

Financial Statements and Related Announcement::First Quarter 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
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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	30/11/2016
Attachments	<p>SPH REIT - SGX Announcement Q1FY17.pdf</p> <p>SPH REIT - Press Release Q1FY17.pdf</p> <p>SPH REIT - Results Presentation Slides Q1FY17.pdf</p> <p>Total size =5736K</p>



SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT * FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2016

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 two high quality and well located commercial properties in Singapore:

- 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.

Review by auditors

The financial information as set out in this announcement for the first quarter ended 30 November 2016 has been extracted from the interim financial information for the first quarter ended 30 November 2016, 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.*

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For The First Quarter ended 30 November 2016

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

	1Q 2017 S\$'000	1Q 2016 S\$'000	Change %
Gross revenue	52,579	52,095	0.9
Property operating expenses	(11,157)	(11,991)	(7.0)
Net property income	41,422	40,104	3.3
Income support ¹	607	745	(18.5)
Amortisation of intangible asset	(607)	(745)	(18.5)
Manager's management fees	(4,135)	(4,059)	1.9
Trust expenses	(443)	(470)	(5.7)
Finance income ²	186	241	(22.8)
Finance costs	(5,955)	(5,987)	(0.5)
Total return before taxes and distribution	31,075	29,829	4.2
Less: income tax	-	-	NM
Total return after taxes and before distribution	31,075	29,829	4.2

Notes:

- Income support relates to the top-up payment from the vendors of The Clementi Mall pursuant to the Deed of Income Support.
- Finance income represent the interest income from bank deposit.

NM *Not Meaningful*

For The First Quarter ended 30 November 2016

1(a)(ii) Distribution Statement

	1Q 2017 S\$'000	1Q 2016 S\$'000	Change %
Total return after taxes and before distribution	31,075	29,829	4.2
Add: Non-tax deductible items ¹	5,299	5,479	(3.3)
Income available for distribution	36,374	35,308	3.0
Distribution to Unitholders²	34,182	33,696	1.4

Notes:

1. Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, amortisation of income support and amortisation of debt issuance costs.
2. For 1Q 2017, the distribution to unitholders was 94.0% of taxable income available for distribution.

For The First Quarter ended 30 November 2016

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

Balance Sheet	As at 30 Nov 16	As at 31 Aug 16
	S\$'000	S\$'000
Non-current assets		
Plant and equipment	904	950
Investment properties	3,231,667	3,230,000
Intangible asset	6,428	7,035
	3,238,999	3,237,985
Current assets		
Trade and other receivables ¹	5,202	5,888
Cash and cash equivalents	67,591	67,382
	72,793	73,270
Total assets	3,311,792	3,311,255
Non-current liabilities		
Borrowing	846,271	845,887
Derivative financial instruments ²	6,271	9,890
Trade and other payables	33,302	32,763
	885,844	888,540
Current liabilities		
Trade and other payables	34,496	34,183
	34,496	34,183
Total liabilities	920,340	922,723
Net assets attributable to Unitholders	2,391,452	2,388,532

Notes:

1. Trade and other receivables comprised mainly rental receivable and trade amount due from related parties.
2. Derivative financial instruments represent the fair value as at balance sheet date of the interest rate swap contracts to swap floating rates for fixed interest rates.

(b)(ii) Borrowing

Secured borrowing

	As at 30 Nov 16 S\$'000	As at 31 Aug 16 S\$'000
Amount repayable after one year	846,271	845,887
Total	846,271	845,887

Details of collateral

On 24 July 2013, SPH REIT established a term loan facility of up to the amount of S\$975 million, of which the amount drawn down was S\$850 million. As at the balance sheet date, the amount of S\$846.3 million represented the loan stated at amortised cost.

The term loan is secured by way of a first legal mortgage on Paragon, first legal charge over the tenancy account and sales proceeds account for Paragon, and an assignment of certain insurances taken in relation to Paragon.

For The First Quarter ended 30 November 2016

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

	1Q 2017 S\$'000	1Q 2016 S\$'000
Cash flows from operating activities		
Total return for the period	31,075	29,829
Adjustments for:		
Manager's fee paid/payable in units	4,135	4,059
Depreciation of plant and equipment	53	47
Finance income	(186)	(241)
Finance costs	5,955	5,987
Amortisation of intangible asset	607	745
Operating cash flow before working capital changes	41,639	40,426
Changes in operating assets and liabilities		
Trade and other receivables	756	(448)
Trade and other payables	639	(2,189)
Net cash from operating activities	43,034	37,789
Cash flows from investing activities		
Additions to investment properties	(1,395)	(1,302)
Purchase of plant and equipment	(3)	(10)
Interest received	112	252
Net cash used in investing activities	(1,286)	(1,060)
Cash flows from financing activities		
Distribution to unitholders	(35,909)	(35,158)
Interest paid	(5,630)	(6,015)
Net cash used in financing activities	(41,539)	(41,173)
Net decrease in cash and cash equivalents	209	(4,444)
Cash and cash equivalents at beginning of the period	67,382	77,355
Cash and cash equivalents at end of the period	67,591	72,911

For The First Quarter ended 30 November 2016

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

	1Q 2017	1Q 2016
	S\$'000	S\$'000
Balance as at beginning of period	2,388,532	2,397,810
<u>Operations</u>		
Total return for the period / net increase in assets resulting from operations	31,075	29,829
<u>Hedging reserve</u>		
Effective portion of changes in fair value of cash flow hedges ¹	3,619	(3,141)
<u>Unitholders' transactions</u>		
Distribution to unitholders	(35,909)	(35,158)
Manager's fee paid/payable in units	4,135	4,059
	(31,774)	(31,099)
Balance as at end of period	2,391,452	2,393,399

Note:

1. This relates to interest rate swap arrangements.

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

	1Q 2017	1Q 2016
	No. of units	No. of units
Issued units as at beginning of period	2,546,703,310	2,529,309,302
Manager's fee paid in units ¹	4,215,607	4,211,448
Issuable units:		
Manager's fee payable in units ²	4,367,676	4,392,146
Total issued and issuable units as at end of period	2,555,286,593	2,537,912,896

For The First Quarter ended 30 November 2016

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

Notes:

1. The units were issued to the REIT Manager in full satisfaction of management fees.
2. This 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 30 November 2016, SPH REIT had 2,550,918,917 units (31 August 2016: 2,546,703,310 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.

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

The financial information for the first quarter ended 30 November 2016 as set out in this announcement has been extracted from the interim financial information for the first quarter ended 30 November 2016, 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.

The accounting policies and methods of computation have been consistently applied during the current reporting period.

For The First Quarter ended 30 November 2016

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 financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements of the previous financial year, except for new or amended accounting policies adopted in the Statement of Recommended Accounting Practice (“RAP”) 7 “Reporting Framework for Unit Trusts” which became effective from this financial year.

The adoption of the new/revised accounting policies has not resulted in any substantial changes to SPH REIT’s accounting policies nor any significant impact on these financial statement.

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

	1Q 2017	1Q 2016
<u>Earnings per unit</u>		
Weighted average number of units ¹	2,550,966,392	2,533,568,491
Total return for the period after tax (S\$’000)	31,075	29,829
EPU (basic and diluted) (cents)	1.22	1.18
<u>Distribution per unit</u>		
Total number of units in issue at end of period	2,550,918,917	2,533,520,750
Distribution to Unitholders ² (S\$’000)	34,182	33,696
DPU ³ (cents)	1.34	1.33

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.

For The First Quarter ended 30 November 2016

7. Net Asset Value (“NAV”) per unit and Net Tangible Asset (“NTA”) per unit

	As at 30 Nov 16	As at 31 Aug 16
NAV per unit ¹ (S\$)	0.94	0.94
NTA per unit ¹ (S\$)	0.93	0.94

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.

8. Review of Performance

Review of Results for the First Quarter ended 30 November 2016 (“1Q 2017”) compared with the First Quarter ended 30 November 2016 (“1Q 2016”)

Gross revenue for 1Q 2017 grew by S\$0.5 million (0.9%) to S\$52.6 million, on the back of higher rental income achieved from Paragon. The Clementi Mall maintained its performance with renewal of 0.7% of net lettable area. The portfolio average rental reversion was 4.6% for the new and renewed leases in 1Q 2017.

Property operating expenses of S\$11.2 million was S\$0.8 million (7.0%) lower than 1Q 2016, mainly due to savings in utilities from lower tariff rate and maintenance expenses.

Consequently, net property income (“NPI”) of S\$41.4 million for 1Q 2017 was S\$1.3 million (3.3%) above 1Q 2016. NPI margin of 78.8% was achieved, better than 1Q 2016 of 77.0%.

Total return for 1Q 2017 increased by S\$1.2 million (4.2%) to S\$31.1 million against the same quarter last year, mainly due to higher NPI. Finance cost was maintained at S\$6.0 million and average cost of debt was 2.81% p.a. for 1Q 2017.

Income available for distribution of S\$36.4 million for 1Q 2017 was S\$1.1 million (3.0%) higher compared to 1Q 2016.

9. **Variance from Prospect Statement**

No forecast was made previously.

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**

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. While global growth is projected to pick up slightly in 2017, downside risks and significant uncertainties remain. Against this backdrop, the Singapore economy is expected to grow at a modest pace of 1.0% to 3.0% in 2017.

The retail environment remains challenging. Based on figures released by the Singapore Department of Statistics (DOS), 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%).

Based on statistics of the Singapore Tourism Board, the 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.

SPH REIT has a portfolio of two high quality and well-positioned retail properties in prime locations. Paragon had remained resilient and achieved steady performance through previous economic cycles. The Clementi Mall's second renewal cycle in 2017 is progressing well. With about 85% of leases expiring in 2017, about 60% by gross rental income have been renewed ahead of time. The Manager will continue to proactively manage the properties to deliver sustainable returns while seeking new opportunities to create value for unitholders.

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 1 September 2016 to 30 November 2016
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.34 cents per unit
Par value of units:	Not applicable.
Tax rate:	<p>Taxable Income Distribution:</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 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.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p>

11. **Distribution**

(b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year?

Name of distribution:	Distribution for the period from 1 September 2015 to 30 November 2015
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.33 cents per unit
Par value of units:	Not applicable.
Tax rate:	<p>Taxable Income Distribution:</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 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.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p>

(c) Date payable

The date the distribution is payable: 16 February 2017.

(d) Record date

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 19 January 2017 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 First Quarter ended 30 November 2016

13. Segment Results

	1Q 2017	1Q 2016	Change
	S\$'000	S\$'000	%
<u>Gross Revenue</u>			
Paragon	42,819	42,329	1.2
The Clementi Mall	9,760	9,766	(0.1)
Total	52,579	52,095	0.9
<u>Net Property Income</u>			
Paragon	34,279	33,099	3.6
The Clementi Mall	7,143	7,005	2.0
Total	41,422	40,104	3.3

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.

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
Khor Siew Kim

Company Secretaries

Singapore,
11 January 2017



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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 Trust (comprising the balance sheet, statement of total return and distribution statement, statement of changes in Unitholders' funds and cashflow statement, together with their accompanying notes) as at 30 November 2016, to be false or misleading in any material respect.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Leong'.

LEONG HORN KEE
Chairman

A handwritten signature in blue ink, appearing to read 'Anthony Mallek'.

ANTHONY MALLEK
Director

Singapore,
11 January 2017



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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 First Quarter ended 30 November 2016

We have reviewed the accompanying Balance Sheet and Portfolio Statement of SPH REIT (the "Trust") as at 30 November 2016, the Statement of Total Return, Distribution Statement, Statement of Changes in Unitholders' Funds and Statement of Cash Flows of the Trust for the First Quarter ended 30 November 2016 ("Interim Financial Information"), as set out on pages 3 to 11.

The Manager of the Trust is responsible for the preparation and presentation of this Interim Financial Information in accordance with the recommendations of the Statement of Recommended Accounting Practice ("RAP") 7 Reporting Framework for Unit Trusts relevant to interim financial information. Our responsibility is to express a conclusion on this Interim Financial Information 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 Interim Financial Information is not prepared, in all material respects, in accordance with the recommendations of RAP 7 Reporting Framework for Unit Trusts relevant to interim financial information, 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'.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
11 January 2017



SPH REIT delivered steady performance

- 1Q 2017 DPU was 1.34 cents, an increase of 0.8% against last year
- Income available for distribution of 1Q 2017 increased 3.0% year-on-year
- Maintained 100% occupancy

SINGAPORE, January 11, 2017 – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that gross revenue for the first quarter ended 30 November 2016 (“1Q 2017”) grew \$0.5 million (0.9%) to \$52.6 million. With proactive management of utility and other key service contracts, net property income (“NPI”) of \$41.4 million was \$1.3 million (3.3%) higher in 1Q 2017 compared to the same period last year (“1Q 2016”).

Income available for distribution to unitholders was \$36.4 million for 1Q 2017, an increase of \$1.1 million (3.0%) compared to the corresponding quarter last year. Distribution per unit (“DPU”) for 1Q 2017 was 1.34 cents, an increase of 0.8% against 1Q 2016. The 1Q 2017 distribution will be paid to unitholders on 16 February 2017.

Resilient operational performance

Both properties continued to demonstrate resilience, with positive rental reversion and full occupancy. Despite headwinds in the retail environment, both properties are well positioned to deliver steady performance.

Paragon achieved a moderate rental uplift of 4.4% for new and renewed leases in 1Q 2017. The Clementi Mall recorded a positive rental reversion of 9.1% in 1Q 2017 with renewal of 0.7% of net lettable area. The Clementi Mall’s second renewal cycle in 2017 is progressing well. With about 85% of leases expiring in 2017, about 60% by gross rental income have been renewed ahead of time.

The Manager remains focused on its efforts to continually refresh tenant mix that would strengthen various clusters in the malls and create exciting retail offers to enhance shopping experience for shoppers.

Paragon welcomed the new Greyhound Café, its first outlet in Singapore. Quoted by Fortune Magazine as "The hottest seats in Bangkok" when Greyhound Café first opened its door in 1997, it offers a total experience of trendy and creative mix of menus, great service and ambience at competitive prices. Puma launched its new concept store in Paragon, building up the mall's sports cluster of Adidas, Nike and The North Face among others. At the Clementi Mall, the revamped eatery cluster opened in November and the refurbished look for the entire basement provided a breath of fresh air for shoppers.

Capital Management

SPH REIT has a well-staggered debt maturity profile, with weighted average term to maturity of 2.8 years and gearing level of 25.7% as at 30 November 2016. It registered an average cost of debt of 2.81% p.a. for 1Q 2017. To mitigate exposure to interest rate risk, 85.9% of the total borrowing was on fixed rate basis.

Review of management fees

Since the listing of SPH REIT, the Manager has received payment for services fully in the form of units. In accordance with the amendment to the Trust Deed on the performance fees to be paid to the Manager and to minimise any long-term dilutive effect with payment fully in units, the Manager intends to elect for partial payment in cash. The proportion of cash will be determined before the start of each quarter without significantly impacting annual DPU.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd. said: "We are pleased that SPH REIT has kept its growth momentum with steady distribution, 100% committed occupancy and positive rental reversion for both malls. The retail environment will remain challenging in 2017 amid modest economic growth and heightened uncertainties of the global environment. Our assets are well located with clear market positioning to serve us well in embracing the challenges ahead. We will continue to seek opportunities to create value and strengthen long-term sustainability of the properties."

Summary Results of SPH REIT

	1Q 2017 \$'000	1Q 2016 \$'000	Change %
Gross revenue	52,579	52,095	0.9
Net property income	41,422	40,104	3.3
Income available for distribution	36,374	35,308	3.0
Distribution to Unitholders ¹	34,182	33,696	1.4
Distribution per unit (cents)	1.34	1.33	0.8
Annualised distribution yield (%)	5.60 ²	5.78 ³	(3.1)

Note:

1. For 1Q 2017, the distribution to unitholders was 94.0% of taxable income available for distribution.
2. Based on \$0.960 per unit closing price on 30 November 2016.
3. Based on \$0.925 per unit closing price on 30 November 2015.

For further information and enquiries, please contact:

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ABOUT SPH REIT

SPH REIT is a Singapore-based real estate investment trust established principally 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.

Its portfolio of properties comprises a 99-year leasehold interest in Paragon commencing on the date of listing of SPH REIT and a 99-year leasehold interest in The Clementi Mall commencing on 31 August 2010. Valued at S\$3.23 billion with an aggregate net lettable area of approximately 907,000 sq ft, the properties have a committed occupancy of 100% and have a diverse and high quality tenant base of about 460 local and international retailers and medical specialists.

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 THE SPONSOR: SINGAPORE PRESS HOLDINGS

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, ranging from print, digital, radio and out-of-home media.

SPH owns award-winning newspapers, magazines and best-selling books in both print and digital editions, as well as online classified businesses in the region. In addition, SPH has two English radio stations and one Chinese radio station, an out-of-home digital advertising unit, a regional events and conferences arm, and runs a chain of modern retail convenience stores. SPH also has a 20 per cent stake in MediaCorp TV Holdings Pte Ltd, which operates free-to-air channels 5, 8 and U, and a 40 per cent stake in MediaCorp Press Limited, which publishes the free newspaper, Today.

SPH owns 70 per cent of SPH REIT, which comprises Paragon, a premier upscale retail mall and medical suite/office property in Orchard Road and The Clementi Mall, a mid-market suburban mall. SPH's latest retail development is The Seletar Mall located in Sengkang.

For more information, please visit www.sph.com.sg.

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.



1Q FY17 Financial Results

11 January 2017

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 of 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 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

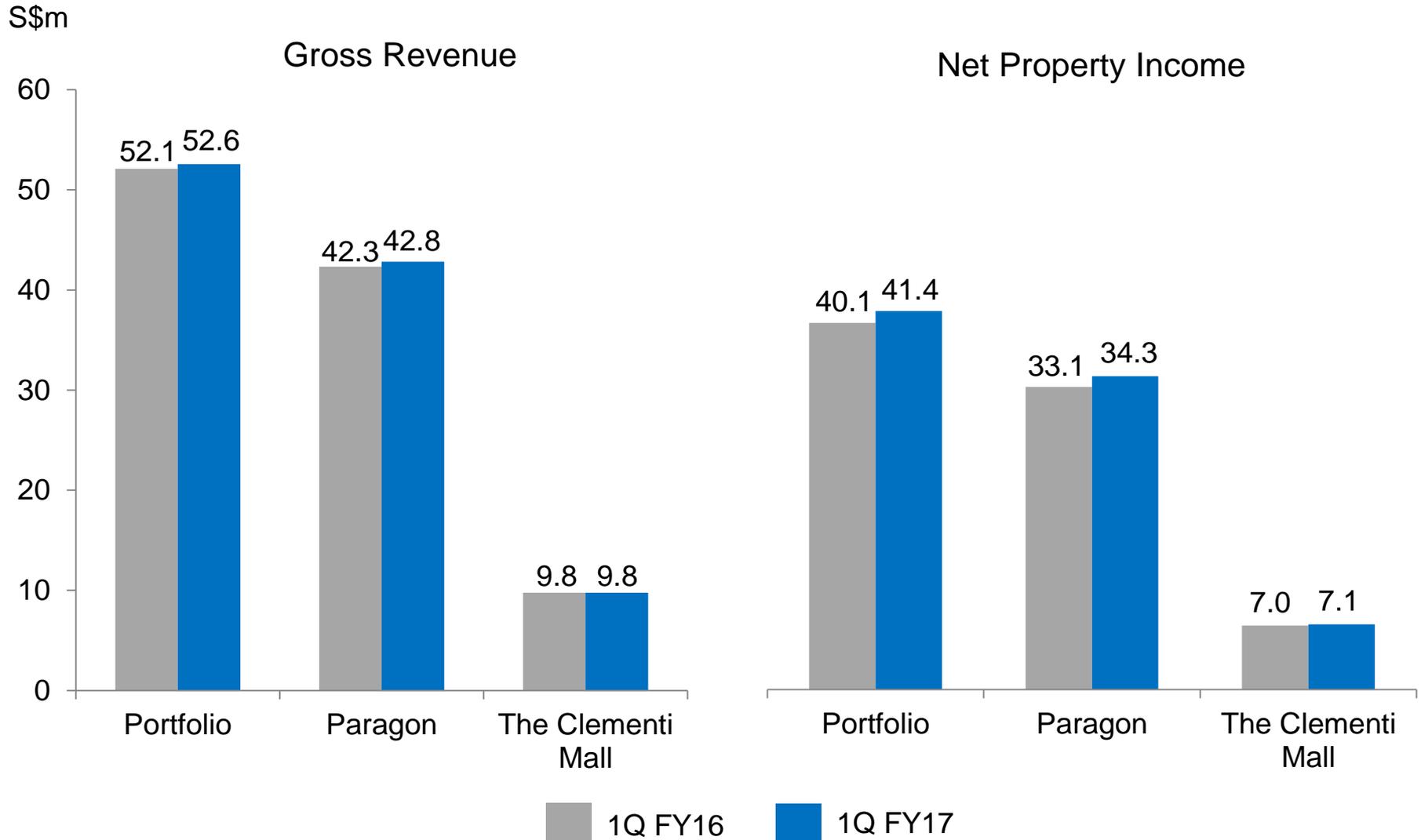
Resilient performance

	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

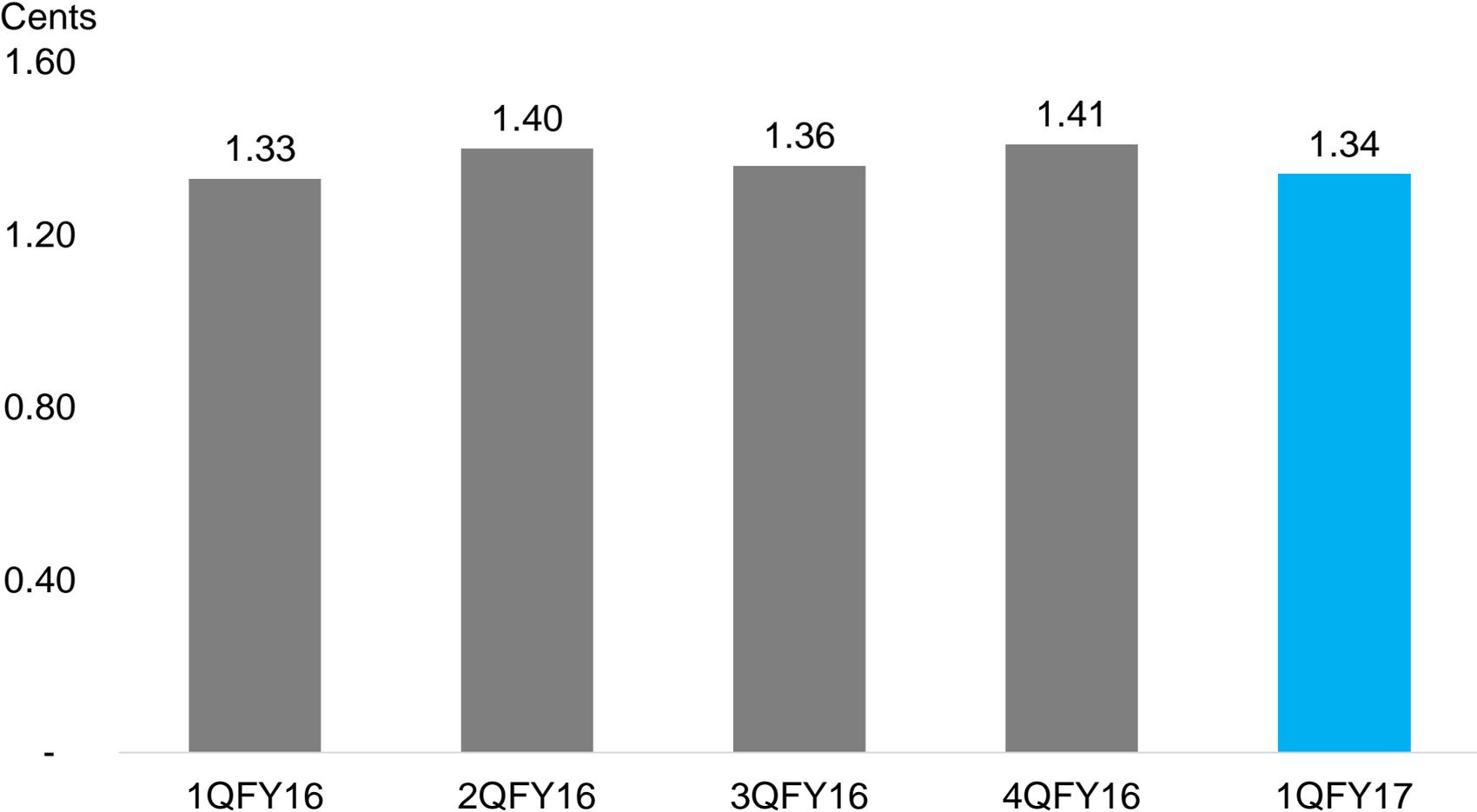
Notes:

(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%

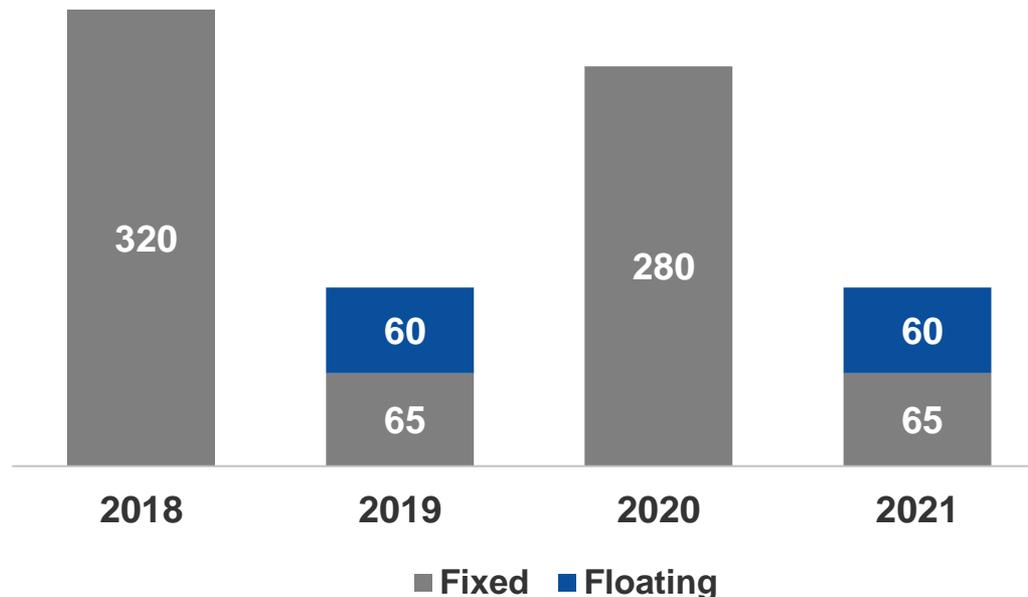
Note:

(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

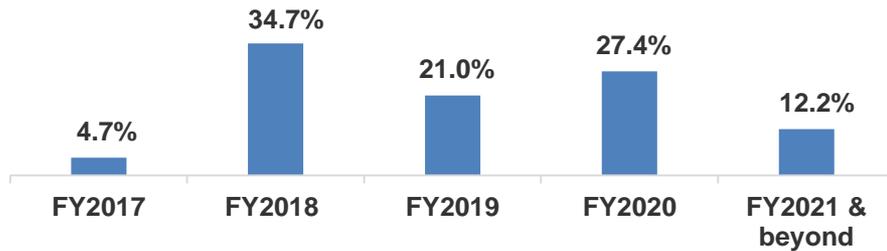
By NLA	2.5 years
By Gross Rental Income	2.4 years

Lease expiry as at 30 November 2016

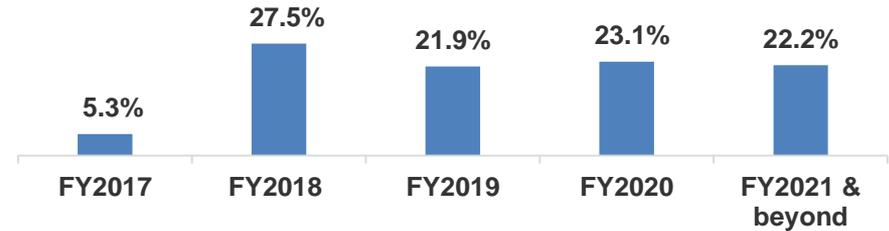
	FY2017	FY2018	FY2019	FY2020	FY2021 and beyond
Expiries as a % of total NLA	12.2%	22.8%	19.4%	26.8%	18.8%
Expiries as a % of Gross rental income	9.6%	29.8%	18.7%	30.5%	11.4%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income

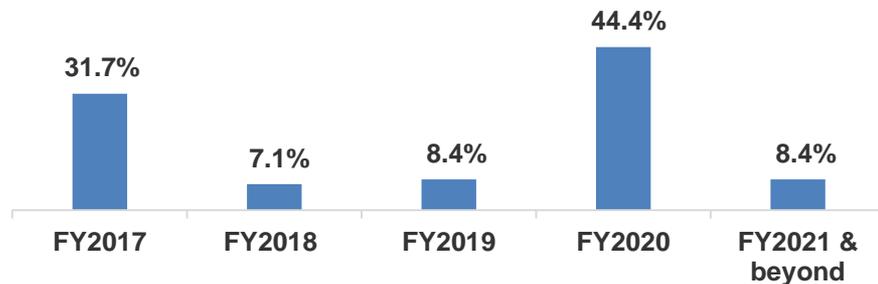


Expiry by NLA

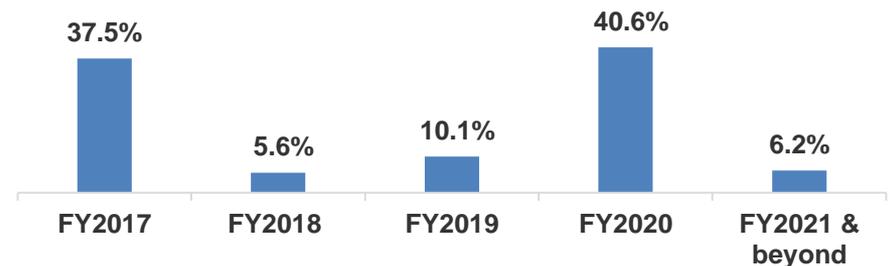


The Clementi Mall (a) : second renewal cycle in 2017 is in progress

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

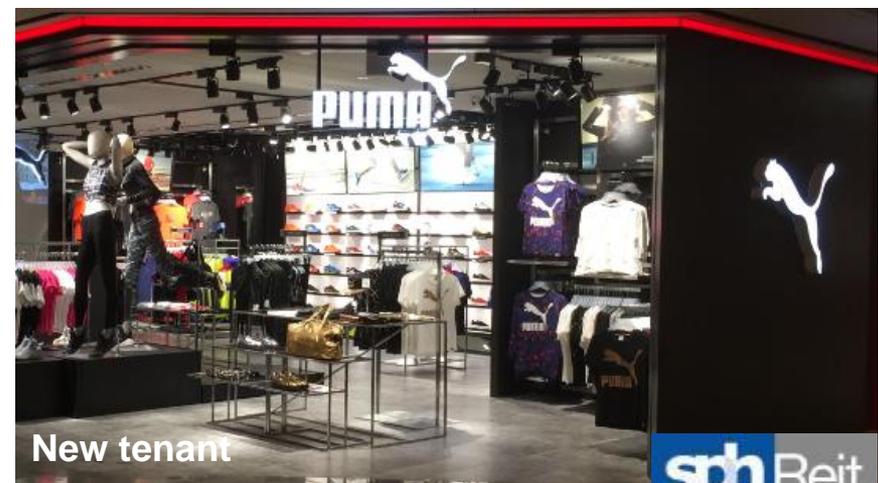
- ROFR on the Sponsor's future income-producing properties used primarily⁽¹⁾ for retail purposes in Asia Pacific
 - Currently one applicable ROFR property, The Seletar Mall, which has opened on 28 November 2014, achieved 100% committed occupancy rate since December 2014.
 - Explore acquisition opportunities 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
Savoury Squids


320 Below[®]
- LINE ICE CREAM -


Sf


beard papa's
fresh and natural cream puffs


SWEE HENG
1989
classic


Twelve
CUPCAKES


KKD
高记
KOEKEE 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.

