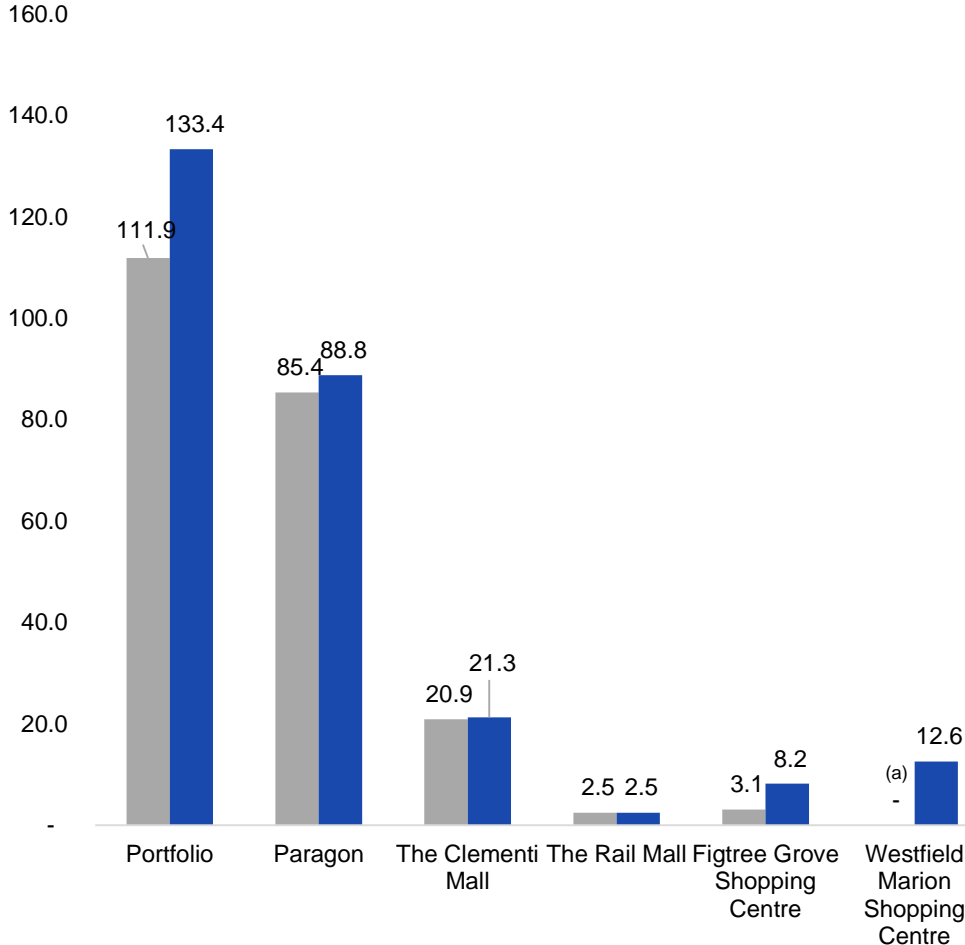
(a) Included the contribution from Westfield Marion Shopping Centre (acquired on 6 December 2020).

(b) Following the emergence of COVID-19, SPH REIT announced a scheme on 27 February 2020 to assist tenants impacted by the outbreak. Subsequent to 2Q 2020, S\$4.6 million of rental rebates for February and March were granted and the February tranche of the rebate will be credited to tenants commencing from March and April 2020. The S\$4.6 million has not been recognised in the 6 months period ended 29 February 2020.

Gross revenue and NPI

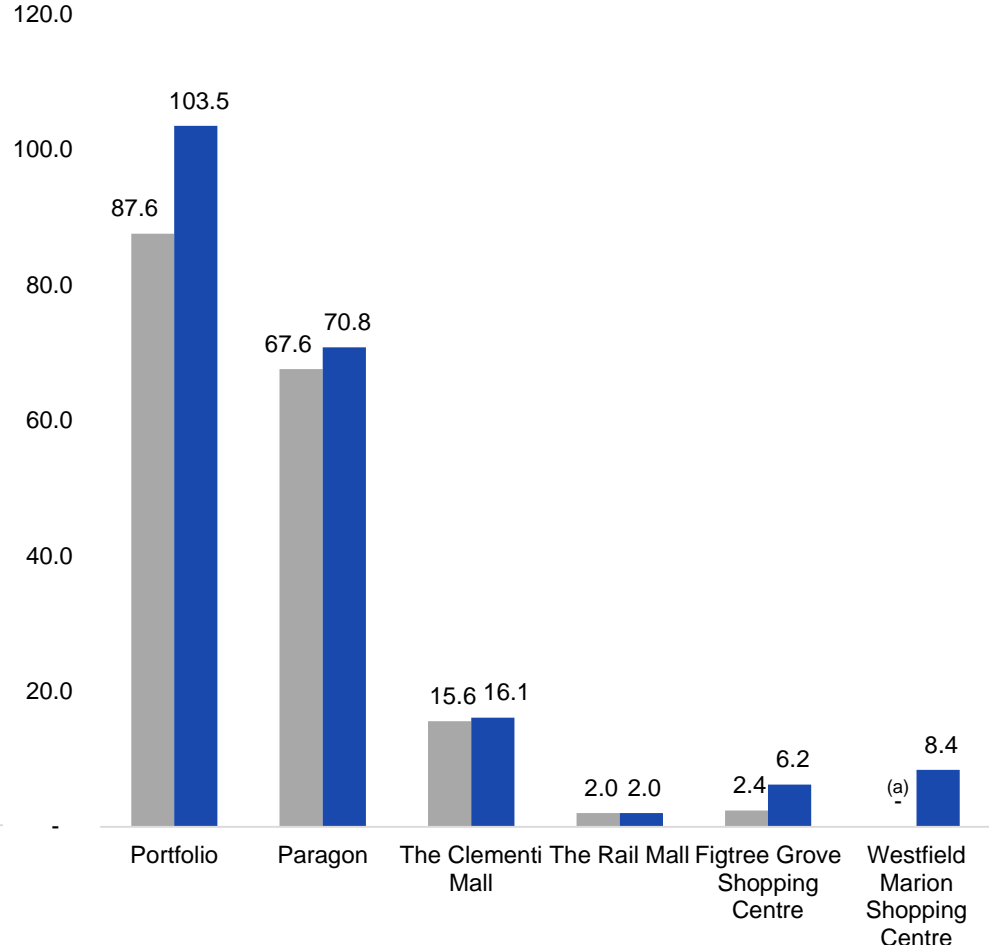
S\$ million

Gross Revenue



S\$ million

Net Property Income



1H FY2019 1H FY2020

Note:
 (a) Not available as asset was acquired on 6 December 2019



Steady distribution

S\$ cents

1.60

1.20

0.80

0.40

0.00

1.34

1.41

1.39

1.46

1.38

0.30

Q1 FY19

Q2 FY19

Q3 FY19

Q4 FY19

Q1 FY20

Q2 FY20

Note:

1. Does not include the distribution of S\$0.56 cents from 21 July 2013 (listing date) to 31 August 2013.

Balance sheet

Net assets value per unit

S\$0.95

Average cost of debt

2.83% p.a

Weighted average debt term to maturity

2.2 years

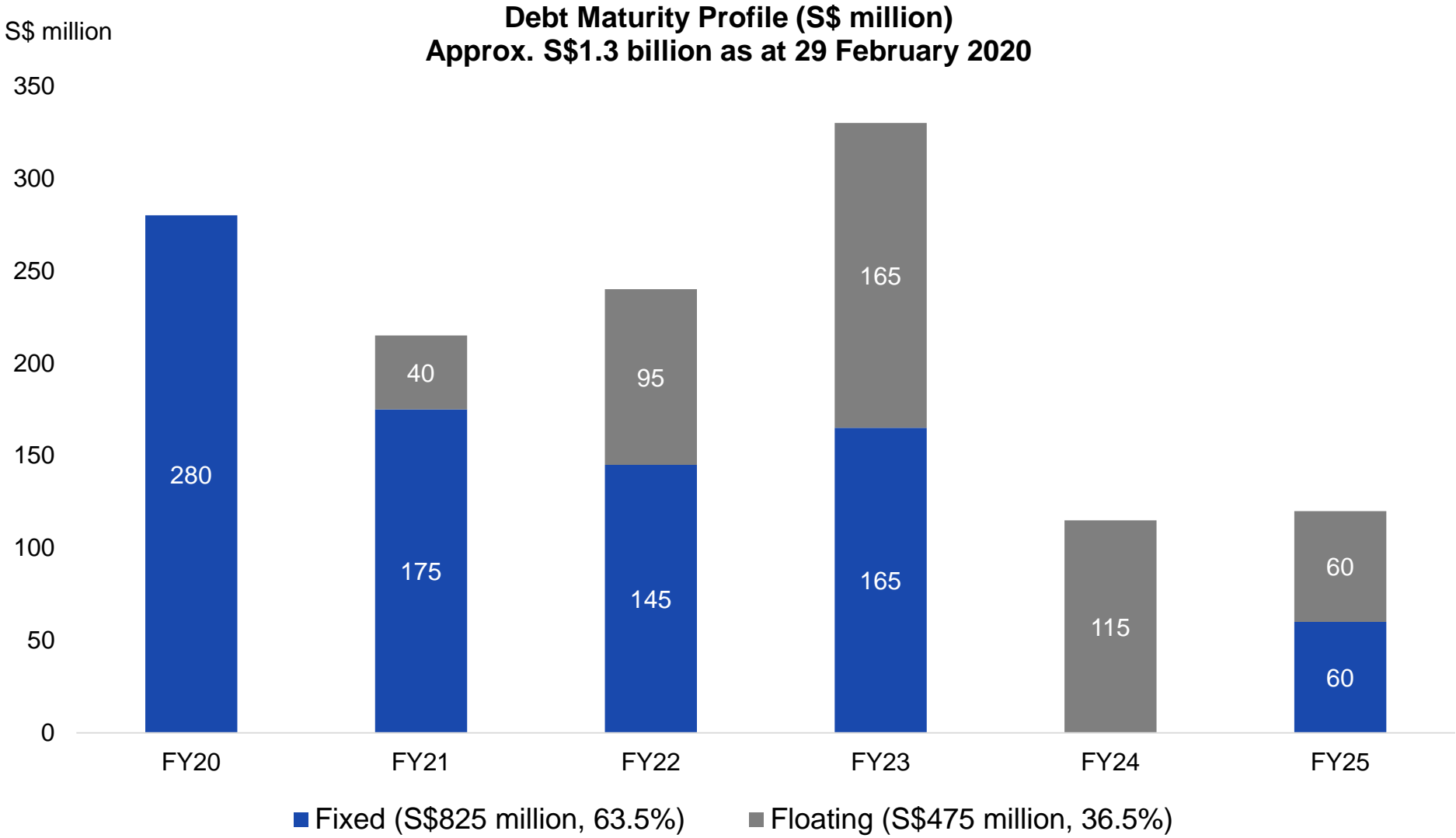
Financial position

S\$'000	29 February 2020	30 August 2019	Change (%)
Total assets	4,296,356	3,948,402	8.8
Total liabilities	1,372,386	1,176,965	16.6
Net assets	2,923,970	2,771,437	5.5
Net asset value per unit	S\$0.95	S\$0.95	-
Debt gearing ⁽¹⁾	29.3%	27.5%	1.8

Note:

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

Capital management



Operational performance

Portfolio occupancy rate

98.9%

Singapore portfolio rental reversion

+ 6.7%

Portfolio WALE

By NLA

4.0 years

By Gross Rental Income

2.7 years

Occupancy rate

PARAGON

99.9%



99.2%



100.0%



MARION





98.4%

92.2%

Rental reversion

Singapore assets

As at 29 February 2020	Number of renewals / new leases ⁽¹⁾	NLA renewed/ new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates ⁽³⁾
PARAGON	41	72,841	10.2%	5.6%
	41	38,544	19.7%	8.2%
	10	12,202	24.5%	14.5%
Total	92	123,597	12.8% ⁽²⁾	6.7% ⁽⁴⁾

Note:

(1) For expiries in 1H FY2020, excluding newly created and reconfigured units.

(2) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 962,303 sqft as at 29 February 2020.

(3) 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.

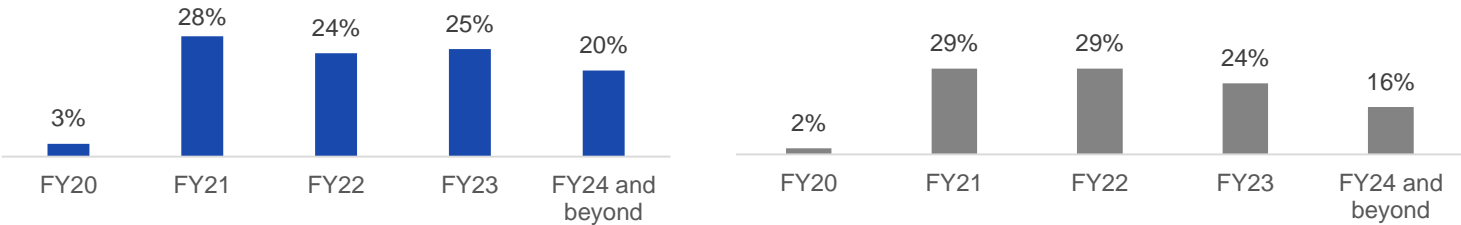
(4) Reversion rate is computed based on weighted average of all expiring leases.

Staggered lease renewal by portfolio and assets

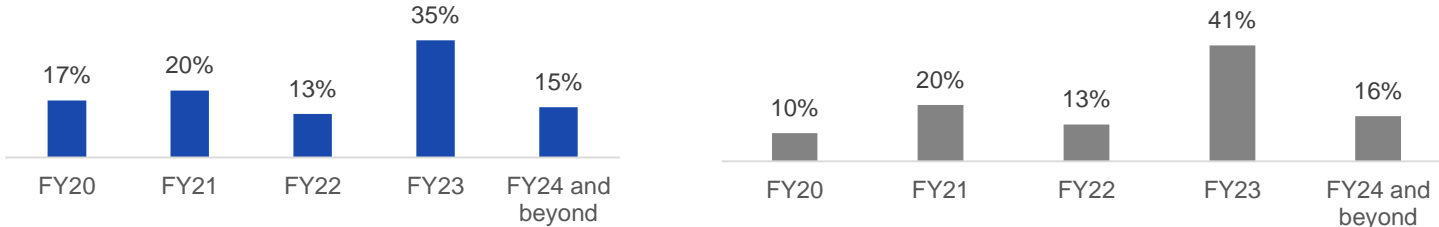
Portfolio lease expiry as at 29 February 2020	FY20	FY21	FY22	FY23	FY24 & beyond
Expiries as a % of total NLA	21%	16%	11%	21%	31%
Expiries as a % of Gross rental income	25%	17%	13%	14%	31%

Singapore Assets **Expiry by NLA** **Expiry by Gross Rental Income**

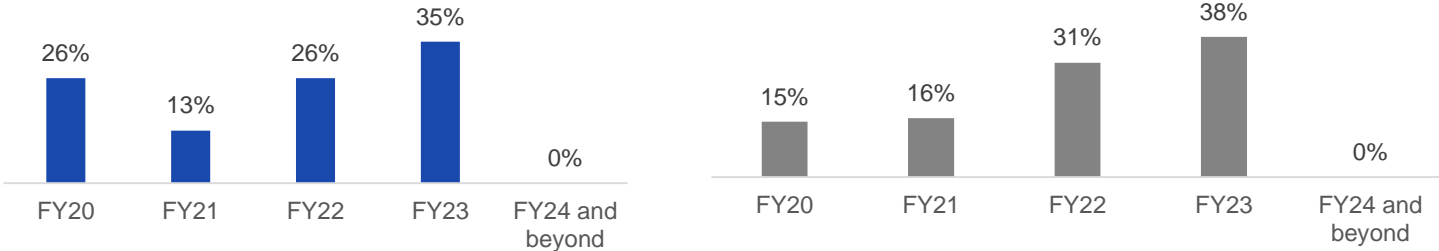
PARAGON



THE CLEMENTI mall



The Rail Mall

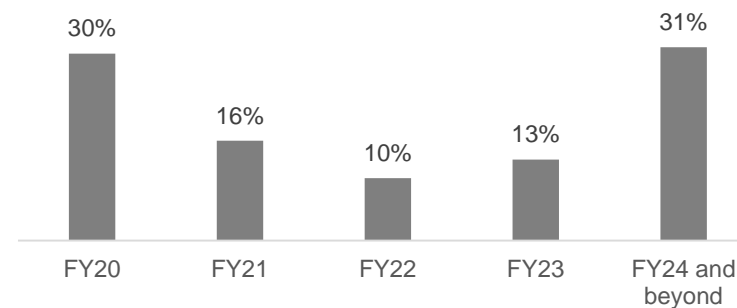
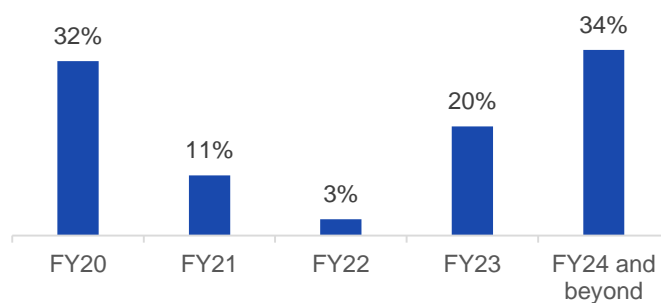
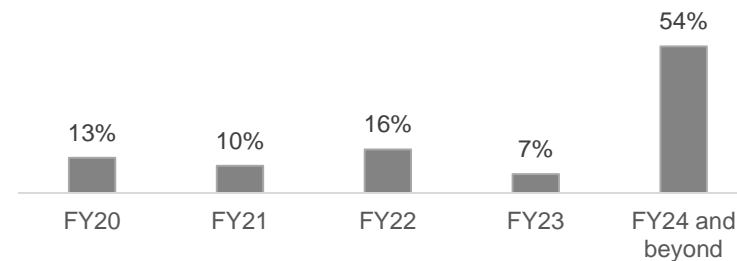
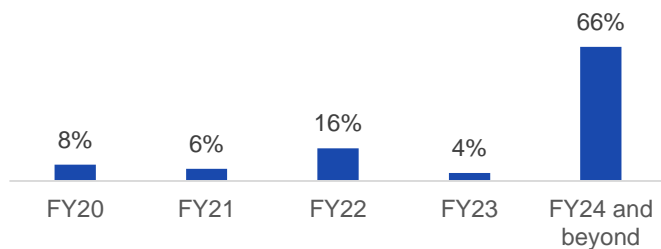


Staggered lease renewal by portfolio and assets

Australia Assets

Expiry by NLA

Expiry by Gross Rental Income





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 retail real estate space
- Implement asset enhancement initiatives and implement pro-active 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:
 - One applicable ROFR property, The Seletar Mall, which has opened on 28 November 2014, and maintained high occupancy rate since its opening; and
 - 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.

Market outlook - Singapore

Economy's outlook

- Ministry of Trade and Industry ("MTI") has released flash estimates on 26 March 2020 that the 2020 GDP growth forecast is -4.0% to -1.0%.

Tourism

- Singapore Tourism Board (STB) is projecting a 25 to 30% drop in visitor arrivals in 2020 due to COVID-19.

Retail sales index (RSI)

- Singapore Department of Statistics (DOS) reported that the retail sales index (excluding motor vehicles) decreased by 10.7% y-o-y in February 2020 as compared to February 2019.

COVID-19

- COVID-19 outbreak since early 2020 has brought about additional uncertainties in the global economy and has negatively impacted the retail sector in Singapore.
- According to Moody, the G20 economies will experience a significant decline in the first half of 2020 and will contract in 2020 as a whole, before picking up in 2021. The collective GDP of the G20 countries is predicted to contract 0.5% in 2020.
- With effect from 24 March 2020, a slew of safe-distancing measures was implemented for public venues:
 - Operators of F&B outlets have to keep a metre's distance between tables and seats.
 - Retail stores and restaurants have to keep queues fast-moving, yet demarcate spots so customers stand at least a metre apart from another.
 - Malls and supermarkets remain open but with reduced capacity, so that the mentioned venues do not have more than one person per 16 square metres of usable space.
- This resulted in a decline of footfall in Singapore malls.

Market outlook – Australia

Economy's outlook

- According to the Reserve Bank of Australia (RBA), the onset of COVID-19 has severely impacted the Australian and global economy. RBA expects that Australia will experience negative growth over 2020 which will be the first time this has happened since 1991.

Retail trade

- Australian retail turnover fell 0.3% in January 2020, seasonally adjusted, according to the latest Australian Bureau of Statistics (ABS) Retail Trade figures. This follows a fall of 0.7% in December 2019.
- It is expected that retail sales for the coming months will be further affected by the severe impacts of COVID-19.

COVID-19

- Following the outbreak of COVID-19 the Australian retail market has experienced staged implementation of restrictions on trade. As a result various retail subsectors have been required to cease trading, such as cinemas, gyms and fitness centres, cafés, beauty related shops and restaurants (dine in only).
- Other retailers have also been impacted by the flow on effects of increased government regulations, such as the impact of travel bans have had on travel agencies.
- Some of the major retailers that not impacted by the mandatory closure have announced their temporary closure in March 2020. Other retailers have reduced their trading hours due to COVID-19.

Distribution details and timeline

Distribution details and timeline

Distribution period	Q2 FY2020 (2 December 2019 – 29 February 2020)
Distribution per unit	S\$0.30 cents per unit
Ex-date	8 April 2020
Record date	9 April 2020
Payment date	13 May 2020



Thank You

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