

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS

Issuer & Securities

Issuer/ Manager

SPH REIT MANAGEMENT PTE. LTD.

Securities

SPH REIT - SG2G02994595 - SK6U

Stapled Security

No

Announcement Details

Announcement Title

Financial Statements and Related Announcement

Date & Time of Broadcast

01-Apr-2020 19:45:33

Status

New

Announcement Sub Title

Half Yearly Results

Announcement Reference

SG200401OTHRGLR7

Submitted By (Co./ Ind. Name)

Lim Wai Pun

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

The Announcement, Press Release and Results Presentation are attached.

Additional Details

For Financial Period Ended

29/02/2020

Attachments

[SPH%20REIT%20-%20SGX%20Announcement%20Q2FY20.pdf](#)

[SPH%20REIT%20-%20Press%20Release%20Q2FY20.pdf](#)

[SPH%20REIT%20-%20Results%20Presentation%20Slides%20Q2FY20.pdf](#)

Total size = 1542K MB



SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT * FOR THE PERIOD ENDED 29 FEBRUARY 2020

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 four quality and well located commercial properties in Singapore and Australia:

- * 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.
- * 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.
- * SPH REIT holds a 85.0% stake in Figtree Grove Shopping Centre, an established sub-regional shopping centre in Wollongong, New South Wales, Australia.
- * SPH REIT holds a 50.0% stake in Westfield Marion Shopping Centre, the largest regional shopping centre in South Australia.

Review by auditors

The financial information as set out in this announcement for the second quarter and half year ended 29 February 2020 has been extracted from the interim financial information for the second quarter and half year ended 29 February 2020, which has been reviewed by our auditors, KPMG LLP*, in accordance with the Singapore Standard on Review Engagement 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

* *Please refer to the attached review report.*

TABLE OF CONTENTS

Item No.	Description	Page No.
1	Statement of Total Return and Distribution Statement	3 - 4
	Statement of Financial Position	5 - 6
	Borrowing	6
	Statement of Cash Flows	7 - 8
	Statement of Changes in Unitholders' Funds	9 - 10
	Details of Changes in Issued and Issuable Units	11
2 & 3	Audit Statement	12
4 & 5	Changes in Accounting Policies	12
6	Earnings per unit ("EPU") and Distribution per unit ("DPU")	13
7	Net Asset Value ("NAV") and Net Tangible Asset ("NTA") Per Unit	13
8	Review of Performance	14
9	Variance from Prospect Statement	14
10	Outlook and Prospects	15
11 - 12	Distribution	16 -17
13	Segment Results	18
14	General mandate relating to Interested Person Transactions	18
15	Confirmation By the Manager Pursuant to Rule 720(1) of the SGX Listing Manual	19
16	Confirmation Pursuant to Rule 705(5) of the Listing Manual	19

For The Period Ended 29 February 2020

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

	<u>Group</u>					
	2Q 2020 S\$'000	2Q 2019 S\$'000	Change %	1H 2020 S\$'000	1H 2019 S\$'000	Change %
Gross revenue	73,268	58,123	26.1	133,405	111,928	19.2
Property operating expenses	(16,736)	(12,268)	36.4	(29,909)	(24,287)	23.1
Net property income	56,532	45,855	23.3	103,496	87,641	18.1
Manager's management fees	(5,454)	(4,471)	22.0	(10,008)	(8,694)	15.1
Investment management fees	(698)	(148)	NM	(885)	(148)	NM
Trust expenses ¹	(726)	(464)	56.5	(1,387)	(894)	55.1
Net foreign currency exchange differences ²	1,114	-	NM	443	-	NM
Finance income	202	206	(1.9)	1,685	376	NM
Finance costs	(8,903)	(7,684)	15.9	(16,830)	(13,946)	20.7
Net income	42,067	33,294	26.4	76,514	64,335	18.9
Fair value change on investment properties ³	(2,260)	(14,857)	(84.8)	(2,260)	(14,857)	(84.8)
Total return before taxes and distribution	39,807	18,437	NM	74,254	49,478	50.1
Less: income tax ⁴	(1,103)	(166)	NM	(1,313)	(166)	NM
Total return after taxes and before distribution	38,704	18,271	NM	72,941	49,312	47.9
Attributable to:						
Unitholders	35,369	19,950	77.3	66,236	50,991	29.9
Perpetual securities holders ⁵	3,032	-	NM	6,098	-	NM
Non-controlling interests	303	(1,679)	NM	607	(1,679)	NM
Total return for the period	38,704	18,271	NM	72,941	49,312	47.9

NM Not Meaningful

For The Period Ended 29 February 2020

1(a) An income statement together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

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

Notes:

1. 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.
2. This relates mainly to realised foreign currency exchange gain upon settlement on completion of Westfield Marion Shopping Centre's acquisition.
3. This comprises mainly acquisition costs incurred for the acquisition of Westfield Marion Shopping Centre.
4. This relates to withholding tax payable for Figtree Grove Shopping Centre and Westfield Marion Shopping Centre.
5. On 30 August 2019, the Trust issued S\$300.0 million of subordinated perpetual securities (the 'Perpetual Securities') at a rate of 4.10% per annum, with the first distribution rate reset falling on 30 August 2024 and subsequent resets occurring every five years thereafter. The Perpetual Securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually and is non-cumulative.

1(a)(ii) Distribution Statement

	<u>Group</u>					
	2Q 2020 S\$'000	2Q 2019 S\$'000	Change %	1H 2020 S\$'000	1H 2019 S\$'000	Change %
Total return for the period attributable to Unitholders	38,401	19,950	92.5	72,334	50,991	41.9
Less: Amount reserved for distribution to perpetual securities holders	(3,032)	-	NM	(6,098)	-	NM
Add: Non-tax deductible ¹	6,179	17,068	(63.8)	11,112	21,883	(49.2)
Income available for distribution	41,548	37,018	12.2	77,348	72,874	6.1
Distribution to Unitholders	8,272	36,440	(77.3)	44,132	71,042	(37.9)

NM Not Meaningful

Notes:

1. Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, straight-line rental adjustments, amortisation of debt issuance costs and net income from subsidiaries.

For The Period Ended 29 February 2020

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

	<u>Group</u>		<u>Trust</u>	
	<u>As at 29 Feb 20</u>	<u>As at 31 Aug 19</u>	<u>As at 29 Feb 20</u>	<u>As at 31 Aug 19</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Non-current assets				
Plant and equipment	574	630	574	630
Investment properties ¹	4,211,296	3,597,756	3,408,013	3,405,800
Subsidiaries	-	-	167,094	981
Trade and other receivables	-	-	382,267	97,149
Derivative financial instruments ²	4,123	1,865	4,123	1,865
	<u>4,215,993</u>	<u>3,600,251</u>	<u>3,962,071</u>	<u>3,506,425</u>
Current assets				
Trade and other receivables ³	12,711	5,494	4,818	2,603
Cash and cash equivalents ⁴	67,652	342,657	45,382	336,761
	<u>80,363</u>	<u>348,151</u>	<u>50,200</u>	<u>339,364</u>
Total assets	<u>4,296,356</u>	<u>3,948,402</u>	<u>4,012,271</u>	<u>3,845,789</u>
Non-current liabilities				
Borrowings	989,496	811,514	713,961	713,739
Derivative financial instruments ²	3,199	1,243	1,726	1,243
Trade and other payables ⁵	36,262	34,764	36,262	34,764
	<u>1,028,957</u>	<u>847,521</u>	<u>751,949</u>	<u>749,746</u>
Current liabilities				
Borrowings	279,834	279,625	279,834	279,625
Derivative financial instruments ²	998	1,561	998	1,561
Trade and other payables ⁵	62,597	48,258	50,547	45,156
	<u>343,429</u>	<u>329,444</u>	<u>331,379</u>	<u>326,342</u>
Total liabilities	<u>1,372,386</u>	<u>1,176,965</u>	<u>1,083,328</u>	<u>1,076,088</u>
Net assets	<u>2,923,970</u>	<u>2,771,437</u>	<u>2,928,943</u>	<u>2,769,701</u>
Represented by:				
Unitholders' funds	2,611,741	2,458,864	2,631,053	2,471,777
Perpetual securities holders' funds ⁶	297,890	297,924	297,890	297,924
Non-controlling interests	14,339	14,649	-	-
Total Equity	<u>2,923,970</u>	<u>2,771,437</u>	<u>2,928,943</u>	<u>2,769,701</u>

Notes:

- The carrying amounts of the investment properties were based on assessment by the Manager based on discounted cash flow and income capitalisation methods. As at 29 February 2020, the key inputs used in the assessment were the discount rates, terminal yields, capitalisation rates and vacancy assumptions, which were unobservable. As at 31 August 2019, the carrying amounts of the investment properties were based on valuations performed by the independent external valuers.

Valuations of investment properties are currently subject to significant estimation uncertainty. The outbreak of the Novel Coronavirus ("COVID-19") has negatively affected the retail sector in countries where the Group's investment properties are located. Given that the potential impact of COVID-19 is constantly evolving, significant market uncertainty exists. Therefore the carrying amounts of the investment properties assessed by the Manager were current as at 29 February 2020 only. These carrying amounts may change significantly after the balance sheet date.

For The Period Ended 29 February 2020

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

Statements of Financial Position (cont'd)

Notes:

- Derivative financial instruments represent the fair value of the interest rate swap and cross currency interest rate swap contracts.
- Trade and other receivables comprised mainly rental receivable, trade amount due from related parties and deposit. The increase was mainly due to distribution receivable balance from Westfield Marion Shopping Centre, which was acquired on 6 December 2019.
- The decrease in cash and cash equivalents was mainly due to cash used to acquire Westfield Marion Shopping Centre on 6 December 2019.
- Trade and other payables comprised mainly rental deposits, accrued interests, other payables and collection in advance. The increase was mainly due to payable balance from Westfield Marion Shopping Centre.
- On 30 August 2019, the Trust issued S\$300.0 million of fixed rate Perpetual Securities. The Perpetual Securities, net of issuance costs, are classified as equity instruments and recorded as equity in the Statement of Changes in Unitholders' Funds.

1(b)(ii) Borrowing

Secured borrowing

	<u>Group</u>		<u>Trust</u>	
	As at 29 Feb 20 S\$'000	As at 31 Aug 19 S\$'000	As at 29 Feb 20 S\$'000	As at 31 Aug 19 S\$'000
Amount repayable within one year	279,834	279,625	279,834	279,625
Amount repayable after one year	989,496	811,514	713,961	713,739
Total	1,269,330	1,091,139	993,795	993,364

Details of collateral

The Group's secured term loans amounted to S\$1.3 billion. These relate to term loans comprising S\$995 million secured by way of a legal mortgage on Paragon, A\$105 million secured by way of a legal mortgage on Figtree Grove Shopping Centre and A\$200 million secured by way of a legal mortgage on Westfield Marion Shopping Centre. A loan tranche of S\$280 million which matures in July 2020 will be refinanced in due course.

For The Period Ended 29 February 2020

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

	<u>Group</u>			
	2Q	2Q	1H	1H
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Net income	38,704	18,271	72,941	49,312
Adjustments for:				
Fair value change on investment properties	2,260	14,857	2,260	14,857
Manager's fee paid/payable in units	5,454	4,471	10,008	8,694
Depreciation of plant and equipment	55	45	109	95
Finance income	(202)	(206)	(1,685)	(376)
Finance costs	8,903	7,684	16,830	13,946
Straight-line rental adjustments	(210)	(242)	(864)	(51)
Operating cash flow before working capital changes	54,964	44,880	99,599	86,477
Changes in operating assets and liabilities				
Trade and other receivables	(6,176)	(3,505)	(7,422)	(3,363)
Trade and other payables	9,569	1,191	10,422	1,908
Net cash from operating activities	58,357	42,566	102,599	85,022
Cash flows from investing activities				
Acquisition of investment properties	(611,842)	(207,670)	(627,594)	(207,670)
Additions to investment properties	(386)	(436)	(2,523)	(966)
Purchase of plant and equipment	(47)	(21)	(138)	(22)
Interest received	202	176	1,702	359
Net cash used in investing activities	(612,073)	(207,951)	(628,553)	(208,299)

For The Period Ended 29 February 2020

1(c) A cash flow statement together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Statement of Cash Flows (Cont'd)

	<u>Group</u>			
	2Q	2Q	1H	1H
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Proceeds from issue of units to non-controlling interest	-	16,834	-	16,834
Proceeds from bank loan (net of transaction costs) ¹	184,469	200,115	184,469	200,115
Proceeds from the issuance of new units (net of issuance costs)	57,404	-	162,823	-
Distribution to unitholders	(35,860)	(34,602)	(73,655)	(71,380)
Distribution to perpetual securities holders	(6,132)	-	(6,132)	-
Distribution to non-controlling interests of a subsidiary	(241)	-	(485)	-
Interest paid	(7,616)	(7,203)	(15,435)	(13,264)
Net cash from financing activities	192,024	175,144	251,585	132,305
Net (decrease)/increase in cash and cash equivalents	(361,692)	9,759	(274,369)	9,028
Effect of exchange rate fluctuations on cash and cash equivalents held	(555)	-	(636)	-
Cash and cash equivalents at beginning of the period	429,899	35,234	342,657	35,965
Cash and cash equivalents at end of the period	67,652	44,993	67,652	44,993

For The Period Ended 29 February 2020

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

	<u>Group</u>			
	2Q 2020	2Q 2019	1H 2020	1H 2019
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at beginning of period	2,456,302	2,438,158	2,458,864	2,438,947
<u>Operations</u>				
Total return for the period after tax, attributable to Unitholders and perpetual securities holders	38,401	19,950	72,334	50,991
Less: Total return for the period after tax, attributable to perpetual securities holders	(3,032)	-	(6,098)	-
Net increase in assets from operations	35,369	19,950	66,236	50,991
<u>Hedging reserve</u>				
Effective portion of changes in fair value of cash flow hedges ¹	(2,528)	(1,340)	(4,065)	(1,187)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	638	367	1,126	939
<u>Foreign currency translation reserve</u>				
Translation differences from financial statements of foreign entities	(6,521)	(393)	(5,660)	(393)
Exchange differences on monetary item forming part of net investments in foreign operations	(3,936)	-	(3,936)	-
<u>Unitholders' transactions</u>				
Distribution to unitholders	(35,860)	(34,602)	(73,655)	(71,380)
Issue of new units	164,477	-	164,477	-
Issuance costs for the new units issued	(1,654)	-	(1,654)	-
Manager's fee paid/payable in units	5,454	4,471	10,008	8,694
	132,417	(30,131)	99,176	(62,686)
Unitholders' funds as at end of period	2,611,741	2,426,611	2,611,741	2,426,611
<u>Perpetual Securities Holders' Funds</u>				
Balance as at beginning of period	300,990	-	297,924	-
Total return attributable to perpetual securities holders	3,032	-	6,098	-
Distribution to perpetual securities holders	(6,132)	-	(6,132)	-
Balance as at end of period	297,890	-	297,890	-

Note:

- This relates to interest rate swap and cross currency interest rate swap arrangements.

For The Period Ended 29 February 2020

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

	<u>Trust</u>			
	2Q 2020 S\$'000	2Q 2019 S\$'000	1H 2020 S\$'000	1H 2019 S\$'000
Balance as at beginning of period	2,469,626	2,438,158	2,471,777	2,438,947
<u>Operations</u>				
Total return for the period after tax, attributable to Unitholders and perpetual securities holders	32,427	31,936	67,632	62,977
Less: Total return for the period after tax, attributable to perpetual securities holders	(3,032)	-	(6,098)	-
Net increase in assets from operations	29,395	31,936	61,534	62,977
<u>Hedging reserve</u>				
Effective portion of changes in fair value of cash flow hedges ¹	(1,008)	(1,340)	(2,545)	(1,187)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	623	367	1,111	939
<u>Unitholders' transactions</u>				
Distribution to unitholders	(35,860)	(34,602)	(73,655)	(71,380)
Issue of new units	164,477	-	164,477	-
Issuance costs for the new units issued	(1,654)	-	(1,654)	-
Manager's fee paid/payable in units	5,454	4,471	10,008	8,694
	132,417	(30,131)	99,176	(62,686)
Unitholders' funds as at end of period	2,631,053	2,438,990	2,631,053	2,438,990
<u>Perpetual Securities Holders' Funds</u>				
Balance as at beginning of period	300,990	-	297,924	-
Total return attributable to perpetual securities holders	3,032	-	6,098	-
Distribution to perpetual securities holders	(6,132)	-	(6,132)	-
Balance as at end of period	297,890	-	297,890	-

Note:

- This relates to interest rate swap and cross currency interest rate swap arrangements.

For The Period Ended 29 February 2020

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

	<u>Group and Trust</u>			
	2Q 2020	2Q 2019	1H 2020	1H 2019
	No. of units '000	No. of units '000	No. of units '000	No. of units '000
Issued units as at beginning of period	2,598,486	2,582,226	2,588,701	2,571,845
Issue of units ¹	156,645	-	156,645	-
Manager's fee paid in units ^{2,4}	2,090	2,138	11,875	12,519
	2,757,221	2,584,364	2,757,221	2,584,364
Issuable units:				
Manager's fee payable in units ^{3,4}	7,344	6,494	7,344	6,494
Total issued and issuable units as at end of period	2,764,565	2,590,858	2,764,565	2,590,858

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.

- On 2 December 2019, the Trust has issued 156,645,000 units at an issue price of \$1.05 per units.
- For 2Q 2020 and 2Q 2019, the issued units relate to base management fee for Q1 2020 and Q1 2019 respectively.

For 1H 2020, the issued units relate to performance management fees for FY2019, partial satisfaction of base management fee for Q4 2019 and base management fee for Q1 2020. For 1H 2019, the issued units relate to performance management fees for FY2018 and base management fee for Q4 2018 and Q1 2019.
- The units issuable to the REIT Manager were in full satisfaction of management fee for respective quarters.
- 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 29 February 2020, SPH REIT had 2,757,221,221 units (31 August 2019: 2,588,701,358 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 Period Ended 29 February 2020

2. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The financial information for the second quarter and half year ended 29 February 2020 as set out in this announcement has been extracted from the interim financial information for the second quarter and half year ended 29 February 2020, which has been reviewed by our auditors, KPMG LLP, in accordance with the Singapore Standard on Review Engagement 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

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 review 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.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 August 2019.

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 Group has adopted new Financial Reporting Standards in Singapore ("FRSs") and interpretations effective for the financial period beginning 1 September 2019 as follows:

FRS 116 Leases

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

There was no significant impact to the financial statements of the Group arising from the adoption of FRS 116.

Amendments to FRS 109 and FRS 107 Interest Rate Benchmark Reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates ("IBORs") with alternative rates. Such uncertainty may impact the Group's hedging relationships, for example its effectiveness assessment and highly probable assessment.

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 September 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. As IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR, the Group believes the current market structure supports the continuation of hedge accounting as at 29 February 2020.

For The Period Ended 29 February 2020

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

	<u>Group</u>			
	2Q 2020	2Q 2019	1H 2020	1H 2019
<u>Earnings per unit</u>				
Weighted average number of units ¹ ('000)	2,757,677	2,586,526	2,678,105	2,584,376
Total return for the period after tax attributable to unitholders (S\$'000)	37,629	32,900	68,496	63,941
EPU (basic and diluted) (cents), excluding fair value change	1.36	1.27	2.56	2.47

Distribution per unit

Total number of units in issue at end of period ('000)	2,757,221	2,584,364	2,757,221	2,584,364
Distribution to Unitholders ² (S\$'000)	8,272	36,440	44,132	71,042
DPU ³ (cents)	0.30	1.41	1.68	2.75

Notes:

1. The weighted average number of units was based on the number of units in issue and issuable units to the Manager.
2. As shown in 1(a)(ii) Distribution Statement.
3. 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

	<u>Group</u>		<u>Trust</u>	
	As at 29 Feb 20	As at 31 Aug 19	As at 29 Feb 20	As at 31 Aug 19
NAV / NTA per unit ¹ (S\$)	0.95	0.95	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.

For The Period Ended 29 February 2020

8. Review of Performance

Review of Results for the Second Quarter ended 29 February 2020 (“2Q 2020”) compared with the Second Quarter ended 28 February 2019 (“2Q 2019”)

Gross revenue for 2Q 2020 grew by S\$15.1 million (26.1%) to S\$73.3 million. The increase was mainly due to increase in rental income from Paragon and contributions from Figtree Grove Shopping Centre and Westfield Marion Shopping Centre which were acquired on 21 December 2018 and 6 December 2019 respectively.

Property operating expenses increased by S\$4.5 million (36.4%) to S\$16.7 million for 2Q 2020 largely contributed by both acquisitions.

Net property income (“NPI”) of S\$56.5 million for 2Q 2020 was S\$10.7 million (23.3%) higher than 2Q 2019.

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.

Review of Results for Half Year ended 29 February 2020 (“1H 2020”) compared with the Half Year ended 28 February 2019 (“1H 2019”)

Gross revenue for 1H 2020 was S\$133.4 million, an increase of S\$21.5 million (19.2%) from 1H 2019. The increase was mainly due to increase in rental income from Paragon and contributions from Figtree Grove Shopping Centre and Westfield Marion Shopping Centre which were acquired on 21 December 2018 and 6 December 2019 respectively.

Property operating expenses were S\$29.9 million, an increase of S\$5.6 million (23.1%) from 1H 2019 mainly due to property operating expenses contributed by both acquisitions.

NPI of S\$103.5 million for 1H 2020, was higher by S\$15.9 million (18.1%) against the corresponding period last year.

Finance cost increased by S\$2.9 million (20.7%) to S\$16.8 million for 1H 2020. This was mainly due to additional interest expense from the loans to finance the acquisitions of Figtree Grove Shopping Centre and Westfield Marion Shopping Centre. The average cost of debt was 2.83% p.a. for 1H 2020.

Fair value loss of S\$2.3 million mainly relates to the acquisition costs incurred for the acquisition of Westfield Marion Shopping Centre. This has no impact on the income available for distribution. The total return for 1H 2020 was S\$72.9 million.

9. Variance from Prospect Statement

No forecast was made previously.

For The Period Ended 29 February 2020

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

COVID-19 outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment and has negatively impacted the retail sector in Singapore and Australia.

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.

According to the Ministry of Trade and Industry (MTI) advance estimates, on a quarter-on-quarter seasonally-adjusted annualised basis, the Singapore economy shrank by 10.6%. Taking into account the COVID 19 impact in this first quarter, the GDP growth forecast for 2020 is further downgraded to -4.0% to -1.0%.

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.

Singapore Tourism Board (STB) is projecting a 25 to 30% drop in visitor arrivals in 2020 due to 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. In addition, a few of our retailers in the fashion wear sector which are not impacted by the mandatory closure have announced their temporary closure with effect from late March 2020.

According to the Reserve Bank of Australia (RBA), the onset of COVID-19 has 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.

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

The Manager will continue to proactively manage the properties in the light of latest developments above so as to preserve long term returns for unitholders.

For The Period Ended 29 February 2020

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 2 December 2019 to 29 February 2020							
Distribution Type:	Taxable Income							
Distribution rate per unit (cents):	<table border="1"> <thead> <tr> <th>Distribution type</th> <th>Distribution rate</th> </tr> </thead> <tbody> <tr> <td>Taxable income</td> <td>0.27 cents per unit</td> </tr> <tr> <td>Tax-exempt income</td> <td>0.03 cents per unit</td> </tr> </tbody> </table>		Distribution type	Distribution rate	Taxable income	0.27 cents per unit	Tax-exempt income	0.03 cents per unit
Distribution type	Distribution rate							
Taxable income	0.27 cents per unit							
Tax-exempt income	0.03 cents per unit							
Par value of units:	Not applicable.							
Tax rate:	<p><u>Taxable income distribution:</u></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 and foreign funds under Section 13CA, 13X or 13Y of the Singapore Income Tax Act 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 December 2025 and non-resident funds during the period from 1 July 2019 to 31 December 2025.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution:</u></p> <p>Tax-exempt income distribution is exempt from tax in the hands of all unitholders.</p>							

For The Period Ended 29 February 2020

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 December 2018 to 28 February 2019
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.41 cents per unit
Par value of units:	Not applicable.
Tax rate:	Taxable Income Distribution: 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. 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. All other investors will receive their distributions after deduction of tax at the rate of 17%.

(c) Date payable

The date the distribution is payable: 13 May 2020.

(d) Record date

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 9 April 2020 for purposes of determining each Unitholder's entitlement to SPH REIT distribution.

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

Not applicable.

For The Period Ended 29 February 2020

13. Segment Results

	<u>Group</u>					
	2Q	2Q	Change	1H	1H	Change
	2020	2019		2020	2019	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Gross Revenue</u>						
<u>Singapore</u>						
Paragon	44,653	43,262	3.2	88,843	85,414	4.0
The Clementi Mall	10,707	10,458	2.4	21,280	20,882	1.9
The Rail Mall	1,320	1,253	5.3	2,539	2,482	2.3
	<u>56,680</u>	<u>54,973</u>	<u>3.1</u>	<u>112,662</u>	<u>108,778</u>	<u>3.6</u>
<u>Australia</u>						
Figtree Grove Shopping Centre	3,974	3,150	26.2	8,129	3,150	NM
Westfield Marion Shopping Centre	12,614	-	NM	12,614	-	NM
	<u>16,588</u>	<u>3,150</u>	<u>NM</u>	<u>20,743</u>	<u>3,150</u>	<u>NM</u>
Total	<u>73,268</u>	<u>58,123</u>	<u>26.1</u>	<u>133,405</u>	<u>111,928</u>	<u>19.2</u>
<u>Net Property Income</u>						
<u>Singapore</u>						
Paragon	35,835	34,563	3.7	70,752	67,644	4.6
The Clementi Mall	8,087	7,881	2.6	16,096	15,621	3.0
The Rail Mall	1,045	1,002	4.3	1,968	1,967	0.1
	<u>44,967</u>	<u>43,446</u>	<u>3.5</u>	<u>88,816</u>	<u>85,232</u>	<u>4.2</u>
<u>Australia</u>						
Figtree Grove Shopping Centre	3,129	2,409	29.9	6,244	2,409	NM
Westfield Marion Shopping Centre	8,436	-	NM	8,436	-	NM
	<u>11,565</u>	<u>2,409</u>	<u>NM</u>	<u>14,680</u>	<u>2,409</u>	<u>NM</u>
Total	<u>56,532</u>	<u>45,855</u>	<u>23.3</u>	<u>103,496</u>	<u>87,641</u>	<u>18.1</u>

NM Not Meaningful

14. **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.

For The Period Ended 29 February 2020

15. 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.

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
Sheryl Cher Ya Li

Company Secretaries

Singapore,
1 April 2020



SPH REIT Management Pte. Ltd.
1000 Toa Payoh North
News Centre
Singapore 318994
Tel: +65 6319 3380
Fax: +65 6319 8149
www.sphreit.com.sg
Co. Regn No. 201305497E

CONFIRMATION BY THE BOARD Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the financial results of the Group and the Trust (comprising the statement of financial position, statement of total return and distribution statement, statement of changes in Unitholders' funds and cashflow statement, together with their accompanying notes) as at 29 February 2020, to be false or misleading in any material respect.

On behalf of the Directors

LEONG HORN KEE
Chairman

GINNEY LIM MAY LING
Director

Singapore,
1 April 2020



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet kpmg.com.sg

The Board of Directors
SPH REIT Management Pte. Ltd.
(in its capacity as Manager of SPH REIT)

Review of the Interim Financial Information
For the Second Quarter and Half Year Ended 29 February 2020

We have reviewed the accompanying Interim Financial Information of SPH REIT (the “Trust”) and its subsidiaries (collectively the “Group”) for the second quarter and half year ended 29 February 2020. The Interim Financial Information consists of the following:

- Statements of financial position of the Group and the Trust as at 29 February 2020;
- Portfolio statements of the Group and Trust as at 29 February 2020;
- Statement of total return of the Group for the second quarter and half year ended 29 February 2020;
- Distribution statement of the Group for the second quarter and half year ended 29 February 2020;
- Statement of changes in unitholders’ funds of the Group and the Trust for second quarter and half year ended 29 February 2020;
- Statement of cash flows of the Group for the second quarter and half year ended 29 February 2020; and
- Certain explanatory notes to the above financial information.

The Manager of the Trust is responsible for the preparation and presentation of this Interim Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants. Our responsibility is to express a conclusion on these Interim Financial Statements based on our review.

Scope of review

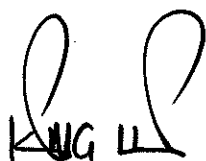
We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the provisions of RAP 7 issued by the Institute of Singapore Chartered Accountants.

Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting the Trust to meet the requirements of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Trust's announcement of its interim financial information for the information of its unitholders. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.

A handwritten signature in black ink, appearing to read 'KPMG LL', with a stylized flourish above the letters.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
1 April 2020



SPH REIT Q2 FY2020 Net Property Income higher but impact from Covid-19 expected

- Better performance in Q2 mainly from contribution of Westfield Marion Shopping Centre acquisition in Dec 2019
- Committed to provide tenants' assistance to tide through COVID-19
- Q2 FY2020 DPU of 0.30 cents, modest distribution in anticipation of Covid-19 challenges

SINGAPORE, April 1, 2020 – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that net property income (“NPI”) for the second quarter ended 29 February 2020 (“Q2 FY2020”) was S\$56.5 million, an increase of S\$10.6 million (23.3%) compared to the same quarter last year, mainly due to contribution from the acquisition of Westfield Marion Shopping Centre (“Westfield Marion”) which was completed on 6 December 2019.

Paragon, The Clementi Mall and The Rail Mall registered positive rental reversions. Paragon and The Clementi recorded an increase of NPI of S\$1.3 million and S\$0.2 million respectively whilst The Rail Mall NPI remained flat. Figtree Grove Shopping Centre (“Figtree Grove”) recorded an increase of NPI of S\$0.7 million and the recently acquired Westfield Marion contributed S\$8.4 million to the increase in NPI.

Operational performance

As at 29 February 2020, SPH REIT’s portfolio attained an occupancy rate of 98.9%. The Singapore assets registered an occupancy rate of 99.5%. Occupancy at Figtree Grove Shopping Centre is 99.2% whilst Westfield Marion has achieved an occupancy rate of 98.4% for Q2 FY2020.

Capital Management

SPH REIT proactively manages its debt maturity profile by ensuring that it is well staggered and spread out to avoid major concentration of debts maturing in any single year. Including a new loan to finance the acquisition of Westfield Marion, total borrowings amounted to S\$1.3 billion as at 29 February 2020. Including our proportionate share of borrowings, the debt gearing ratio was 29.3%. The average debt term to maturity was 2.2 years with an annualised average cost of debt of 2.83% p.a.

Distribution per Unit (“DPU”)

Distribution per unit (“DPU”) for Q2 FY2020 was 0.30 cents, a decline of 78.7%, compared to the same quarter last year. This distribution is modest in light of the challenging circumstances arising from the Covid-19 situation in the months ahead.

Post Q2: dealing with Covid-19

With the stricter measures rolled out in the last week of March 2020 to control the spread of Covid-19, retail and F&B businesses are significantly impacted. To assist our tenants, SPH REIT will pass on fully the property tax rebates from IRAS announced by the Singapore Government on 26 March 2020, which will be disbursed in a targeted manner.. On top of the Government’s property tax rebates, SPH REIT has provided further assistance to help tenants through this difficult period. In February and March 2020, tenant rebates amounting to approximately S\$4.6 million have been granted to those affected tenants. This is part of the Tenants’ Assistance Scheme under which SPH REIT has rolled out to provide tenants with rent relief for February and March.

SPH REIT will extend Tenants’ Assistance Scheme for the months of April and May, for which the rebates will be granted according to the needs of the tenants. For the most affected tenants, they will be granted rental rebates of up to 50% of base rent. In addition, the full property tax rebates will be passed on to these tenants. Effectively, the most affected tenants will have their base rents waived for up to 2 months.

For tenants who are required by the Government to cease operations such as enrichment centres, SPH REIT will grant full waiver of rental for the period of closure.

As Covid-19 continues to spread across the globe, SPH REIT's assets in Australia are also impacted. SPH REIT will evaluate the need for a support package to help its tenants in its two Australian assets – Figtree Grove Shopping Centre and Westfield Marion Shopping Centre as the situation is evolving and the Australian government has yet to announce full details of its assistance for retail businesses and landlords.

Dr Leong Horn Kee, Chairman of SPH REIT, said: "Given the continued challenges our tenants are facing with the tightened social distancing measures and enforced closures, SPH REIT will monitor the effects of Covid-19 closely and work with the tenants to overcome this difficult period."

Ms Susan Leng, CEO of SPH REIT, said: "Covid-19 is an unprecedented crisis that has impacted all businesses across the globe. With this in mind, we have proactively employed various strategies to mitigate the impact of Covid-19 on our tenants' businesses. At SPH REIT, the health and safety of our shoppers and business partners will remain as our top priority."

Summary Results of SPH REIT

	Q2 FY2020 S\$'000	Q2 FY2019 S\$'000	Change %
Gross revenue	73,268	58,123	26.1
Net property income	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)

	1H 2020 S\$'000	1H 2019 S\$'000	Change %
Gross revenue	133,405	111,928	19.2
Net property income	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)
Annualised distribution yield (%)	3.35 ¹	5.38 ²	(37.8)

Notes:

1. Based on S\$1.01 per unit closing price on 28 February 2020.
2. Based on S\$1.03 per unit closing price on 28 February 2019.

For further information and enquiries, please contact:

Benjamin Kuah Hsien Yiao
Chief Financial Officer &
Head of Investor Relations
SPH REIT Management Pte. Ltd.
Tel: +65 6319 3391
Email: benkuah@sphreit.com.sg

Chin Soo Fang
Head
Corporate Communications & CSR
Singapore Press Holdings
Tel: +65 6319 1216
Email: soofang@sph.com.sg

ABOUT SPH REIT

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

SPH REIT has a portfolio of five assets in Singapore and Australia.

Its portfolio of properties in Singapore comprises a 99-year leasehold interest in Paragon, a 99-year leasehold interest in The Clementi Mall and a 99-year leasehold interest in The Rail Mall. These Singapore properties have an aggregate net lettable area of approximately 960,000 sq. ft.

In Australia, SPH REIT owns an 85% stake in Figtree Grove Shopping Centre, a freehold sub-regional shopping centre in Wollongong, New South Wales, Australia. SPH REIT also owns a 50% stake in Westfield Marion Shopping Centre, the largest regional shopping centre in Adelaide, South Australia. Both Australian properties have an aggregate gross lettable area of approximately 1.7 million sq. ft.

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 SPONSOR: SINGAPORE PRESS HOLDINGS LTD

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 in the 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 approximately 65% in SPH REIT whose portfolio comprises three properties in Singapore, namely Paragon, The Clementi Mall and The Rail Mall. In Australia, SPH REIT holds an 85% stake in Figtree Grove Shopping Centre and a 50% stake in Westfield Marion Shopping Centre.

SPH also owns and operates The Seletar Mall and is developing an integrated development consisting of The Woodleigh Residences and The Woodleigh Mall. It also owns a portfolio of Purpose-Built Student Accommodation (PBSA) in the United Kingdom and Germany.

It is in the aged care sector in Singapore and Japan, and owns Orange Valley, one of Singapore's largest nursing homes.

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.

Facebook: facebook.com/officialsph/

Twitter: @official_sph

LinkedIn: linkedin.com/company/singapore-press-holdings/

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.



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.

Contents

	Slide
Overview of SPH REIT	3
Q2 FY2020 Financial results-in-review	5
Balance sheet	10
Operational performance	13
Growth strategy and market outlook	18
Distribution details and timeline	22

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.

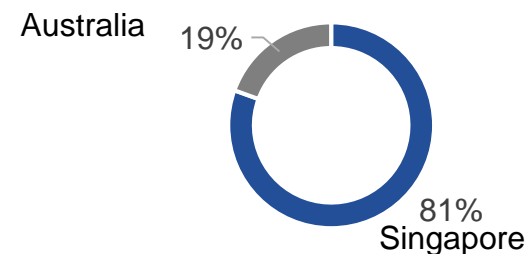


Westfield Marion Shopping Centre, acquired on 6 December 2019

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:

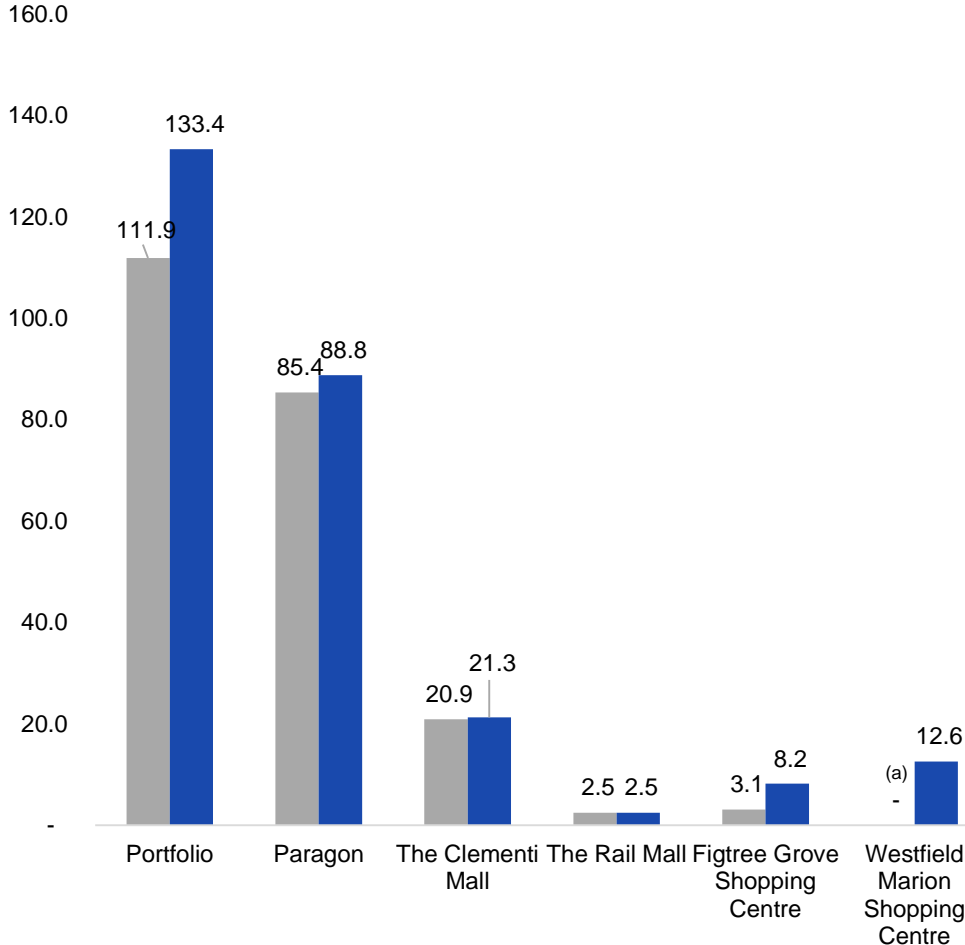
(a) Included the contribution from Westfield Marion Shopping Centre (acquired on 6 December 2020).

(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

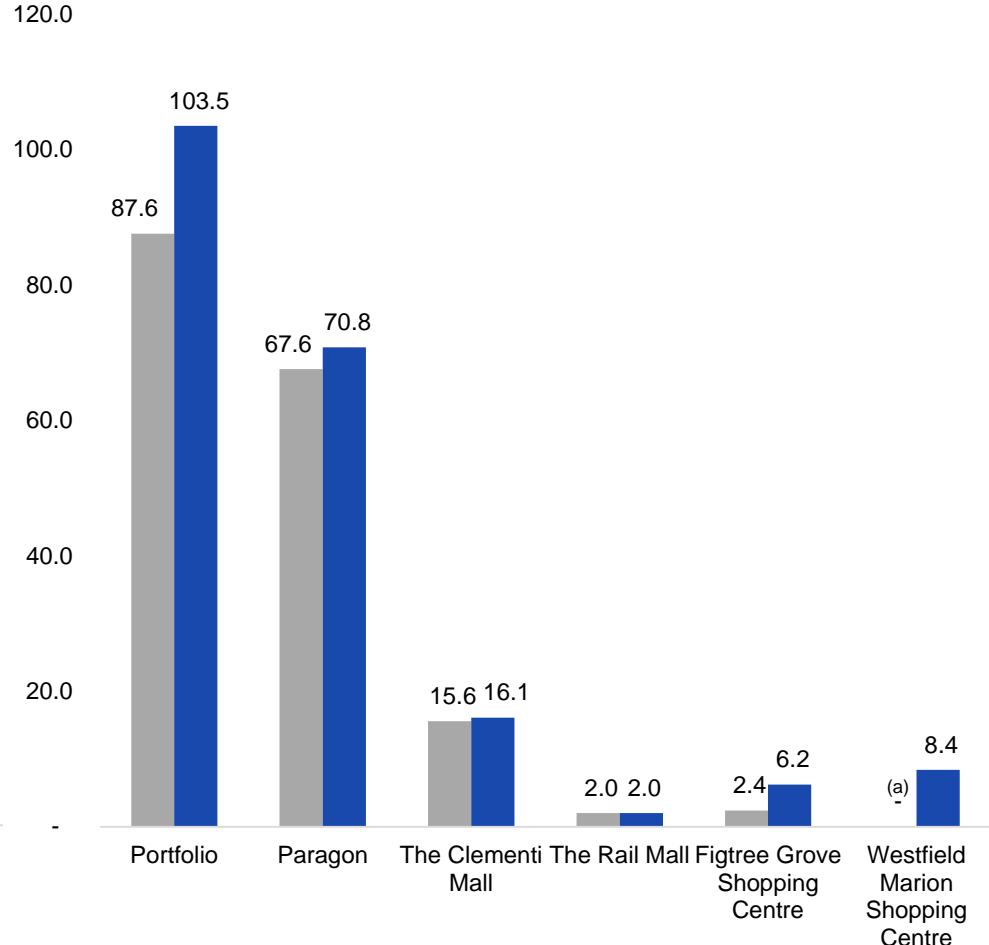
S\$' million

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

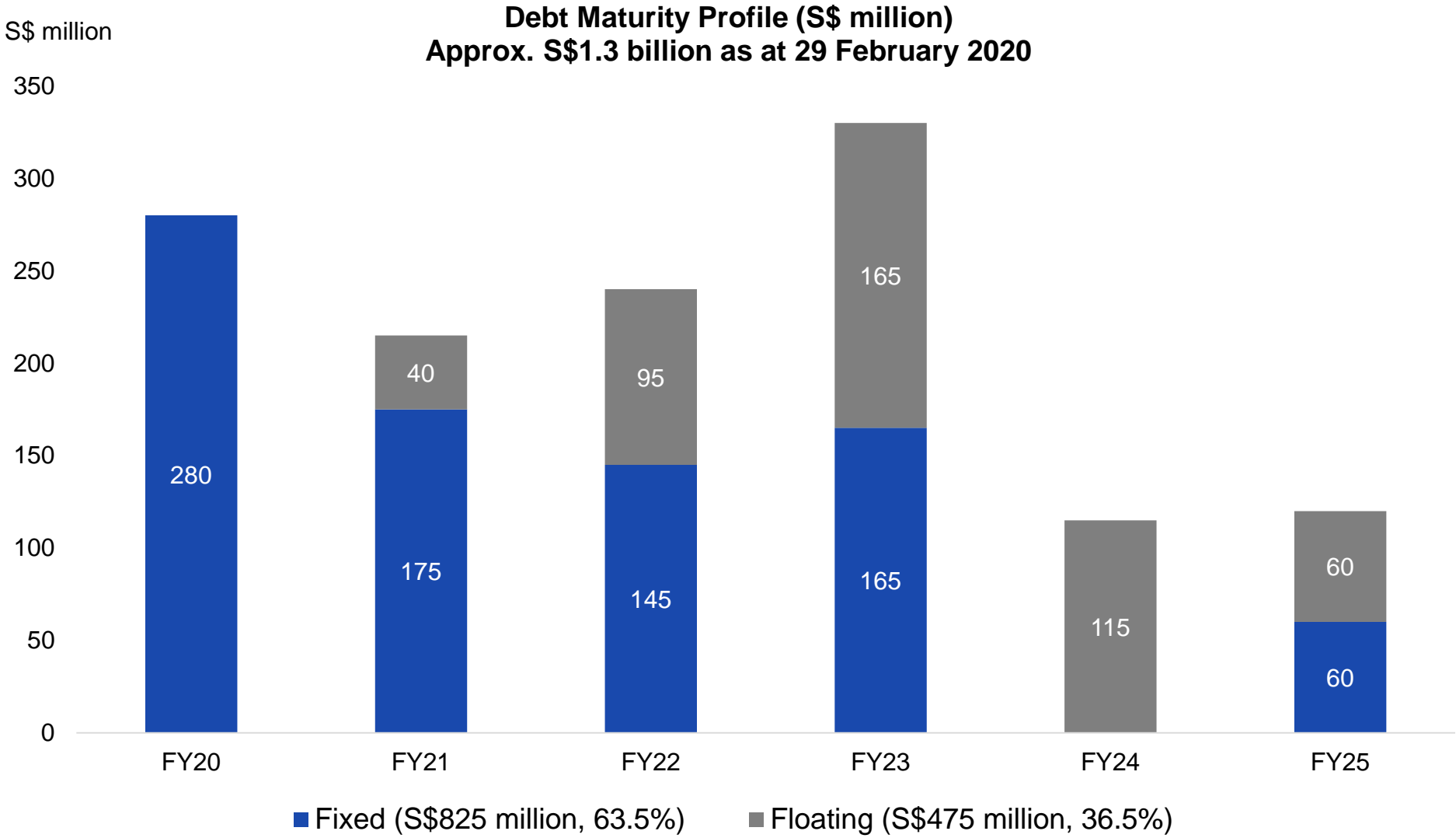
Financial position

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.

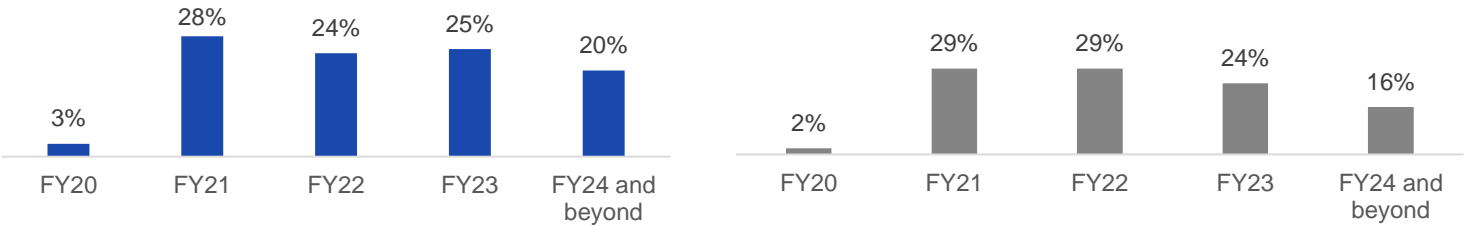
(4) Reversion rate is computed based on weighted average of all expiring leases.

Staggered lease renewal by portfolio and assets

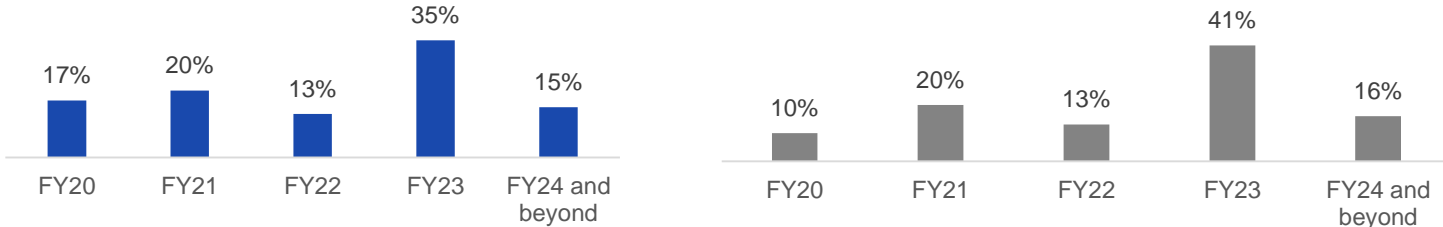
Portfolio lease expiry as at 29 February 2020	FY20	FY21	FY22	FY23	FY24 & beyond
Expiries as a % of total NLA	21%	16%	11%	21%	31%
Expiries as a % of Gross rental income	25%	17%	13%	14%	31%

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

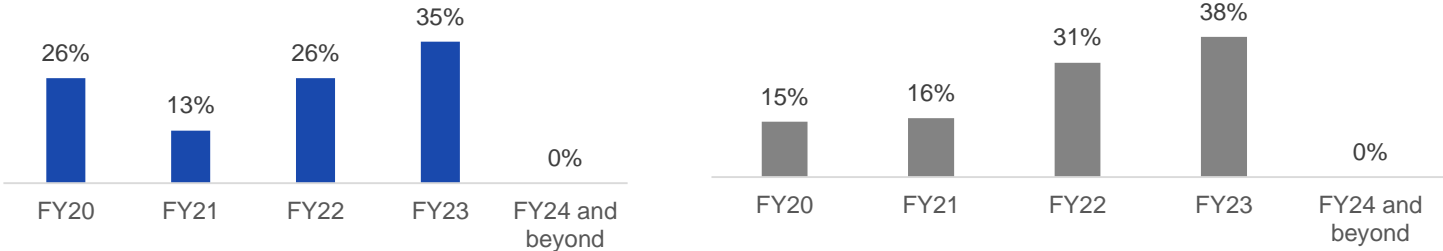
PARAGON



THE CLEMENTI mall

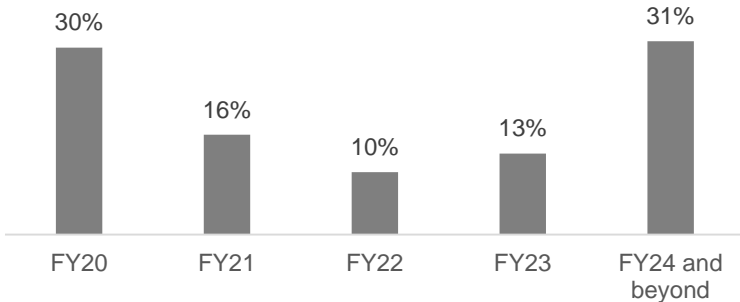
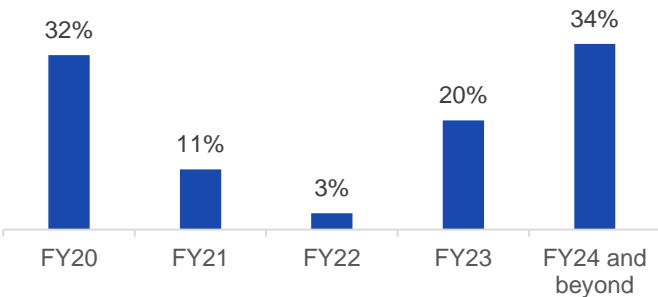
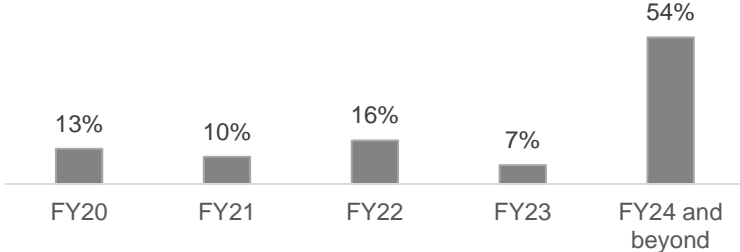
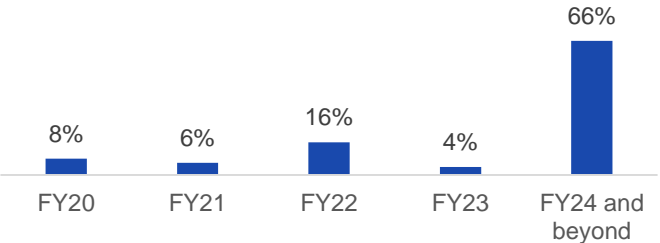


The Rail Mall



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**