



SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT *
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2014

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*** Please refer to the attached auditors' review report.**

Constituted in the Republic of Singapore pursuant to a Trust Deed dated 9 July 2013.

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.

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.

The financial information as set out in this announcement for the first quarter ended 30 November 2014 has been extracted from the interim financial information for the first quarter ended 30 November 2014, 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 auditors' review report.*

For The First Quarter Ended 30 November 2014

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 2015	1Q 2014 ¹	Change
	S\$'000	S\$'000	%
Gross revenue	50,635	49,718	1.8
Property operating expenses	(12,762)	(13,607)	(6.2)
Net property income	37,873	36,111	4.9
Income support ²	868	1,151	(24.6)
Amortisation of intangible asset	(868)	(1,151)	(24.6)
Manager's management fees	(3,930)	(3,790)	3.7
Trust expenses ³	(469)	(471)	(0.4)
Finance income	92	21	NM
Finance costs	(4,965)	(4,886)	1.6
Total return before taxes and distribution	28,601	26,985	6.0
Less: income tax	-	-	NM
Total return after taxes and before distribution	28,601	26,985	6.0

Notes:

1. The comparative figures were for the quarter from 1 September 2014 to 30 November 2014. These figures were extracted from SPH REIT's inaugural results announcement which was reviewed by KPMG LLP for the period from 24 July 2013 (listing date) to 30 November 2013.
2. Income support relates to the top-up payment from the vendors of The Clementi Mall pursuant to the Deed of Income Support.
3. Includes recurring trust expenses such as trustee's fees, listing fees, valuation fees, audit and tax adviser's fees, cost associated with the preparation of annual reports, and investor communication costs.

NM *Not Meaningful*

For The First Quarter Ended 30 November 2014

1(a)(ii) Distribution Statement

	1Q 2015	1Q 2014	Change
	S\$'000	S\$'000	%
Total return after taxes and before distribution	28,601	26,985	6.0
Add: Non-tax deductible items ¹	5,430	5,560	(2.3)
Income available for distribution	34,031	32,545	4.6
Distribution to Unitholders²	33,489	32,545	2.9

Note:

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 2015, SPH REIT had retained S\$0.5 million of taxable income available for distribution to unitholders for distribution in FY2015.

For The First Quarter Ended 30 November 2014

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 14	As at 31 Aug 14
	S\$'000	S\$'000
Non-current assets		
Plant and equipment	1,029	1,055
Investment properties ¹	3,161,247	3,159,000
Intangible asset ²	11,540	12,408
	<u>3,173,816</u>	<u>3,172,463</u>
Current assets		
Trade and other receivables	5,364	5,912
Cash and cash equivalents	88,385	90,658
	<u>93,749</u>	<u>96,570</u>
Total assets	<u>3,267,565</u>	<u>3,269,033</u>
Non-current liabilities		
Borrowing	843,604	843,125
Derivative financial instruments ³	9,874	8,758
Trade and other payables	25,663	28,953
	<u>879,141</u>	<u>880,836</u>
Current liabilities		
Trade and other payables	38,891	35,131
	<u>38,891</u>	<u>35,131</u>
Total liabilities	<u>918,032</u>	<u>915,967</u>
Net assets attributable to Unitholders	<u>2,349,533</u>	<u>2,353,066</u>

Notes:

1. The fair value of Paragon and The Clementi Mall as at 31 August 2014 was S\$2,588.0 million and S\$571.0 million respectively. The fair value of the investment properties were based on independent valuations conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd ("DTZ").
2. Intangible asset relates to income support provided by the vendors of The Clementi Mall.
3. Derivative financial instruments represent the fair value as at 30 November 2014 of the interest rate swap contracts to swap floating rates for fixed interest rates.

1(b)(ii) Borrowing

Secured borrowing

	As at 30 Nov 14 S\$'000	As at 31 Aug 14 S\$'000
Amount repayable within one year	-	-
Amount repayable after one year	843,604	843,125

Details of collateral

On 24 July 2013, SPH REIT established a term loan facility available for drawdown up to the amount of S\$975 million. As at the balance sheet date, the amount drawn down was S\$850 million. The amount of S\$843.6 million represented the loan stated at amortised cost. The loan has repayment terms ranging from three to seven years, of which S\$250 million is repayable on 23 July 2016, S\$300 million on 23 July 2018 and S\$300 million on 22 July 2020.

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.

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 2015 S\$'000	1Q 2014 S\$'000
Cash flows from operating activities		
Total return for the period	28,601	26,985
Adjustments for:		
Manager's fee paid/payable in units	3,930	3,790
Depreciation of plant and equipment	34	23
Finance income	(92)	(21)
Finance costs	4,965	4,886
Amortisation of intangible asset	868	1,151
Operating cash flow before working capital changes	38,306	36,814
Changes in operating assets and liabilities		
Trade and other receivables	554	11,201
Trade and other payables	(593)	5,755
Net cash from operating activities	38,267	53,770
Cash flows from investing activities		
Capital expenditure on investment properties	(1,151)	(933)
Purchase of plant and equipment	-	(94)
Interest received	82	13
Net cash used in investing activities	(1,069)	(1,014)
Cash flows from financing activities		
Issue expenses paid	-	(2,414)
Distribution to unitholders ¹	(34,948)	-
Interest paid	(4,523)	(4,436)
Net cash used in financing activities	(39,471)	(6,850)
Net (decrease)/increase in cash and cash equivalents	(2,273)	45,906
Cash and cash equivalents at beginning of the period	90,658	60,872
Cash and cash equivalents at end of the period	88,385	106,778

Note:

1. Distribution to unitholders in 1Q 2015 relates to distribution for the period from 1 June 2014 to 31 August 2014. SPH REIT's inaugural distribution for the period 24 July 2013 (listing date) to 30 November 2013 was paid on 14 February 2014 in 2Q 2014.

For The First Quarter Ended 30 November 2014

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

	1Q 2015	1Q 2014
	S\$'000	S\$'000
Balance as at beginning of period	2,353,066	2,243,788
<u>Operations</u>		
Total return for the quarter / net increase in assets resulting from operations	28,601	26,985
<u>Hedging reserve</u>		
Movement in hedging reserve ¹	(1,116)	(6,631)
<u>Unitholders' transactions</u>		
Distribution to unitholders	(34,948)	-
Manager's fee paid/payable in units	3,930	3,790
	(31,018)	3,790
Balance as at end of period	2,349,533	2,267,932

Note:

1. This relates to the hedging reserve arising from interest rate swap arrangements.

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

	1Q 2015	1Q 2014
	No. of units	No. of units
Issued units as at beginning of period	2,514,276,488	2,500,995,000
Issue of new units:		
Manager's fee paid in units ¹	3,678,691	-
Issuable units:		
Manager's fee payable in units ²	3,703,989	5,499,120
Total issued and issuable units as at end of period	2,521,659,168	2,506,494,120

Notes:

1. There were 3,678,691 units issued to the REIT Manager as satisfaction of management fee for the fourth quarter ended 31 August 2014.
2. There are 3,703,989 units to be issued to the REIT Manager as satisfaction of management fee incurred for the current quarter. This is calculated based on volume weighted average traded price for the last 10 business days for the respective periods, as provided in the Trust Deed. As at 30 November 2013, there were 5,499,120 units to be issued to the REIT Manager as satisfaction of management fee for the period from 24 July 2013 (listing date) to 30 November 2013.

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 2014, SPH REIT had 2,517,955,179 units (31 August 2014: 2,514,276,488 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 2014 as set out in this announcement has been extracted from the interim financial information for the first quarter ended 30 November 2014, 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.

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 period, 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 statements.

For The First Quarter Ended 30 November 2014

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

	1Q 2015	1Q 2014
<u>Earnings per unit</u>		
Weighted average number of units ¹	2,517,995,591	2,502,739,593
Total return for the period after tax (S\$'000)	28,601	26,985
EPU (basic and diluted) (cents)	1.14	1.08
<u>Distribution per unit</u>		
Total number of units in issue at end of period	2,517,955,179	2,500,995,000
Distribution to Unitholders (\$'000)	33,489	32,545
DPU ² (cents)	1.33	1.30

Notes:

1. The actual weighted average number of units was based on the number of units in issue and issuable units to the Manager during the quarter.
2. The DPU was computed based on the number of units entitled to distribution at the end of the quarter.

7. Net Asset Value (“NAV”) per unit

	As at 30 Nov 14	As at 31 Aug 14
NAV per unit ¹ (S\$)	0.93	0.93

Note:

1. The NAV per unit was computed based on the number of units in issue at the end of the quarter.

8. Review of Performance

Review of Results for the First Quarter ended 30 November 2014 (“1Q 2015”) compared with the First Quarter ended 30 November 2013 (“1Q 2014”)

Gross revenue for 1Q 2015 improved by S\$0.9 million (1.8%) to S\$50.6 million, on the back of higher rental income achieved by both Paragon and The Clementi Mall. The healthy results was driven by good progress in leasing activities. Both Paragon and The Clementi Mall were fully leased with rental reversion of 12.5% and 2.3% respectively for the new or renewed leases in 1Q 2015.

Property operating expenses of S\$12.8 million were S\$0.8 million (6.2%) lower than 1Q 2014. Savings in utilities, lower marketing and maintenance cost were partially offset by higher property taxes.

Consequently, net property income of S\$37.9 million for 1Q 2015 was S\$1.7 million (4.9%) higher than 1Q 2014. NPI margin of 74.8% was achieved, better than 1Q 2014 of 72.6%.

Total return for 1Q 2015 was S\$28.6 million, an increase of S\$1.6 million (6.0%) against the same quarter last year. The positive result was attributable to the higher net property income partially offset by higher manager's fees and finance cost. Finance cost was marginally higher as average cost of debt for 1Q 2015 was 2.35% compared to 1Q 2014 of 2.33%.

Income available for distribution of S\$34.0 million for 1Q 2015 was S\$1.5 million (4.6%) higher compared to 1Q 2014.

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 2.8% in 2014. The outlook for Singapore economy remains modest with the MTI's growth forecast of 2.0% to 4.0% for 2015. Growth in labour-intensive segments such as retail and food services may be weighed down by manpower constraints.

The retail environment remains challenging. In the past few months between March 2014 and October 2014, the monthly retail sales Index (excluding motor vehicles) fell year-on-year by between 0.4% to 2.0%. The exceptions were a marginal increase of 0.4% in May 2014, 0.6% in September 2014 and 1.9% in October 2014.

For the period from January to October 2014, international visitor arrivals dipped 3.3% year-on-year to 12.6 million. While tourism receipts grew 2% year-on-year to S\$11.8 billion in the first half of 2014, declines in spending on shopping (13%) and food and beverage (2%) were observed.

SPH REIT has a portfolio of two high quality and well-positioned retail properties in prime locations. Paragon had remained resilient and turned in a steady performance through previous economic cycles. 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 2014 to 30 November 2014
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 2015.</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 2013 to 30 November 2013
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.30 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 2015.</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: Friday, 13 February 2015.

(d) Record date

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 20 January 2015 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.

13. **Segment Results**

	1Q 2015	1Q 2014	Change
	S\$'000	S\$'000	%
<u>Gross Revenue</u>			
Paragon	40,818	40,273	1.4
The Clementi Mall	9,817	9,445	3.9
Total	50,635	49,718	1.8
<u>Net Property Income</u>			
Paragon	30,992	29,512	5.0
The Clementi Mall	6,881	6,599	4.3
Total	37,873	36,111	4.9

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.

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,
12 January 2015



SPH REIT Management Pte. Ltd.
290 Orchard Road
#14-07 Paragon
Singapore 238859
Tel: +65 6303 8870
Fax: +65 6303 8871
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 audited 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 2014, to be false or misleading in any material respect.

On behalf of the Directors

LEONG HORN KEE
Chairman

ANTHONY MALLEK
Director

Singapore,
12 January 2015



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

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.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 First Quarter ended 30 November 2014**

We have reviewed the accompanying Balance Sheet and Portfolio Statement of SPH REIT (the "Trust") as at 30 November 2014, 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 2014 ("Interim Financial Information"), as set out on pages FS1 to FS9.

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 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 provisions 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.



KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 January 2015