



1Q FY18 Financial Results

5 January 2018

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This presentation shall be read in conjunction with SPH REIT’s financial results for the first quarter and year-to-date ended 30 November 2017 in the SGXNET announcement.

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Key Highlights

- Net property income for 1Q FY18 up 1.9% year-on-year
- 1Q FY18 DPU held steady at 1.34 cents
- Annualised distribution yield was 5.12% (based on closing price of \$1.050 per unit on 30 November 2017)
- Strong balance sheet, with low gearing of 25.4%

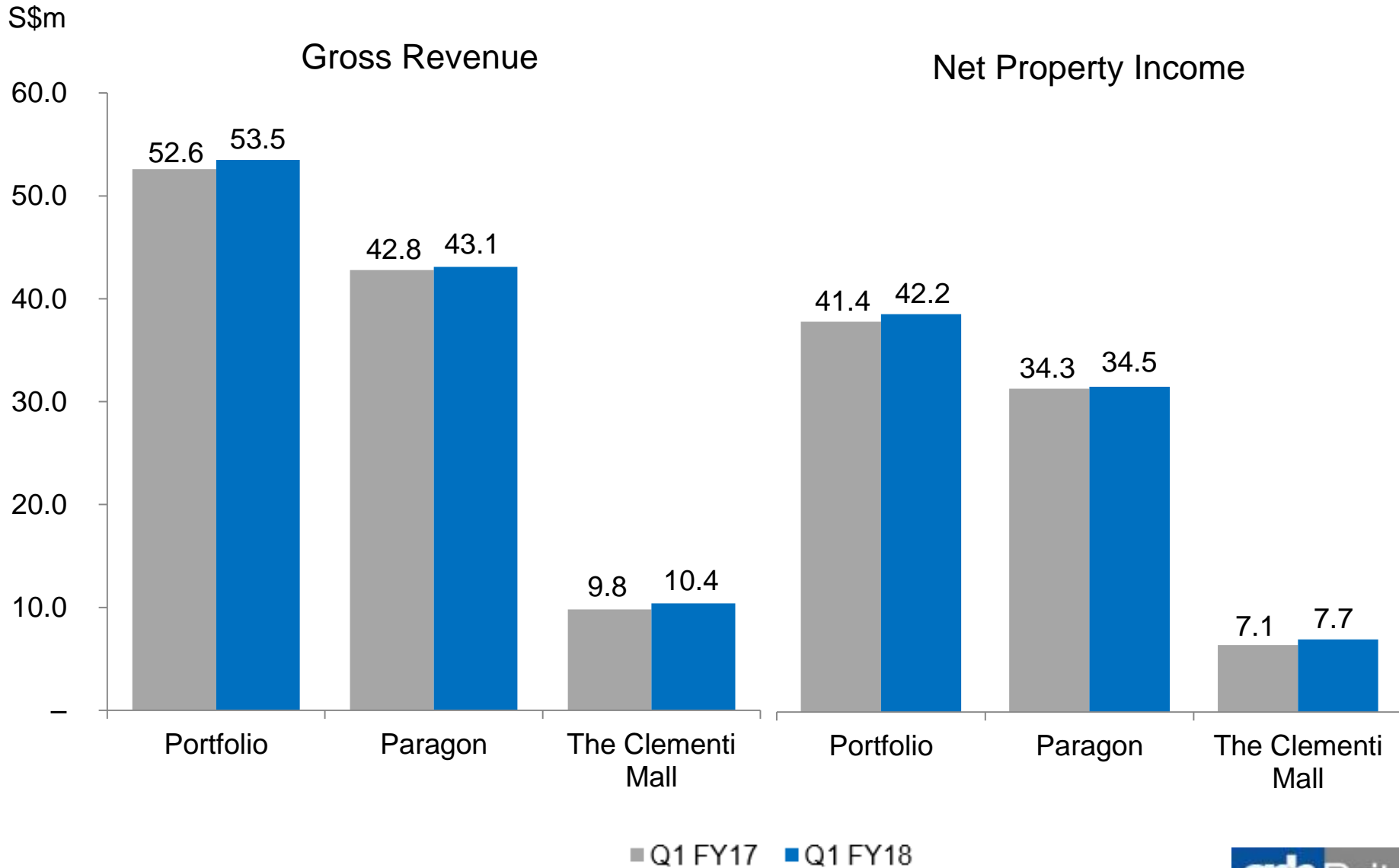
Steady performance

	1Q FY18 S\$'000	1Q FY17 S\$'000	Change %
Gross revenue	53,479	52,579	▲ 1.7
Property expenses	(11,289)	(11,157)	▲ 1.2
Net property income (NPI)	42,190	41,422	▲ 1.9
Income available for distribution	36,540	36,374	▲ 0.5
Distribution to Unitholders ^(a)	34,380	34,182	▲ 0.6
Distribution per unit (DPU) (cents)	1.34	1.34	-

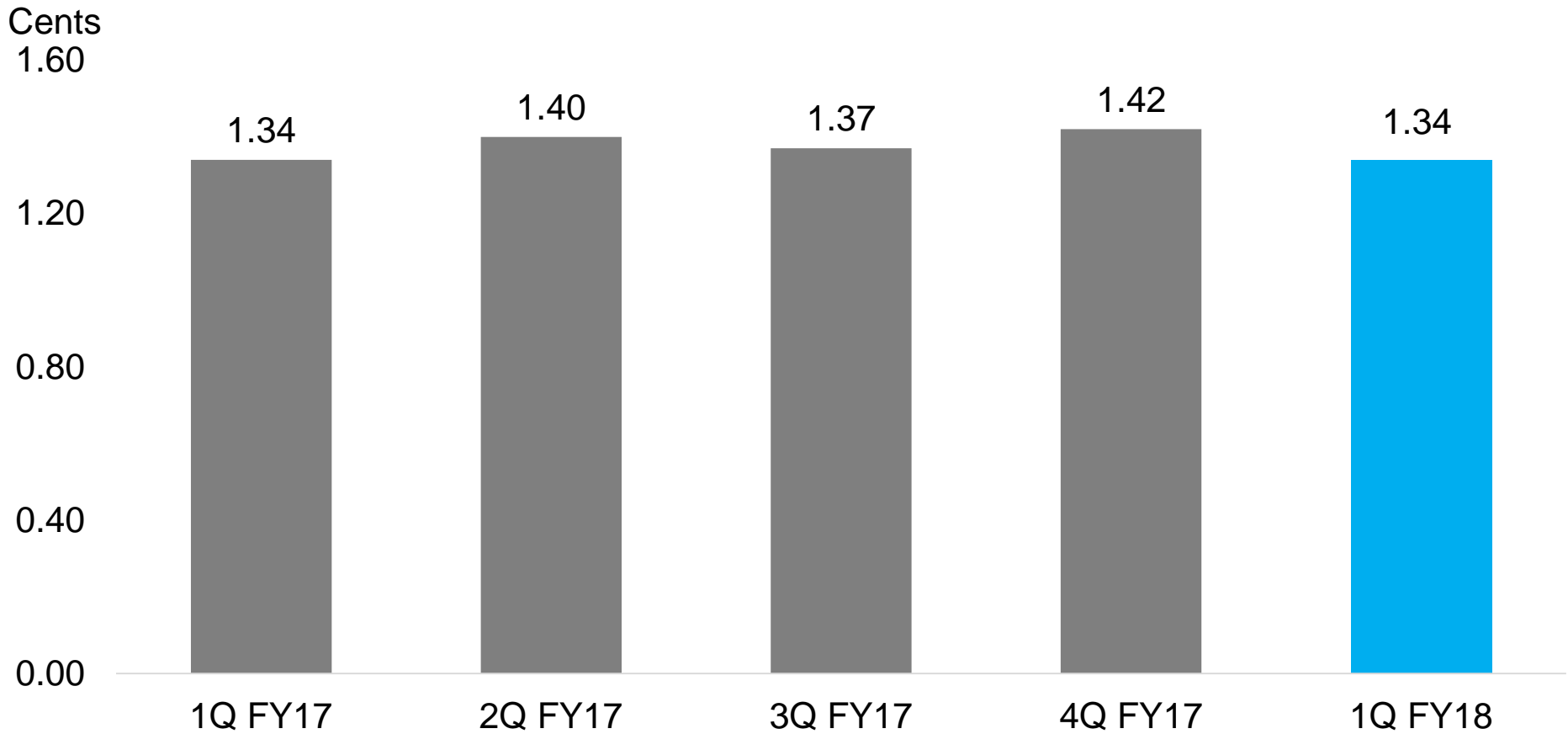
Notes:

(a) For 1Q FY18, the distribution to unitholders was 94.1% of income available for distribution.

Higher gross revenue and NPI



Stable and regular DPU



Balance sheet



Financial position

	As at 30 November 2017 S\$'000	As at 31 August 2017 S\$'000
Total assets	3,342,867	3,346,701
Total liabilities	920,296	925,641
Net assets	2,422,571	2,421,060
Net asset value per unit	S\$0.94	S\$0.95
Gearing ^(a)	25.4%	25.4%

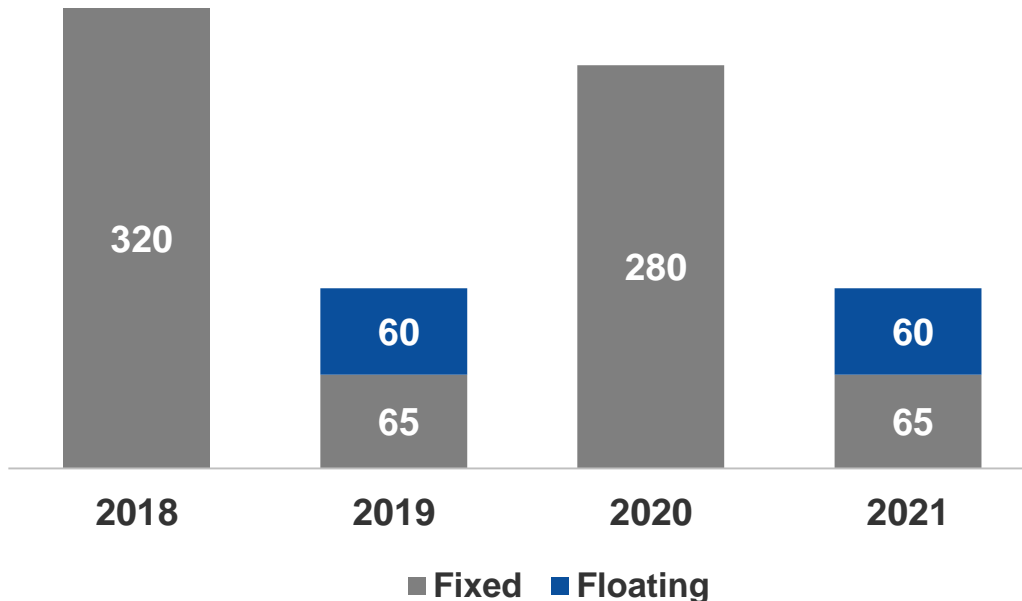
Note:

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

Low gearing

- Proactive capital management and reviewing options to renew the tranches due in 2018
- Gearing level of 25.4% and average cost of debt: 2.84% p.a.
- Weighted average term to maturity: 1.8 years

Debt Maturity Profile (S\$m)





Operational performance



Operational performance

- Both malls continued their track record of 100% committed occupancy.
- In keeping with our long-standing philosophy of partnering tenants towards mutual success, the rental review for tenants takes into consideration occupancy cost. This will better position them to ride on the recent sales recovery since June 2017.
- Paragon recorded a rental reversion of -10.6% for new and renewed leases in 1Q 2018, which were mostly committed a year ago. This represented 4.4% of Paragon's net lettable area.
- 1Q FY18 visitor traffic remained steady.

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	15	31,555	4.4%	(10.6%)
The Clementi Mall	1	2,164	1.1%	(9.8%) ^(d)
SPH REIT Portfolio	16	33,719	3.7% ^(b)	(10.6%) ^(e)

Notes:

(a) For expiries in 1Q FY18.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 910,405 sqft as at 30 November 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) The lease was for a replacement tenant of a different trade mix.

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

Staggered portfolio lease renewal

Weighted Average Lease Expiry (WALE) as at 30 November 2017

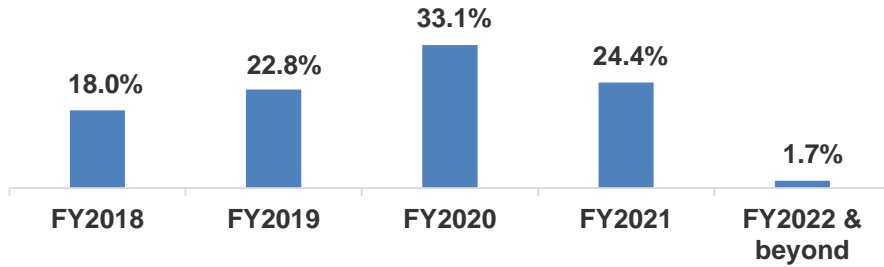
By NLA	2.1 years
By Gross Rental Income	2.0 years

Lease expiry as at 30 November 2017

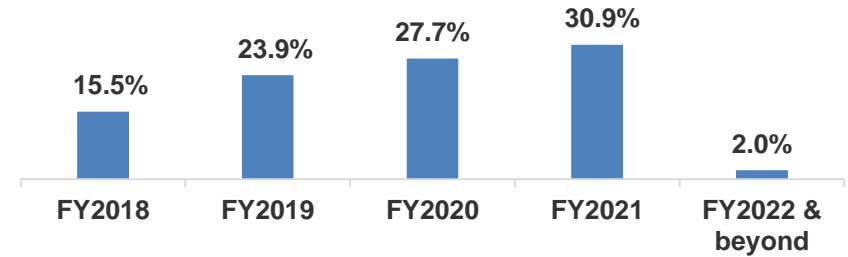
	FY2018	FY2019	FY2020	FY2021	FY2022 and beyond
Expiries as a % of total NLA	13.3%	21.8%	37.1%	26.4%	1.4%
Expiries as a % of Gross rental income	16.1%	21.5%	39.1%	22.0%	1.3%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income

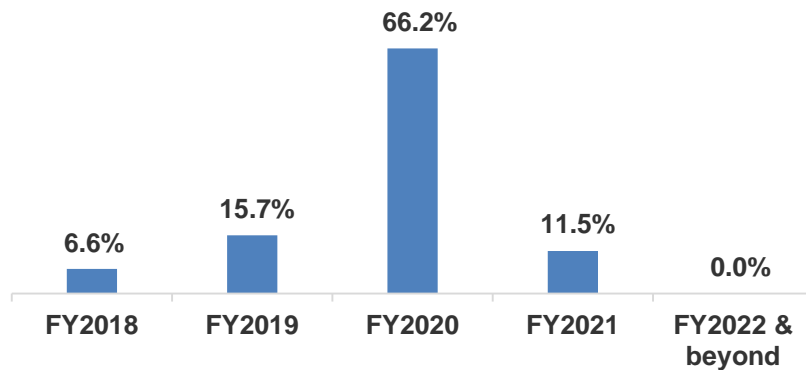


Expiry by NLA

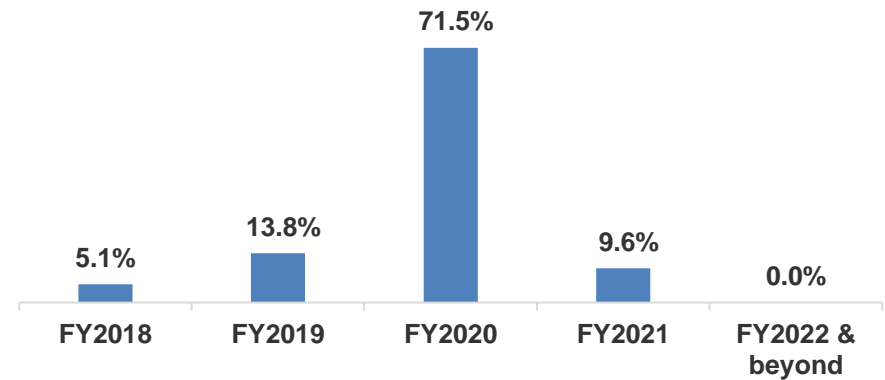


The Clementi Mall : Tenant retention rate of 89% for second renewal cycle in 2017

Expiry by Gross Rental Income



Expiry by NLA





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.

Market outlook

- **Outlook for Singapore economic growth is expected to moderate but remain firm**
 - Based on advance estimates of the Ministry of Trade and Industry (MTI), the Singapore economy grew by 3.5% year-on-year in 2017.
 - MTI expects the pace of economic growth to moderate in 2018 but remain firm with forecast of “1.5% to 3.5%”.
- **Growth in international visitor arrivals and tourism receipts**
 - International visitor arrivals (IVA) recorded a 4.0% y-o-y growth in the first eight months of 2017.
 - Tourism receipts grew by 10.0% to S\$12.7 billion in the first half year of 2017.
- **Recovery in retail sales for two quarters**
 - The retail sales index (excluding motor vehicles) grew by 2.4% (year-on-year) in Q3 2017 and 2.5% in Q2 2017, reversing the decline in Q1 2017 (1.0%).
 - Key trade segments registered increase in sales in Q3 2017, including departmental stores (4.6%), watches & jewellery (4.5%) and wearing apparel & footwear (4.1%).

Distribution details and timetable

Distribution period	1Q FY18 (1 September 2017 – 30 November 2017)
Distribution per unit	1.34 cents per unit
Ex-date	11 January 2018
Record date	15 January 2018
Payment date	14 February 2018

Thank You

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

