



**For the period ended 31 May 2014**

11 July 2014

# 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 period from 1 March 2014 to 31 May 2014 in the SGXNET announcement.

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

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

# Key highlights

- 3Q FY14<sup>#</sup> DPU exceeded forecast<sup>^</sup> by 3.1%
- YTD<sup>#</sup> DPU of 4.60 cents
- Annualised distribution yield:
  - 5.30% (based on closing price of \$1.015 per unit on 30 May 2014), and
  - 5.98% (based on IPO price of \$0.90 per unit on 24 July 2013)
- Positive rental reversions of 8.4%
- Strong balance sheet, with gearing at 26.9%

# “3Q FY14” refers to the quarter from 1 Mar 2014 to 31 May 2014. “YTD” refers to the period from 24 Jul 2013 (listing date) to 31 May 2014.

<sup>^</sup> As derived from forecast in the Prospectus.

## 3Q Distribution per unit exceeded forecast by 3.1%

3Q FY14	Actual S\$'000	Forecast <sup>(a)</sup> S\$'000	Variance %
Gross revenue	50,406	50,360	0.1%
Property expenses	(12,691)	(13,629)	(6.9%)
Net property income (NPI)	37,715	36,731	2.7%
Total amount distributable to unitholders	33,940	32,769	3.6%
Distribution per unit (DPU) (cents)	1.35	1.31	3.1%

Note:

(a) The forecast figures were derived from the Projection Year FY2014 (for the quarter 1 Mar 2014 to 31 May 2014) as disclosed in the Prospectus.

# YTD Distribution per unit exceeded forecast by 3.1%

	YTD Actual <sup>(a)</sup> S\$'000	YTD Forecast <sup>(a),(b)</sup> S\$'000	Variance %
Gross revenue	171,847	171,617	0.1%
Property expenses	(43,940)	(46,676)	(5.9%)
Net property income (NPI)	127,907	124,941	2.4%
Total amount distributable to unitholders	115,404	111,660	3.4%
Distribution per unit (DPU) (cents)	4.60	4.46	3.1%

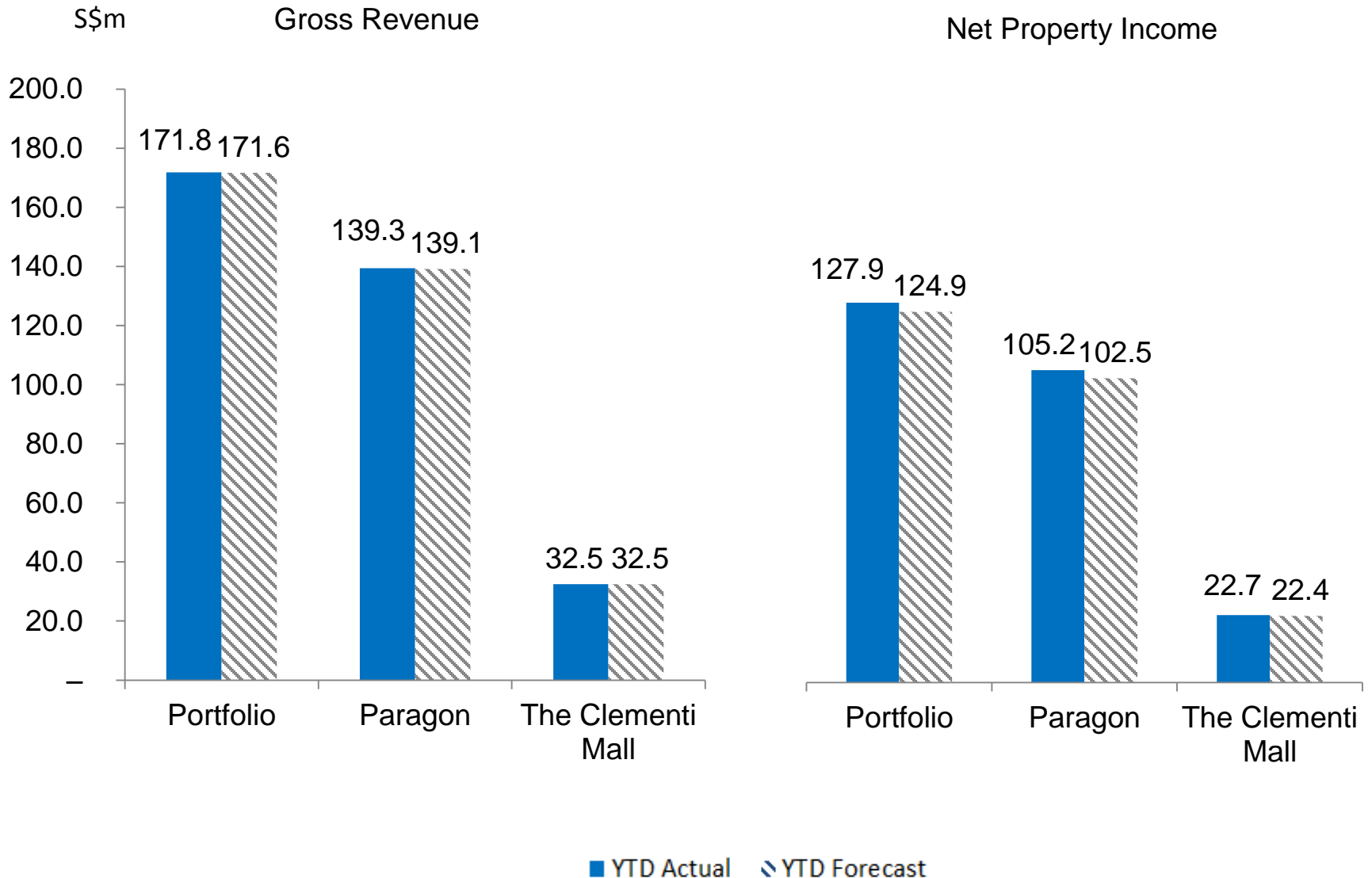
Notes:

(a) Although SPH REIT was constituted on 9 Jul 2013, the results of SPH REIT during its private trust period from 9 Jul 2013 to 23 Jul 2013 are insignificant. Hence, "YTD" was for the financial period from 24 Jul 2013 (listing date) to 31 May 2014.

(b) The forecast figures were derived from the Forecast Period 2H FY2013 (for the period 24 Jul 2013 to 31 Aug 2013) and Projection Year FY2014 (for the period 1 Sep 2013 to 31 May 2014) as disclosed in the Prospectus.



# Positive NPI contribution from both properties



# Stable and regular DPU

Cents

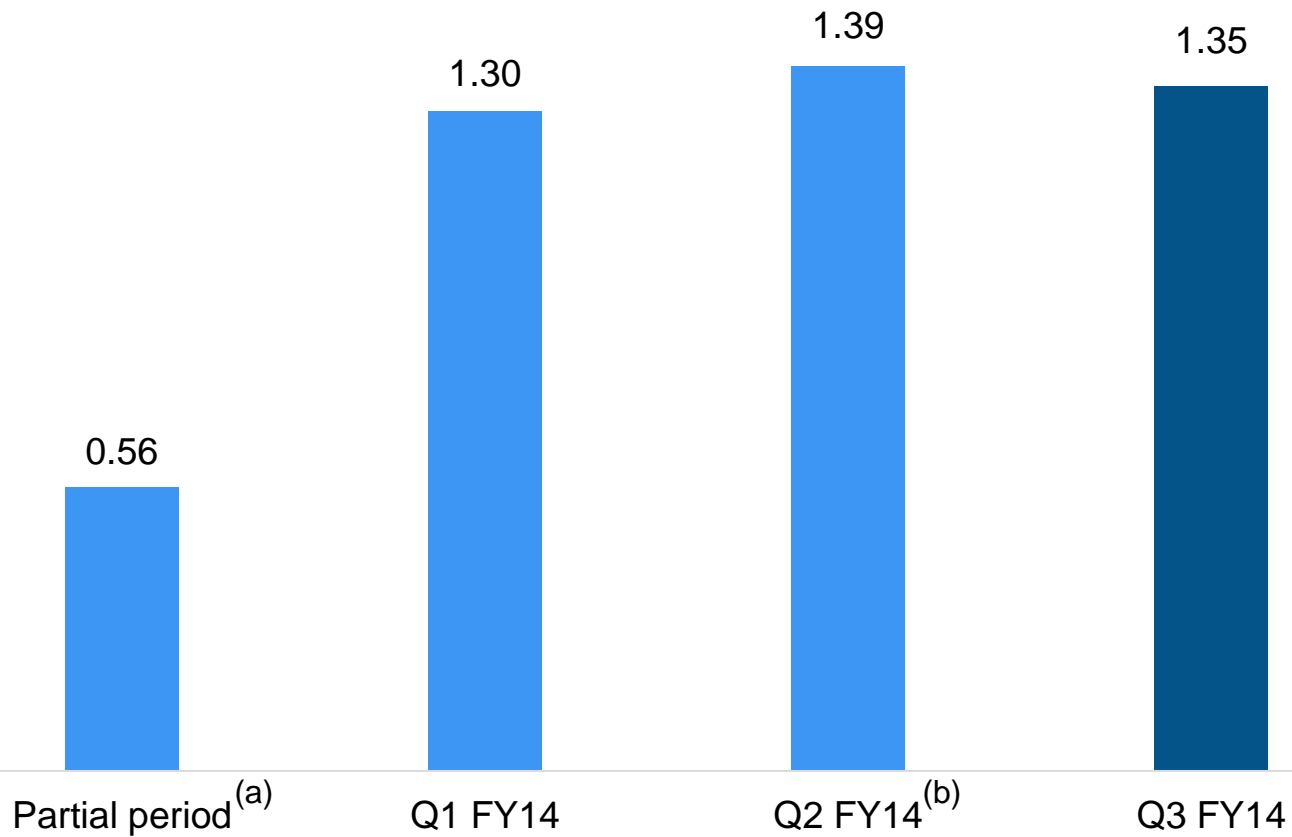
1.60

1.20

0.80

0.40

-



Note:

(a) For the period from 24 Jul 2013 (listing date) to 31 Aug 2013.

(b) Q2 FY14 performance boosted by variable rent from festive period.



# Balance sheet

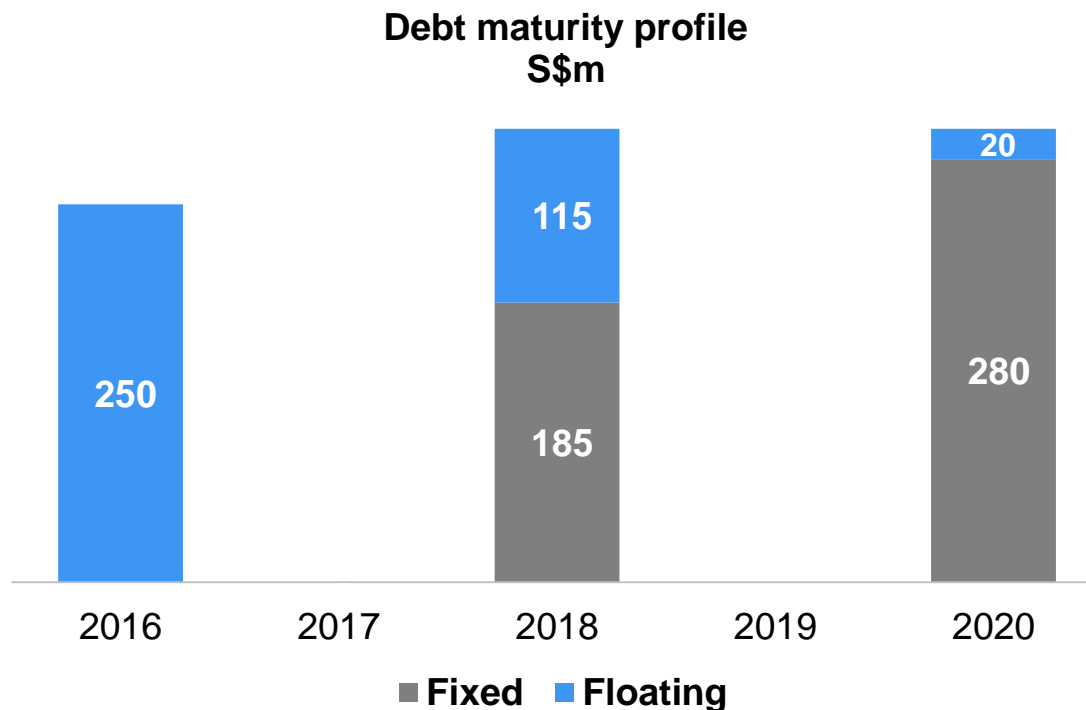
## Financial position

	<b>Actual 31 May 2014 S\$'000</b>	<b>Prospectus Pro-forma 28 Feb 2013 S\$'000</b>
Total assets	3,163,824	3,116,177
Total liabilities	912,703	884,461
Net assets	2,251,121	2,231,716
Net asset value per unit	S\$0.90	S\$0.89
Gearing <sup>(a)</sup>	26.9%	27.3%

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

# No refinancing till 2016

- 54.7% of the S\$850m debt facility on a fixed rate basis
- Average cost of debt: 2.33%
- Weighted average term to maturity: 4.3 years



# Valuation of properties about S\$3.1b

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	Valuation S\$m (a)	Capitalisation rate (c)
Paragon	2,500.0	4.85% - Retail 4.25% - Medical Suite/Office
The Clementi Mall	570.5 (b)	5.00%
SPH REIT Portfolio	3,070.5	

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## Notes

(a) Valuations were the average of CBRE & DTZ as at 28 Feb 2013. The next valuation will be done as at 31 Aug 2014.

(b) The Clementi Mall's valuation was inclusive of income support. In the absence of income support, the valuation was S\$553m.

(c) Capitalisation rate used by both valuers.

# Operational performance

# Strong positioning in both malls



- 100% occupancy
- YTD FY14# shopper traffic held steady year-on-year
- Showcasing our tenants in Paragon, with a series of fashion shows in collaboration with “Fashion Step Out” event on Orchard Road
- Several new tenants at The Clementi Mall, namely Coffee Kaki, Rubi Shoes, Ogawa, Typo



# Rental reversions up 8.4% for the portfolio

	Number of renewals / new leases <sup>(a)</sup>	NLA renewed / new leases (sf)	As a % of mall's NLA	Change compared to preceding rental rates <sup>(c)</sup>
Paragon	74	214,186	30.2%	11.5%
The Clementi Mall	121	151,727	78.9%	5.0%
SPH REIT Portfolio	195	365,913	40.6% <sup>(b)</sup>	8.4%

Notes:

(a) For expiries in the YTD period from 24 Jul 2013 (listing date) to 31 May 2014.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 900,476sf as at 31 May 2014.

(c) The change is measured between average rents of the renewed & new lease terms and the average rents of the preceding lease terms. The leases are typically committed three years ago.



# Well-staggered portfolio lease renewal

## Weighted Average Lease Expiry (WALE) as at 31 May 2014

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By NLA 2.3 years

By Gross Rental Income 2.3 years

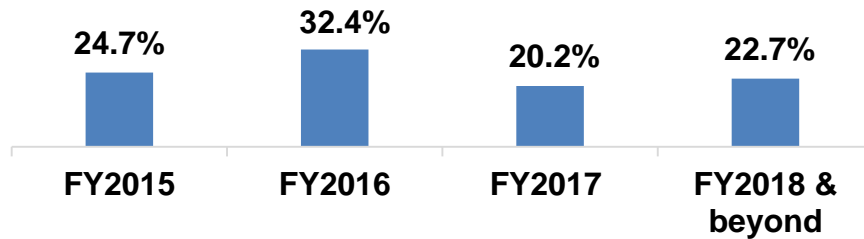
## Lease expiry as at 31 May 2014

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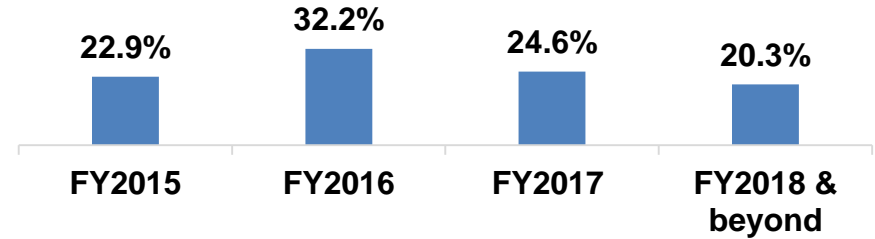
	FY2015	FY2016	FY2017	FY2018 and beyond
Expires as a % of total NLA	19.0%	27.3%	37.7%	16.0%
Expires as a % of Gross rental income	21.3%	27.9%	32.4%	18.4%

# Paragon: well staggered lease expiry

Expiry by Gross Rental Income

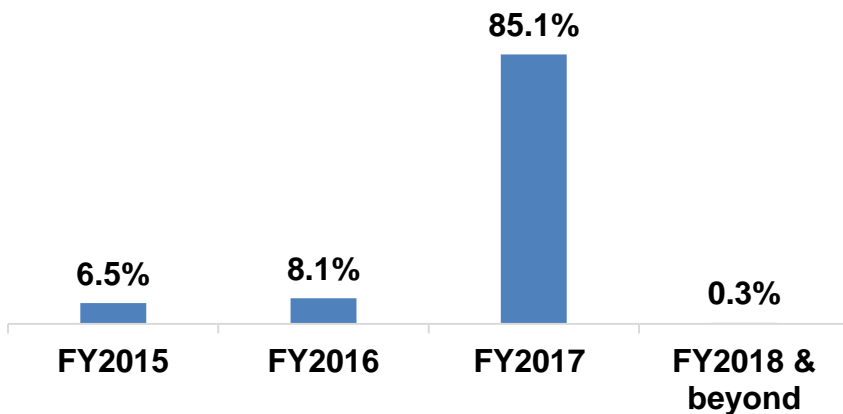


Expiry by NLA

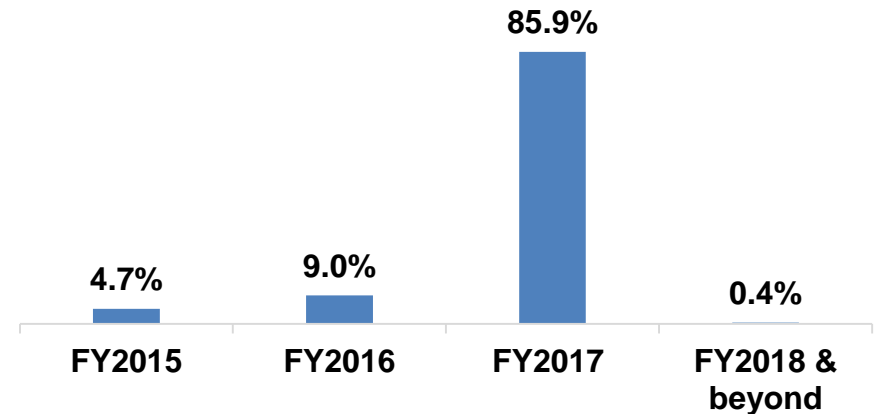


# The Clementi Mall <sup>(a)</sup>: completed first lease renewal cycle

Expiry by Gross Rental Income



Expiry by NLA

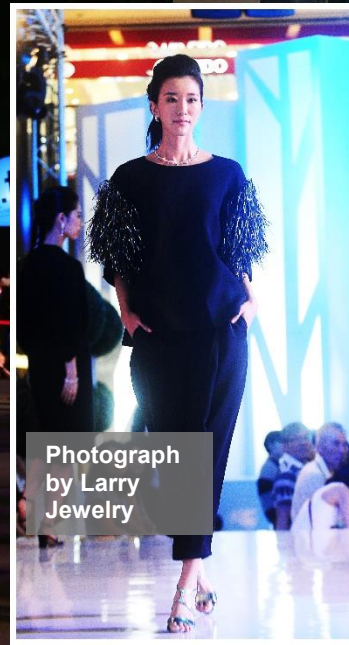


Notes

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

# Events

5 April 2014  
- "Fashion Steps Out" (FSO) –  
Fashion show on Orchard Road



Photograph  
by Larry  
Jewelry

April 2014 – Fashion  
shows in Paragon in  
collaboration with FSO



Photograph by Calvin Klein Jeans

15 – 27 April 2014  
Ikebana International Singapore Chapter 135 -  
Japanese art of flower arrangement exhibition  
based on the theme of "*Blossoms*".



5 – 18 May 2014  
"Fashion Reimagined" – fashion exhibits by  
Raffles Design Institute students using shopping  
bags of six Paragon tenants.



# Multi-pronged growth strategy to ensure growth

## Proactive asset management and asset enhancement strategy

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

## Investments and acquisition growth strategy

- ROFR on the Sponsor's future income-producing properties used primarily<sup>(1)</sup> for retail purposes in Asia Pacific
  - Currently one applicable ROFR property, The Seletar Mall, which is slated for completion in 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.

# Continual asset enhancement

- Management has identified three asset enhancement initiatives (AEIs) for Paragon to improve productivity of our asset.
- These actions collectively will generate an estimated net lettable space of approximately 10,000 sq ft and improve operational efficiencies.
- These spaces will be phased in from FY2016, taking into consideration the timing of lease expiries and also to minimise disruption to tenants' trading.
- Details of these enhancements and their financial impact will be announced in due course.



# Market outlook

- **Outlook for Singapore economy remains modest**
  - The Singapore economy grew by 4.9% in Q1 2014
  - MTI maintained the growth forecast for 2014 at 2% to 4%
- **Visitor arrivals declined in recent months**
  - Recent events in the region appeared to have impacted visitor arrivals, which registered year-on-year decline of 2.3% in April 2014 and 5.2% in March 2014
  - For the period January to April 2014, visitor arrivals declined 0.6% as compared to the same period last year
- **Retail sales softening**
  - Retail Sales Index (excluding motor vehicles) fell by 1.3% in April 2014 and by 0.4% in March 2014, compared to a year ago

# Distribution details and timetable

Distribution period	3Q FY14 (1 March 2014 – 31 May 2014)
Distribution per unit	1.35 cents per unit
Ex-date	17 July 2014
Books closure date	21 July 2014
Payment date	14 August 2014



# Thank You

Please visit [www.sphreit.com.sg](http://www.sphreit.com.sg) for more information.