



2Q FY15 Financial Results

13 April 2015



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This presentation shall be read in conjunction with SPH REIT’s financial results for the second quarter and half year ended 28 February 2015 in the SGXNET announcement.

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Credit Suisse (Singapore) Limited was the sole global coordinator and issue manager for the initial public offering of SPH REIT (the “Offering”). Credit Suisse (Singapore) Limited, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited were the joint bookrunners and underwriters of the Offering (collectively, the “Joint Bookrunners”).

The Joint Bookrunners for the Offering assume no responsibility for the contents of this announcement.

Key highlights

- 2Q FY15 DPU of 1.40 cents increased 0.7% year-on-year
- 1H FY15 DPU of 2.73 cents was higher than last year by 1.5%
- Annualised distribution yield of 5.24% (based on closing price of \$1.050 per unit on 27 February 2015)
- Healthy portfolio rental reversion of 11.0%
- Revitalise tenant mix
- Strong balance sheet, with gearing at 26.0%

2Q FY15 DPU increased 0.7% year-on-year

	2Q FY15 S\$'000	2Q FY14 S\$'000	Change %
Gross revenue	52,454	51,044	2.8%
Property expenses	(12,199)	(12,222)	(0.2%)
Net property income (NPI)	40,255	38,822	3.7%
Income available for distribution	36,342	34,938	4.0%
Distribution to Unitholders ^(a)	35,303	34,938	1.0%
Distribution per unit (DPU) (cents)	1.40	1.39	0.7%

Note:

(a) For 2Q FY15, SPH REIT had retained S\$1.0 million of taxable income available for distribution, for future distribution to unitholders.

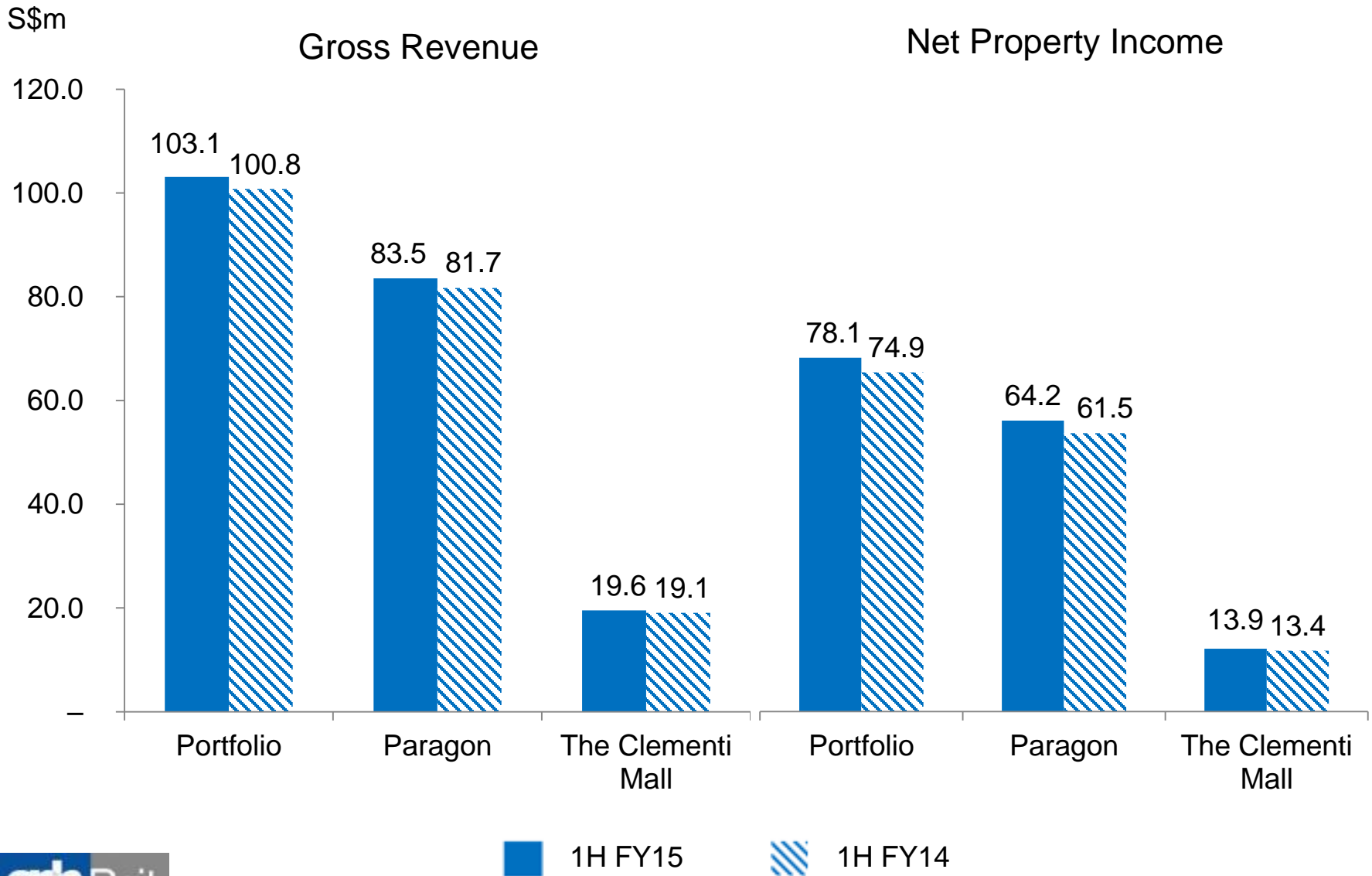
1H FY15 DPU increased 1.5% year-on-year

	1H FY15 S\$'000	1H FY14 S\$'000	Change %
Gross revenue	103,089	100,762	2.3%
Property expenses	(24,961)	(25,829)	(3.4%)
Net property income (NPI)	78,128	74,933	4.3%
Income available for distribution	70,373	67,483	4.3%
Distribution to Unitholders ^(a)	68,792	67,483	1.9%
Distribution per unit (DPU) (cents)	2.73	2.69	1.5%

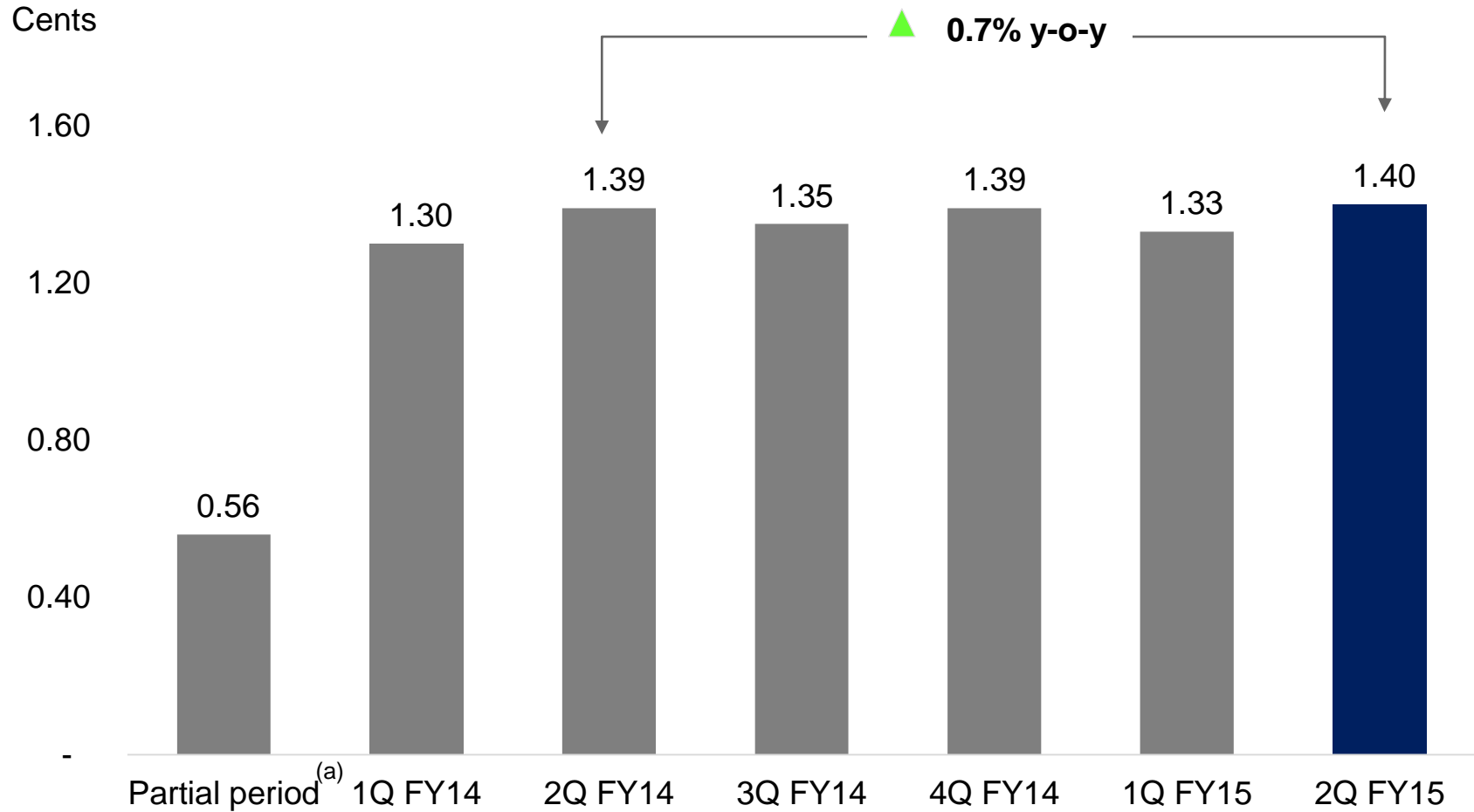
Note:

(a) For 1H FY15, SPH REIT had retained S\$1.6 million of taxable income available for distribution, for future distribution to unitholders.

Higher Gross Revenue and NPI



Stable and regular DPU



Note:

(a) For the period from 24 July 2013 (listing date) to 31 August 2013.

Balance sheet



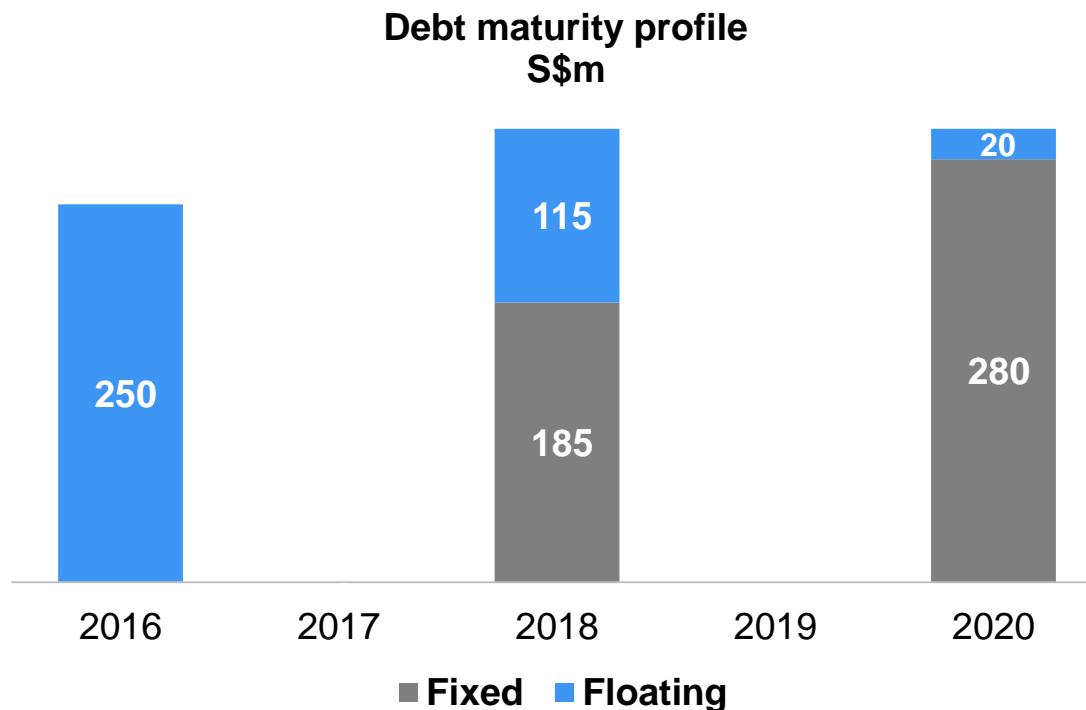
Financial position

	As at 28 Feb 2015 S\$'000	As at 31 Aug 2014 S\$'000
Total assets	3,268,332	3,269,033
Total liabilities	912,642	915,967
Net assets	2,355,690	2,353,066
Net asset value per unit	S\$0.93	S\$0.93
Gearing ^(a)	26.0%	26.0%

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

No refinancing required till 2016

- 54.7% of the S\$850m debt facility on a fixed rate basis
- Average cost of debt: 2.50%
- Weighted average term to maturity: 3.5 years



Valuation of properties about S\$3.16b

	Valuation as at 31 Aug 2014 S\$m ^(a)	Capitalisation rate
Paragon	2,588.0	4.85% - Retail 4.25% - Medical Suite/Office
The Clementi Mall ^(b)	571.0	5.00%
SPH REIT Portfolio	3,159.0	

Notes

(a) Valuations as at 31 August 2014 were conducted by DTZ.

(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).

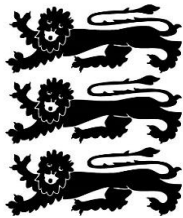
Operational performance



Steady and resilient performance

- Track record of 100% occupancy
- 1H FY15 visitor traffic held steady year-on-year
- Several new-to-market brands were secured

K&C
KENT&CURWEN




BRUNELLO CUCINELLI

CERRUTI 1881

GIEVES & HAWKES

No.1 SAVILE ROW LONDON

Rental reversions up 11.0% for the portfolio

	Number of renewals / new leases ^(a)	NLA renewed / new leases (sf)	As a % of properties' NLA	Change compared to preceding rental rates ^(c)
Paragon	38	89,665	12.7%	11.6%
The Clementi Mall	6	3,865	2.0%	- 8.8% ^(d)
SPH REIT Portfolio	44	93,530	10.4% ^(b)	11.0%

Notes:

(a) For expiries in the 1H FY15 from 1 September 2014 to 28 February 2015.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 900,242sf as at 28 February 2015.

(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 are typically committed three years ago.

(d) Negative rental reversion was due to fine-tuning of tenancies to strengthen the offering to a wider base of shoppers.

Strategy to revitalise tenant mix

- Strategy to continually revitalise tenant mix to keep the properties relevant and elevate the properties' positioning
- Has embarked on these initiatives to strengthen the various clusters
- Reconfiguration works for new tenants and relocation of some tenants will be staggered to minimise disruption to tenants and shoppers

Well-staggered portfolio lease renewal

Weighted Average Lease Expiry (WALE) as at 28 February 2015

By NLA 2.2 years

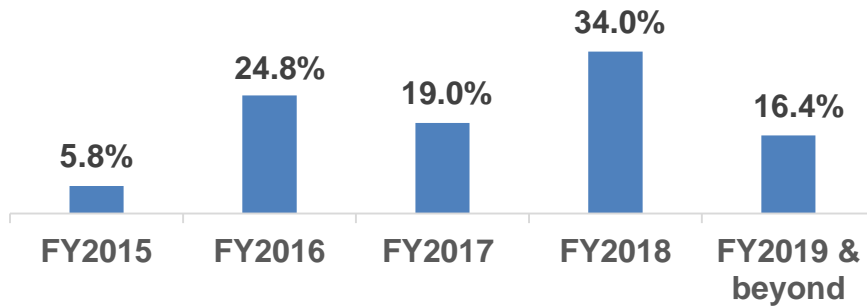
By Gross Rental Income 2.4 years

Lease expiry as at 28 February 2015

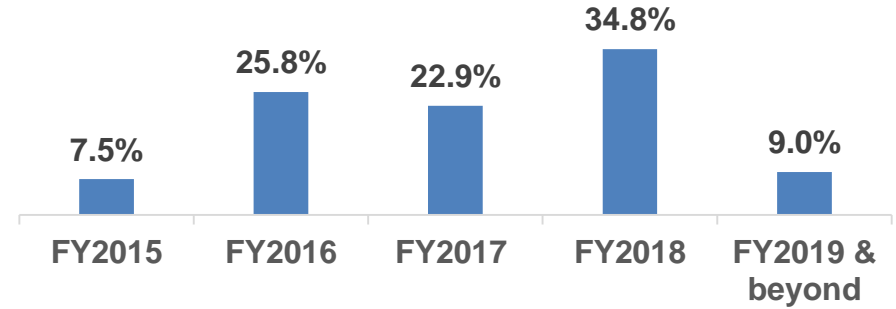
	FY2015	FY2016	FY2017	FY2018	FY2019 and beyond
Expiries as a % of total NLA	6.3%	22.4%	36.0%	28.1%	7.2%
Expiries as a % of Gross rental income	5.1%	21.8%	31.2%	28.5%	13.4%

Paragon: well staggered lease expiry

Expiry by Gross Rental Income

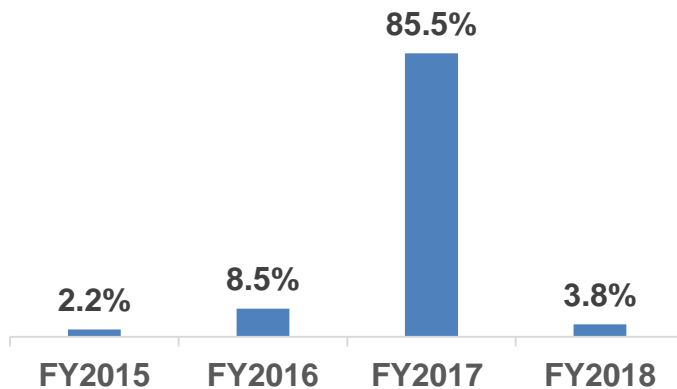


Expiry by NLA

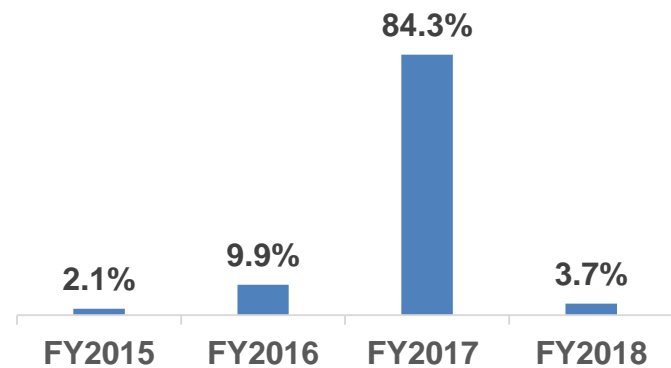


The Clementi Mall (a) :
tenant retention rate of more than 90% for first renewal cycle

Expiry by Gross Rental Income



Expiry by NLA



Notes

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

Key Events



Chinese New Year Celebration and Lion Dance Performance at The Clementi Mall



SPH Gift of Music - Philharmonic Performance at Paragon



Spring Summer Visual Merchandise Display



Bentley Showcase

Multi-pronged growth 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 with 99.6% committed occupancy rate.
 - 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.

Continual asset enhancement in progress

- **Chiller decanting project**

- Creation of approximately 5,000sf of net lettable area.
- Works are expected to complete by FY 2016.
- The tenancies for the new space have been committed and will contribute close to S\$1m of rental income annually.
- The additional space will be taken up for expansion of three existing tenants and facilitate the introduction of three new brands.

- **Other two asset enhancement projects**

- To generate a combined net lettable area of 5,000sf, to be phased in from FY 2016.
- Projects are still at the planning stage.
- More details will be announced in due course.

Market outlook

- **Outlook for Singapore economy remains modest**
 - According to the MTI, the Singapore economy grew by 2.9% in 2014. The outlook for Singapore economy remains modest with the MTI's growth forecast of 2.0% to 4.0% for 2015.
 - Growth in labour-intensive segments such as retail and food services may be weighed down by manpower constraints.
- **STB has forecast visitor arrivals and tourist receipts to post flat-to-modest growth in 2015**
 - Visitor arrivals for the first two months of 2015 registered a decline of around 5%, compared to the same period in 2014.
 - STB expects the tourism sector in 2015 to continue to be buffeted by headwinds brought on by macro-economic challenges and will increase marketing efforts in key markets.
- **Retail sales declined**
 - The Retail Sales Index (excluding motor vehicles) fell year-on-year by 0.4% in November, 3.2% in December, and 8.7% in January. The decline in January was mainly due to higher sales last year when Chinese New Year was in January 2014.

Distribution details and timetable

Distribution period	2Q FY15 (1 December 2014 – 28 February 2015)
Distribution per unit	1.40 cents per unit
Ex-date	17 April 2015
Record date	21 April 2015
Payment date	15 May 2015

Thank You

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