



ANNUAL GENERAL MEETING

Date: 27 November 2019



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This presentation shall be read in conjunction with SPH REIT’s financial results for the fourth quarter and financial year ended 31 August 2019 in the SGXNET announcement.

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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 31 August 2019, SPH REIT has a portfolio of 4 assets across Singapore and Australia.

99.1% Portfolio committed occupancy	S\$3.6bn⁽¹⁾ Valuation of investment properties	+8.4% FY19 rental reversion
1.2m⁽¹⁾ Net Lettable Area (“NLA”) (sq. ft)	27.5% Gearing ratio	

Singapore



Australia



Note:

1. Includes 100% size and valuation of Figtree Grove Shopping Centre; SPH REIT owns 85% of Figtree Grove Shopping Centre.



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

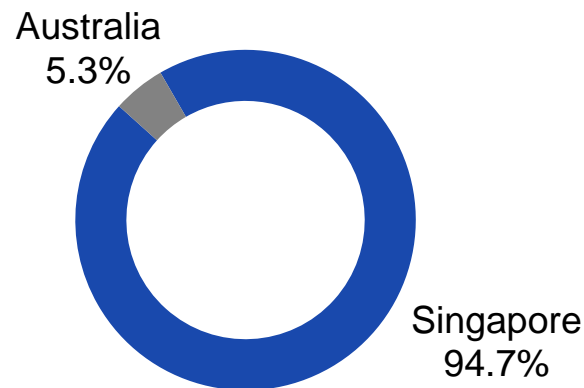


Figtree Grove Shopping Centre, acquired on 21 December 2018

Valued at A\$206.0 million

An established sub-regional mall serving the Wollongong area in New South Wales, Australia over the past 54 years. Home to some of Australia's leading retailers; caters to c.4.6 million shoppers a year.

SPH REIT's portfolio by geography, by valuation



FY2019

Financial results-in-review

Net Property Income (S\$'000)

S\$179,779

+8.3% vs FY2018 (S\$165,996)

DPU – FY2019

5.60 cents

+1.1% vs FY2018 (5.54 cents)

Distribution Yield

5.14% based on share price of S\$1.09

(0.4%) vs FY2018 (5.54% based on share price of S\$1.00)

Gearing

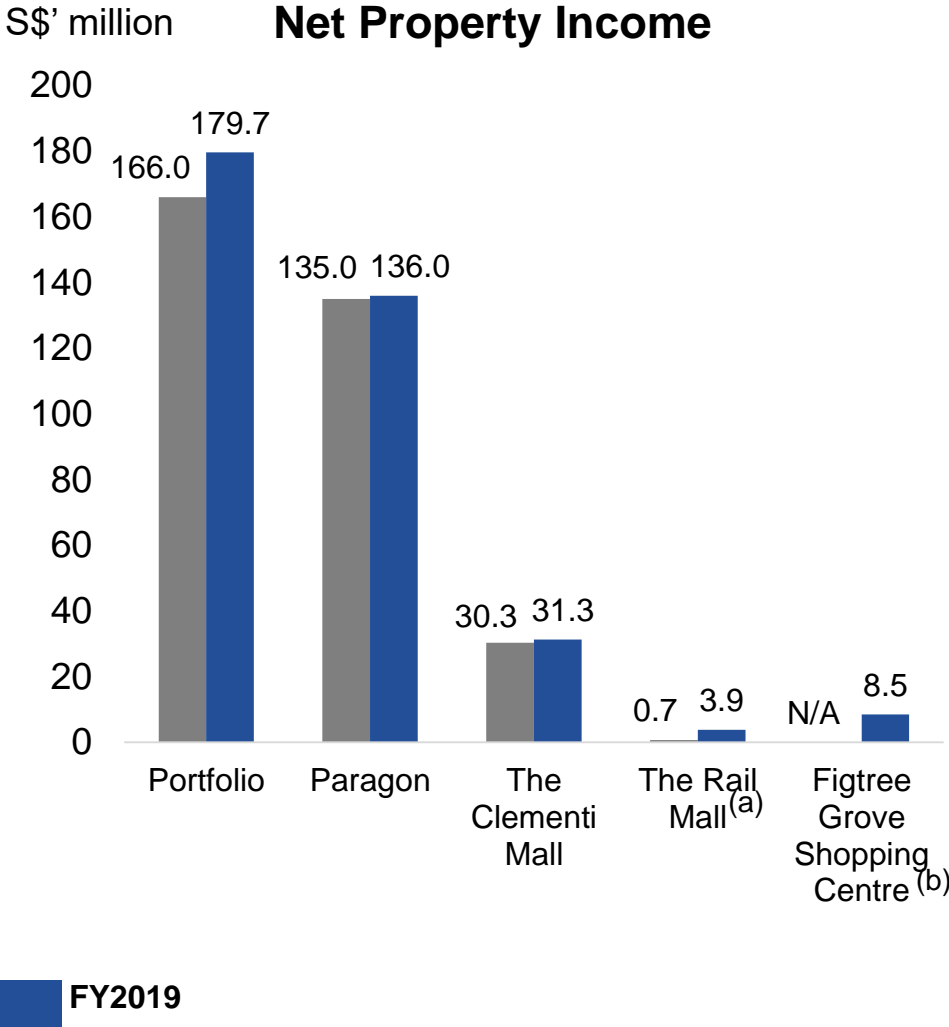
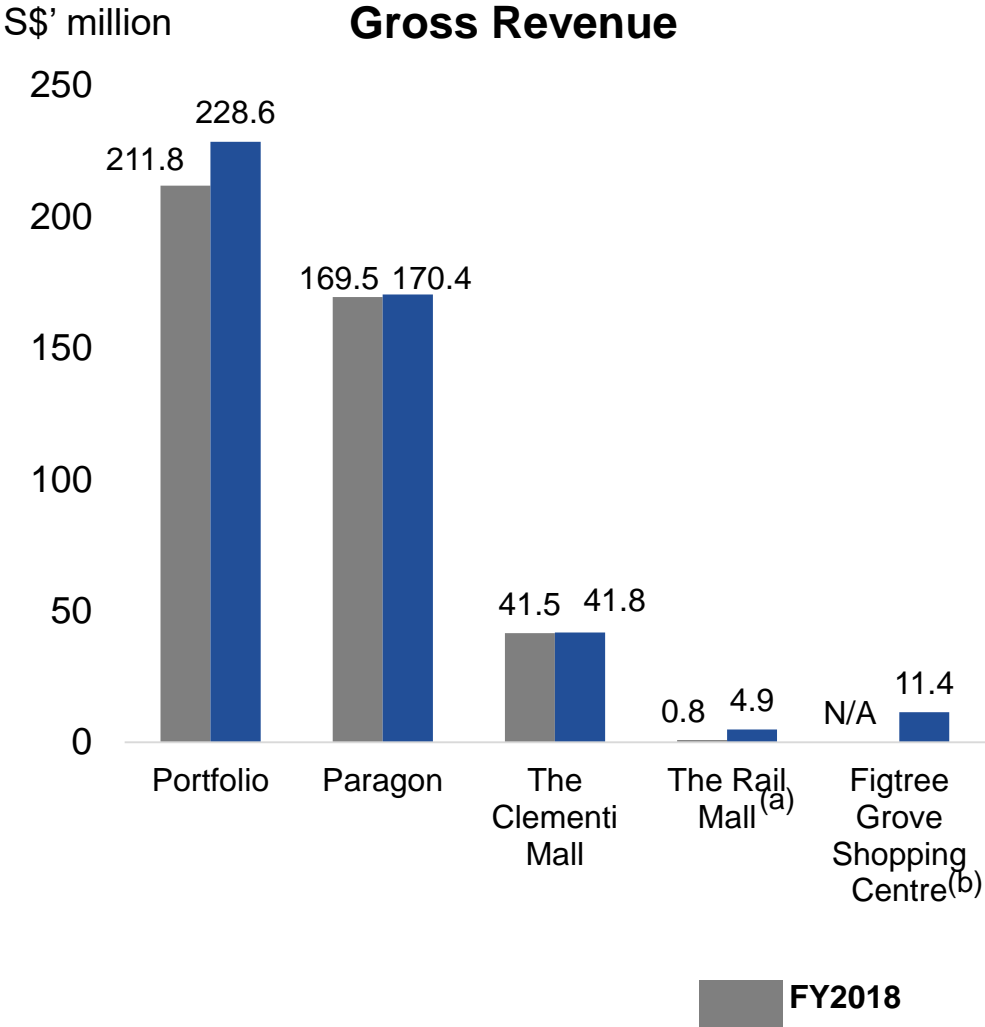
27.5%

+1.2% vs FY2018 (26.3%)

FY2019 Financial performance

	FY2019 S\$'000	FY2018 S\$'000	Change %
Gross revenue	228,635	211,802	7.9
Property expenses	(48,856)	(45,806)	(6.7)
Net property income (NPI)	179,779	165,996	8.3
Income available for distribution	145,034	142,310	1.9
Distribution to Unitholders	144,790	142,310	1.7
Distribution per unit (cents)	5.60	5.54	1.1

Gross revenue and NPI



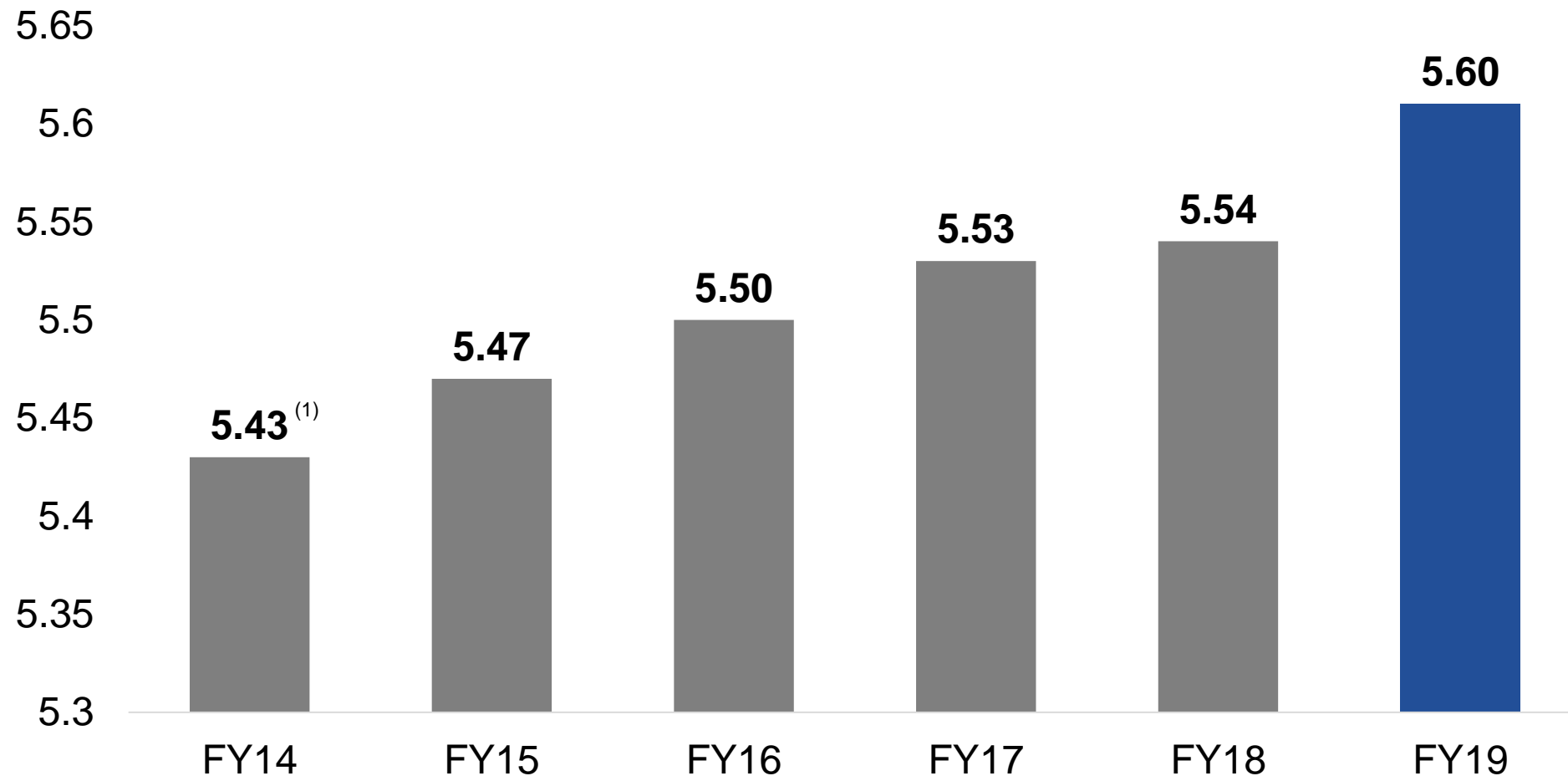
Note:

(a) Partial contribution as asset was acquired on 28 June 2018

(b) Not available as asset was acquired on 21 December 2018

Steady growth in distribution since IPO

S\$ cents



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

0% vs FY2018 (S\$0.95)

Average cost of debt

2.91% p.a

+0.06% vs FY2018 (2.85% p.a)

Weighted average debt term to maturity

2.5 years

+0.2 year vs FY2018 (2.3 years)

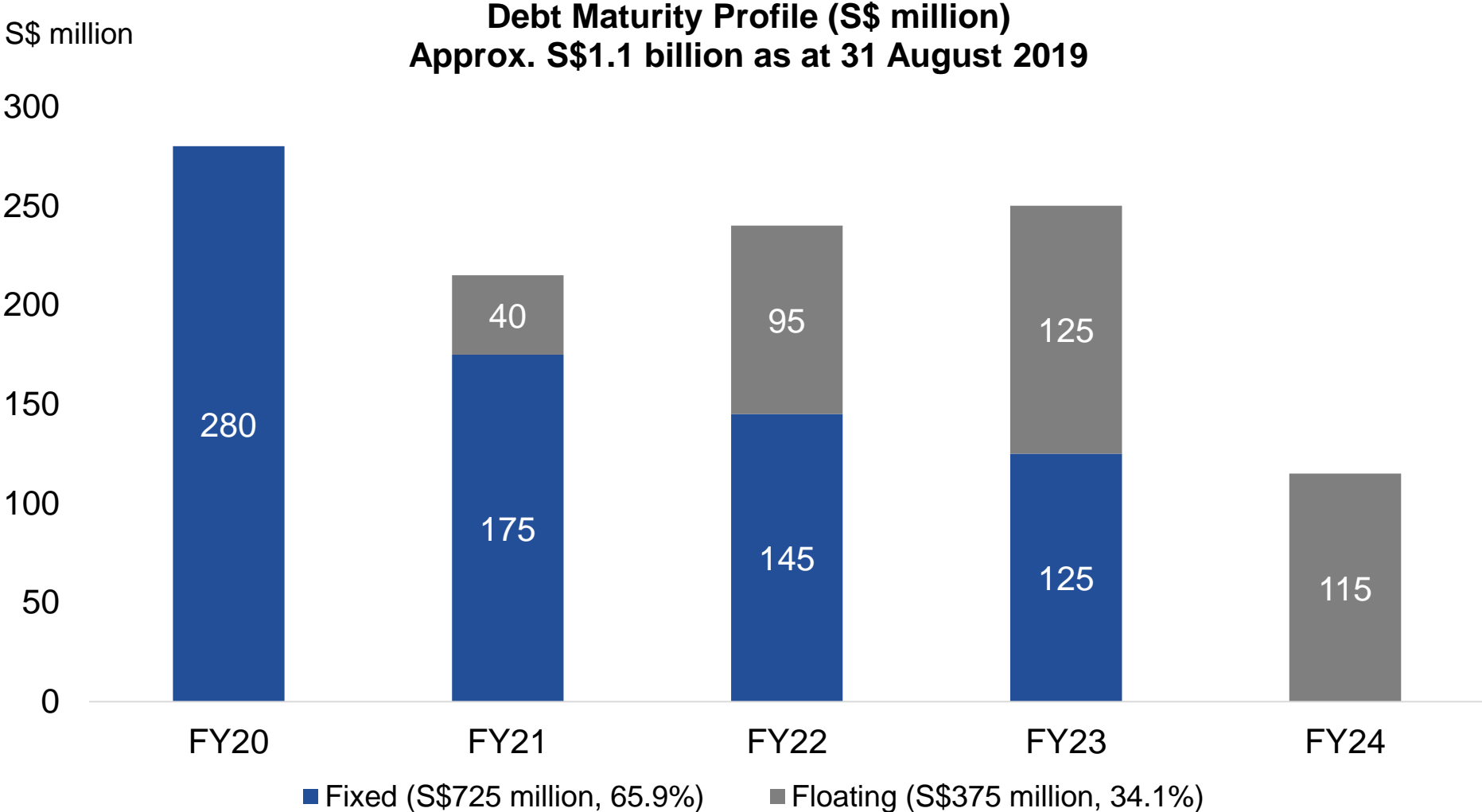
Financial position

As at 31 August (S\$'000)	2019	2018	Change (%)
Total assets	3,948,402	3,408,034	15.9
Total liabilities	1,176,965	969,087	21.5
Net assets	2,771,437	2,438,947	13.6
Net asset value per unit	S\$0.95	S\$0.95	-
Debt gearing ⁽¹⁾	27.5%	26.3%	1.2

Note:



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

Capital management




Market value of properties

Singapore assets

As at 31 August	Valuation (S\$ million) ⁽¹⁾			Capitalisation rate (%)	
	FY2019	FY2018	Variance	FY2019	FY2018
PARAGON	2,745.0	2,719.0	26.0	4.50% - Retail 3.75% - Medical Suite / Office	4.50% - Retail 3.75% - Medical Suite / Office
 ⁽²⁾	597.0	586.0	11.0	4.50%	4.75%
	63.8	63.3	0.5	6.00%	6.00% (As at June 2018)

Australia asset

	Valuation (AS\$ million) ⁽³⁾			Capitalisation rate (%)	
	FY2019 As at 31 August 2019	FY2019 As at 21 December 2018	Variance	FY2019 As at 31 August 2019	FY2019 As at 21 December 2018
	206.0	206.0	0.0	6.00%	6.00%

Note:

- (1) Valuations as at 31 August 2019 and 31 August 2018 were conducted by Edmund Tie & Company (SEA) Pte Ltd.
- (2) The Clementi Mall's valuation excludes income support. The income support has ended on 23 July 2018, five years after listing date on 24 July 2013.
- (3) Valuation as at 31 August 2019, was conducted by m3property Pty Ltd.

Operational performance

Portfolio occupancy rate

99.1%

(0.3%) vs FY2018 (99.4%)

Portfolio rental reversion

8.4%

+11.9% vs FY2018 (- 3.5%)

Portfolio WALE

By NLA



3.2 years

By Gross Rental Income


3.6 years

Occupancy Rate and Rental reversion

Singapore assets

As at 31 August 2019	Occupancy rate	Number of renewals / new leases ⁽¹⁾	NLA renewed/ new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates ⁽³⁾
PARAGON	99.8%	105	190,417	26.6%	9.7%
 THE CLEMENTI mall	100.0%	20	20,805	10.7%	5.0%
 The Rail Mall	84.3%	11	11,672	23.5%	9.4%
Total	99.1%	136	222,894	23.2% ⁽²⁾	9.4% ⁽⁴⁾

Australia asset

As at 31 August 2019	Occupancy rate	Number of renewals / new leases	NLA renewed/ new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates ⁽⁵⁾
 figtree grove	99.2%	5	2,544	1.1%	(2.7%)

Note:

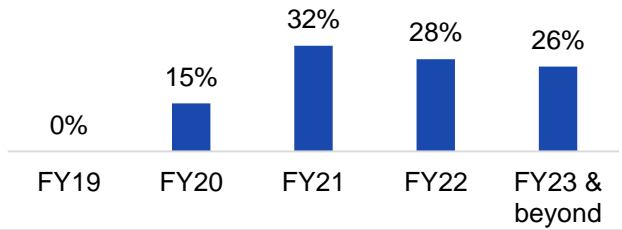
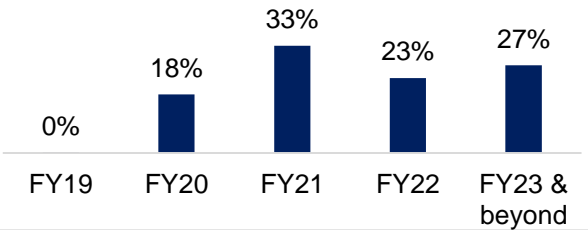
- (1) For expiries in FY19, excluding newly created and reconfigured units.
- (2) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 962,153 sqft as at 31 August 2019.
- (3) The change is measured between average rents of the renewed & new lease terms and the average rents of the preceding lease terms. Preceding leases were typically committed three years ago.
- (4) Reversion rate is computed based on weighted average of all expiring leases.
- (5) Based on the first year fixed rent of the new leases divided by the preceding final year fixed rents of the expiring leases.

Staggered lease renewal by portfolio and assets

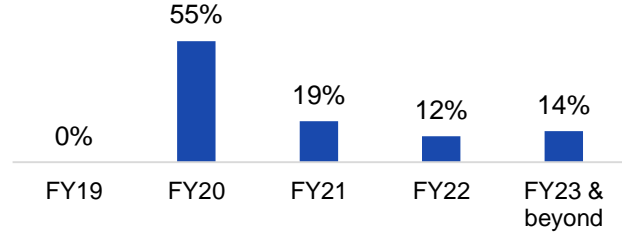
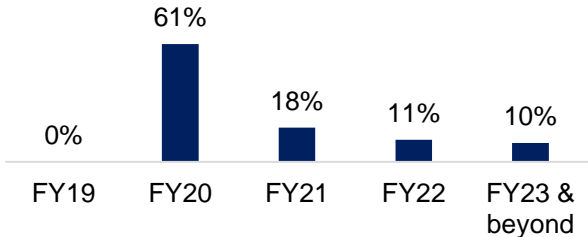
Portfolio lease expiry as at 31 August 2019	FY19	FY20	FY21	FY22	FY23 & beyond
Expiries as a % of total NLA	1%	24%	24%	20%	31%
Expiries as a % of Gross rental income	0%	21%	20%	21%	38%

Asset	Expiry by NLA	Expiry by Gross Rental Income
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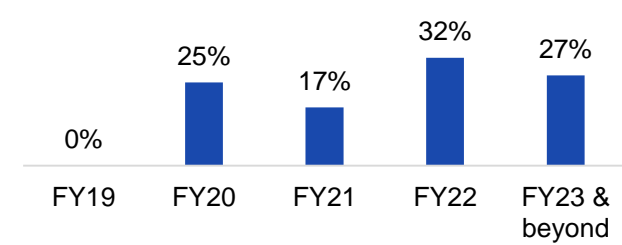
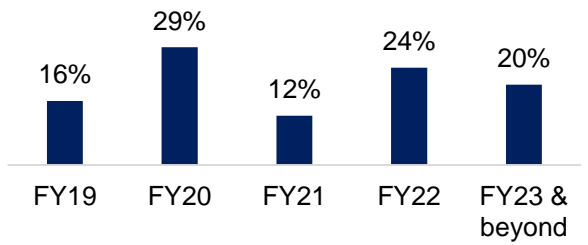
PARAGON



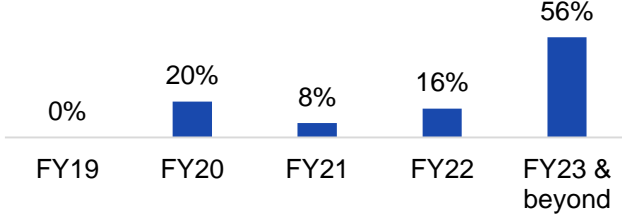
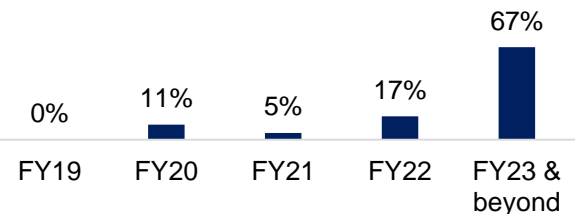
THE CLEMENTI mall



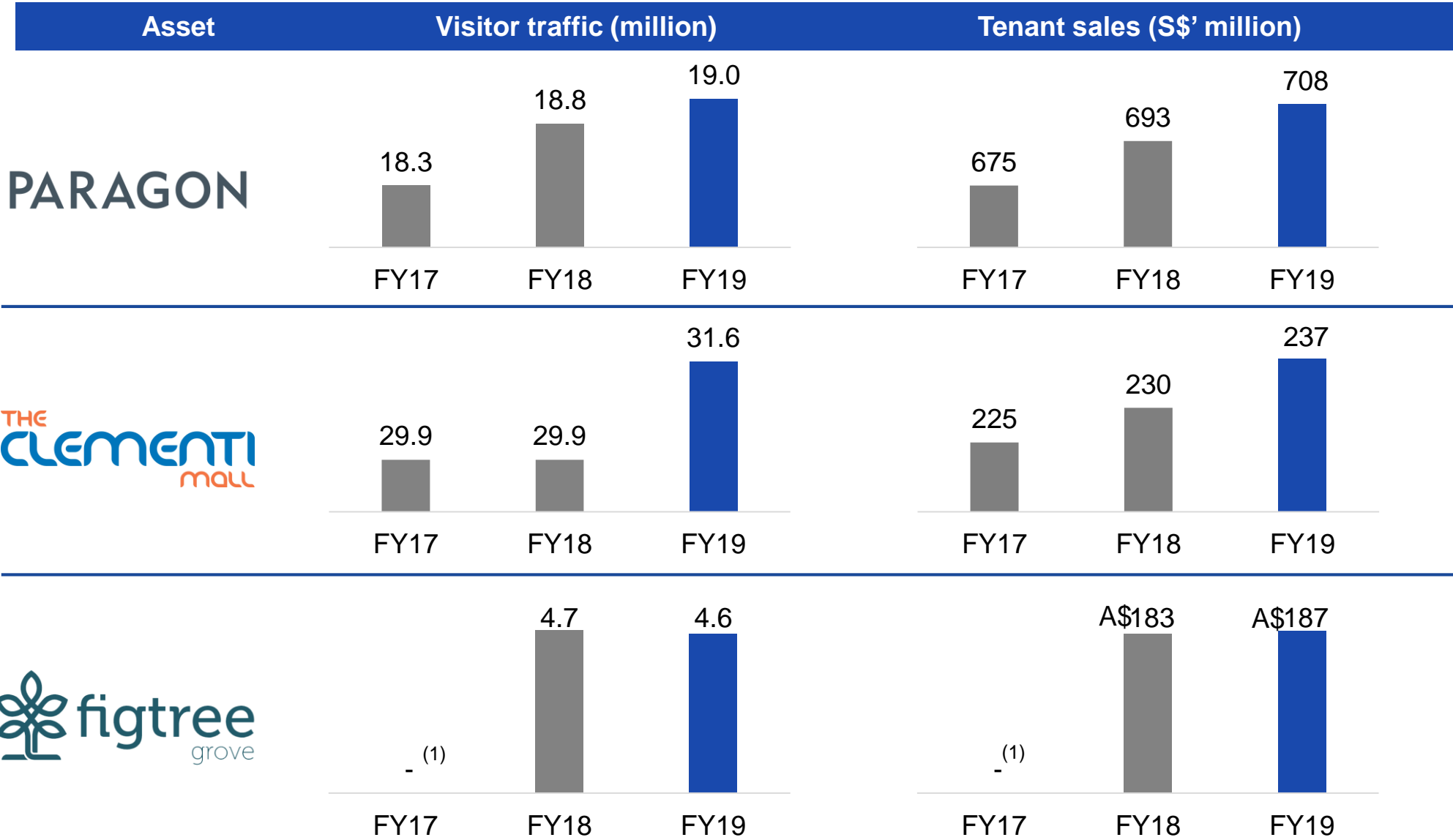
The Rail Mall



figtree grove



Visitor traffic and tenant sales annual trend



Note:
 (1) Record not available, as asset was newly acquired in December 2018



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

- According to the Ministry of Trade and Industry (MTI), the Singapore economy grew marginally by 0.1% on a year-on-year basis in third quarter of 2019, the same pace of growth as in the previous quarter.
- On a quarter-on-quarter seasonally-adjusted annualized basis, the economy expanded by 0.6%, a turnaround from the 2.7% contraction in the preceding quarter.

Tourism

- Singapore Tourism Board (STB) reported that international visitor arrivals grew by 2.1% year-on-year during January 2019 to September 2019.
- Tourism receipts reached S\$13.1 billion in the first half of 2019, a decline of 3.0% compared to the same period last year.

Retail sales index (RSI)

- Based on figures released by the Singapore Department of Statistics (DOS), the RSI (excluding motor vehicles) declined by 0.3% year-on-year in September 2019 as compared to September 2018.

Market outlook – New South Wales, Australia

Economy's outlook

- According to the Reserve Bank of Australia (RBA), the year-end GDP growth is expected to be 2.5% over 2019, 2.75% over 2020 and 3.0% over 2021.

Retail trade

- Based on figures released by the Australian Bureau of Statistics (ABS), the seasonally adjusted retail turnover rose by 0.2% in September 2019. In volume terms, the trend estimate for Australia retail turnover was relatively unchanged in third quarter of 2019.



Thank You

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