



1Q FY17 Financial Results

11 January 2017

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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 2016 in the SGXNET announcement.

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Key Highlights

- Net property income for 1Q FY17 up 3.3% year-on-year
- 1Q FY17 DPU was 1.34 cents, an increase of 0.8% year-on-year
- Annualised distribution yield was 5.60% (based on closing price of \$0.960 per unit on 30 November 2016)
- Strong balance sheet, with low gearing of 25.7% and 85.9% debt on fixed rate

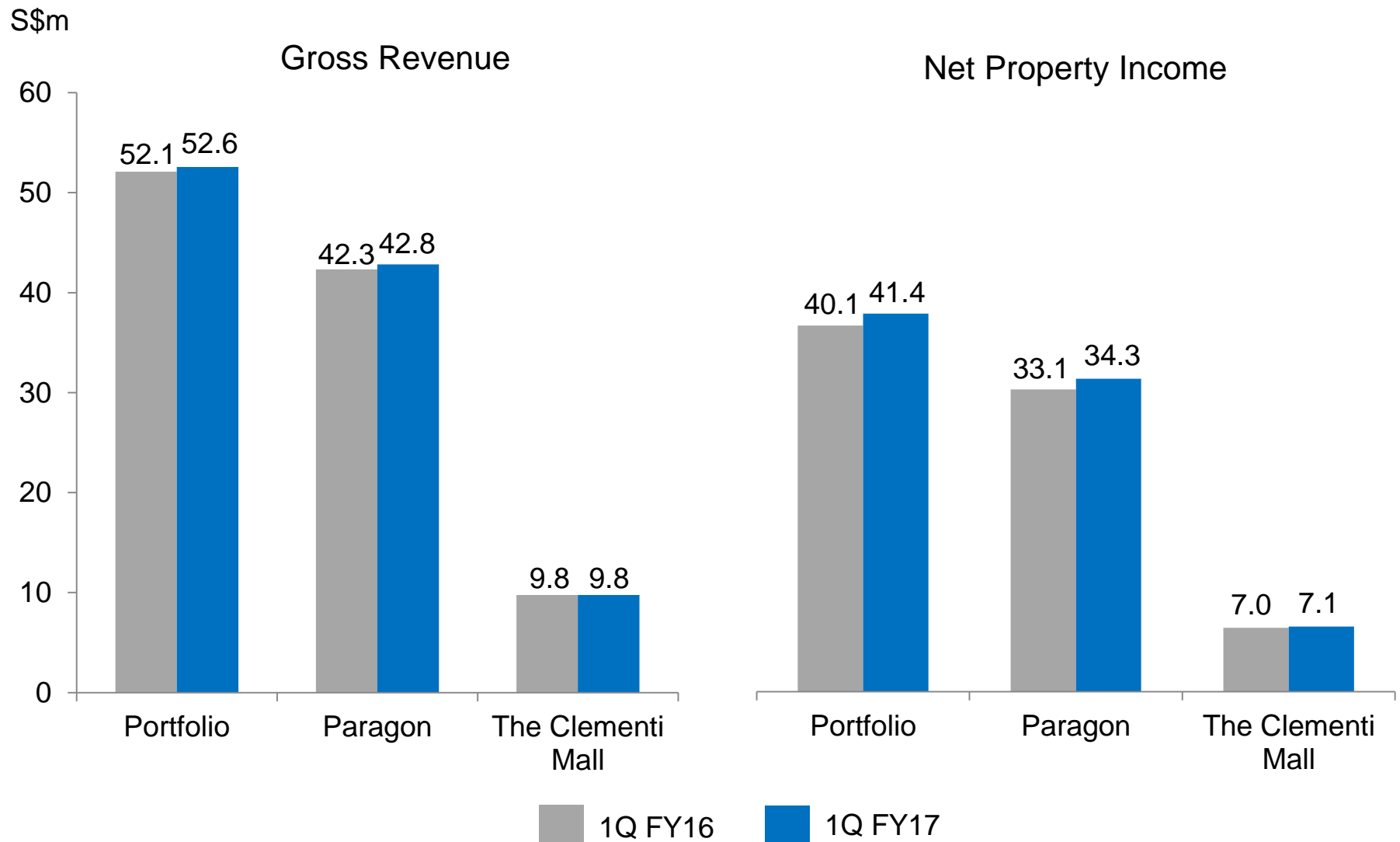
Resilient performance

	1Q FY17 S\$'000	1Q FY16 S\$'000	Change %
Gross revenue	52,579	52,095	▲ 0.9
Property expenses	(11,157)	(11,991)	▼ 7.0
Net property income (NPI)	41,422	40,104	▲ 3.3
Income available for distribution	36,374	35,308	▲ 3.0
Distribution to Unitholders ^(a)	34,182	33,696	▲ 1.4
Distribution per unit (DPU) (cents)	1.34	1.33	▲ 0.8

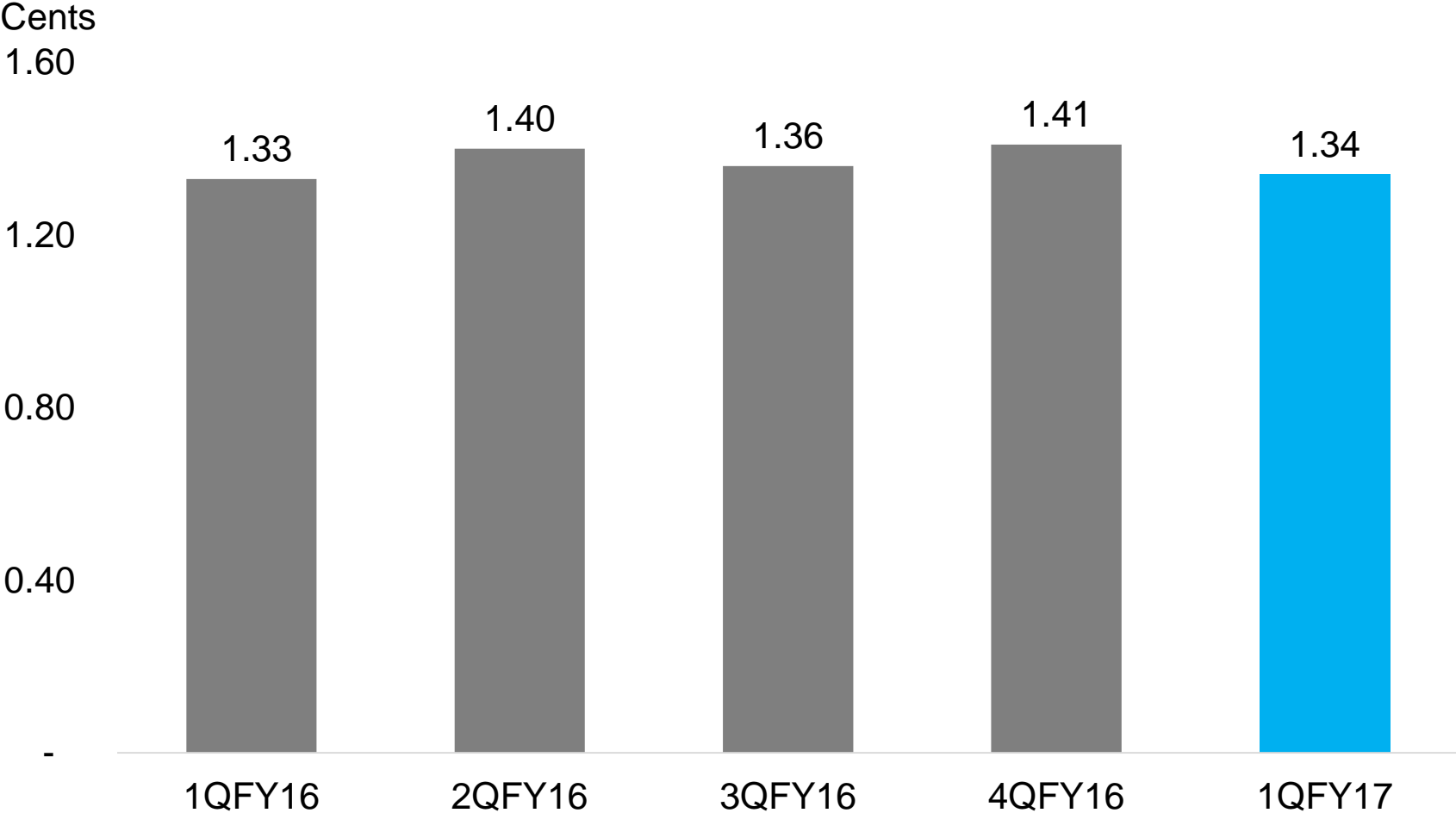
Notes:

(a) For 1Q FY17, the distribution to unitholders was 94.0% of taxable income available for distribution.

Higher gross revenue and NPI



Stable and regular DPU



Balance sheet



Financial position

	As at 30 November 2016 S\$'000	As at 31 August 2016 S\$'000
Total assets	3,311,792	3,311,255
Total liabilities	920,340	922,723
Net assets	2,391,452	2,388,532
Net asset value per unit	S\$0.94	S\$0.94
Gearing ^(a)	25.7%	25.7%

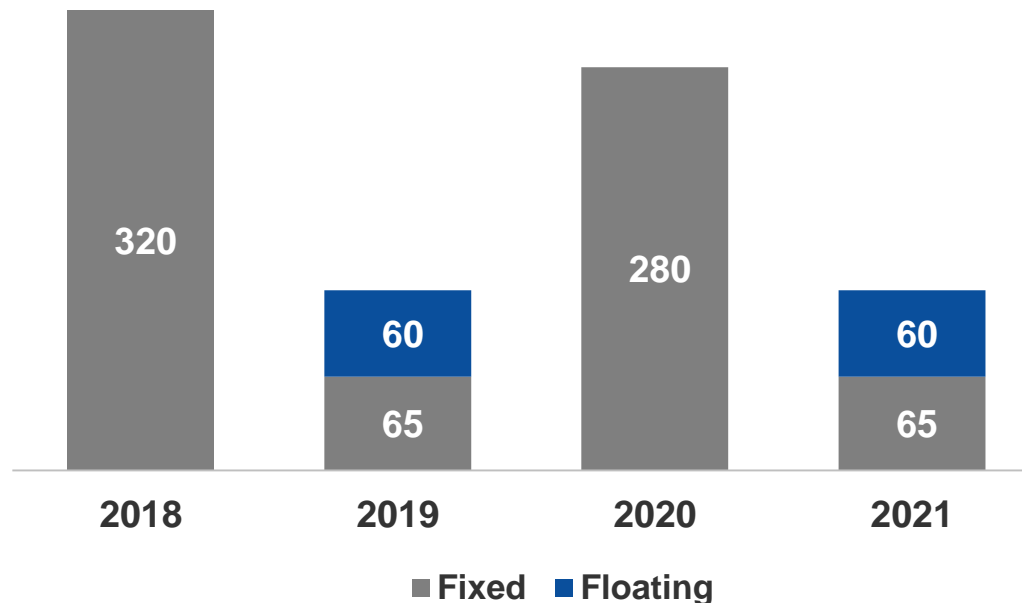
Note:

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

Low gearing and high % of fixed debt

- Proactive capital management with 85.9% of the S\$850m debt facility on a fixed rate basis
- Gearing level of 25.7% and average cost of debt: 2.81% p.a.
- Weighted average term to maturity: 2.8 years

Debt Maturity Profile (S\$m)



Market value of properties

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

Notes:

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

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

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



Operational performance



Resilient operating performance

- Both malls achieved 100% occupancy
- Paragon achieved a moderate rental uplift of 4.4% for new and renewed leases in 1Q FY17
- The Clementi Mall recorded positive rental reversion of 9.1% in 1Q FY17
- 1Q FY17 visitor traffic remained steady at 12.0 million

Rental reversion up 4.6%

	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	32,379	4.5%	4.4%
The Clementi Mall	3	1,371	0.7%	9.1%
SPH REIT Portfolio	18	33,750	3.7% ^(b)	4.6%

Notes:

(a) For expiries in 1Q FY17.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 907,489sqft as at 30 November 2016.

(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.

Staggered portfolio lease renewal

Weighted Average Lease Expiry (WALE) as at 30 November 2016

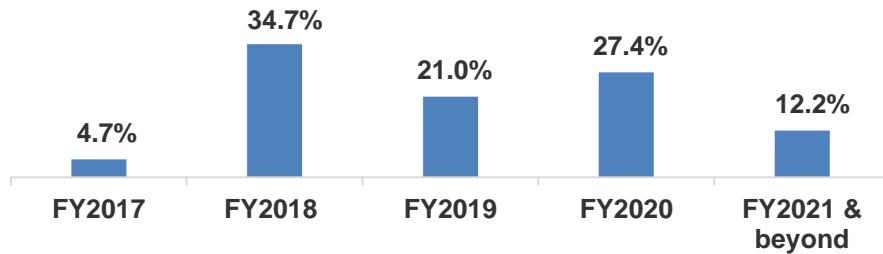
By NLA	2.5 years
By Gross Rental Income	2.4 years

Lease expiry as at 30 November 2016

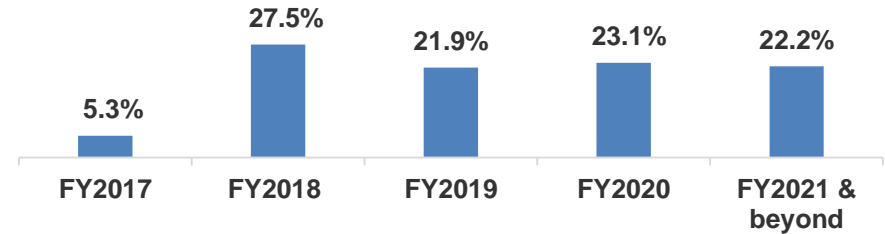
	FY2017	FY2018	FY2019	FY2020	FY2021 and beyond
Expiries as a % of total NLA	12.2%	22.8%	19.4%	26.8%	18.8%
Expiries as a % of Gross rental income	9.6%	29.8%	18.7%	30.5%	11.4%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income

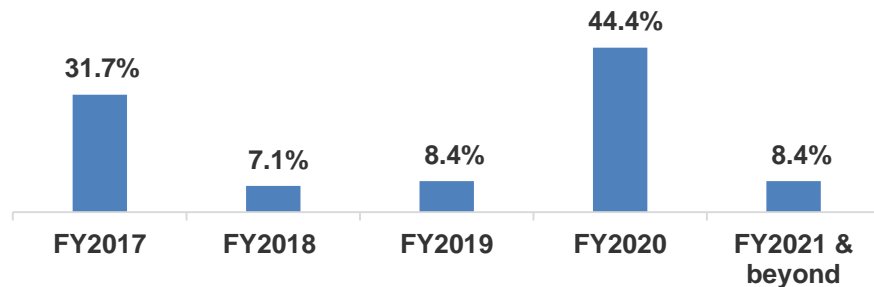


Expiry by NLA

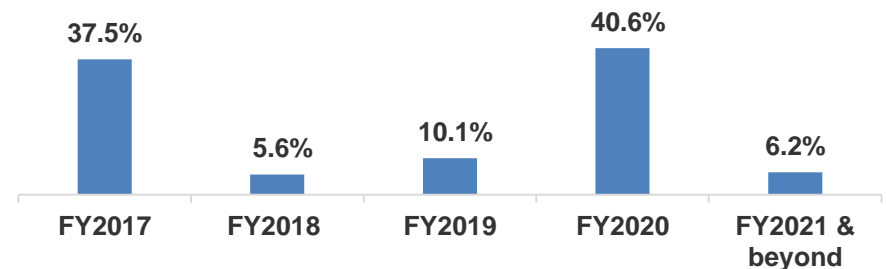


The Clementi Mall (a) : second renewal cycle in 2017 is in progress

Expiry by Gross Rental Income



Expiry by NLA



Note:

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



Growth strategy and market outlook



Multi-pronged strategy to ensure growth

Proactive asset management and asset enhancement strategy

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

Investments and acquisition growth strategy

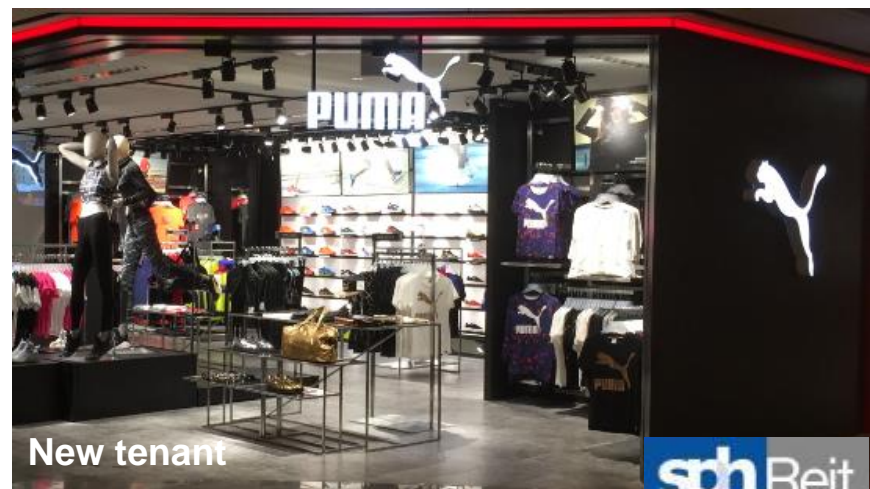
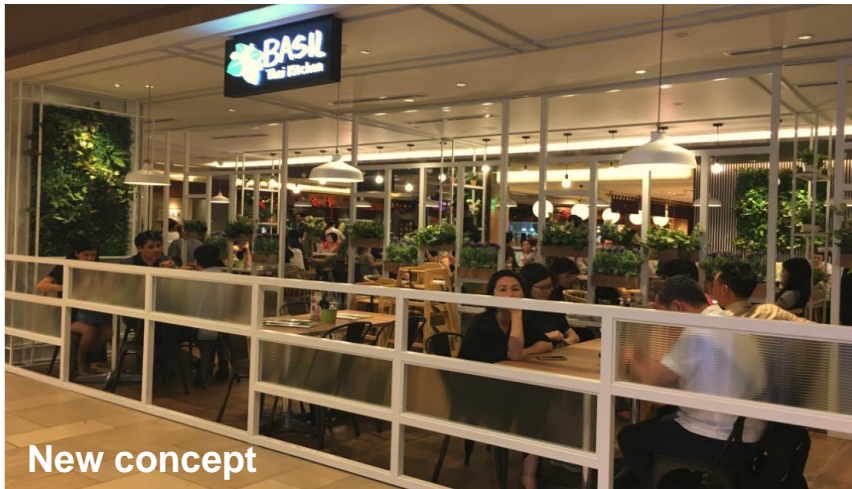
- ROFR on the Sponsor's future income-producing properties used primarily⁽¹⁾ for retail purposes in Asia Pacific
 - Currently one applicable ROFR property, The Seletar Mall, which has opened on 28 November 2014, achieved 100% committed occupancy rate since December 2014.
 - Explore acquisition opportunities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

Note:

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

Refreshed tenant mix for enhanced shopper experience

PARAGON



New look, wider food offerings



THE
CLEMENTI mall

 **Niigata Bento**
新潟弁当 プレミアム


stuff'd
mexican. turkish. delicious.


PEZZO


**MOOKATA
EXPRESS**

CRAVE
THE ORIGINAL ADAM RD
NASI LEMAK BY SELERA RASA


UYI
Cavory Squids

320 Below
- FINE ICE CREAM -

Sf


beard papa's
fresh and natural cream puffs

**SWEE
HENG**
1989
classic

Twelve
CUPCAKES


KKD
高记
KOEKE DELIGHTS

sph Reit

Market outlook

- **Outlook for Singapore economy remains modest**
 - Based on advance estimates of the Ministry of Trade and Industry (MTI), the Singapore economy grew by 1.8% on a year-on-year basis in 2016.
 - MTI expects the Singapore economy to grow at a modest pace of 1.0% to 3.0% in 2017.
- **Growth in international visitor arrivals and tourism receipts**
 - International visitor arrivals (IVA) increased 8.3% year-on-year in the first ten months of 2016.
 - Tourism receipts grew by 12.0% year-on-year to reach S\$11.6 billion in the first half of 2016.
- **Retail environment remains challenging**
 - The retail sales index (excluding motor vehicles) declined by 3.8% in Q1 2016, 3.7% in Q2 2016, and 4.2% in Q3 2016.
 - Most of the trade segments registered decline in sales in Q3 2016, in particular, wearing apparel and footwear (4.2%), food and beverage (10.1%) and watches and jewellery (16.0%).

Distribution details and timetable

Distribution period	1Q FY17 (1 September 2016 – 30 November 2016)
Distribution per unit	1.34 cents per unit
Ex-date	17 January 2017
Record date	19 January 2017
Payment date	16 February 2017

Thank You

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

