



3Q FY15 Financial Results

7 July 2015



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This presentation shall be read in conjunction with SPH REIT’s financial results for the third quarter and year-to-date ended 31 May 2015 in the SGXNET announcement.

Contents

Results **Slide 3**

Balance sheet **Slide 8**

Operational performance **Slide 12**

Growth strategy and market outlook **Slide 19**

Distribution details and timetable **Slide 22**

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 2015 DPU was maintained at 1.35 cents, same as last year
- YTD 3Q FY15 DPU of 4.08 cents was higher than last year by 1.0%
- Annualised distribution yield of 5.25% (based on closing price of \$1.040 per unit on 29 May 2015)
- Healthy portfolio rental reversion of 9.2%
- Revitalise tenant mix
- Strong balance sheet, with gearing at 26.0%

3Q FY15 DPU maintained at 1.35 cents

	3Q FY15 S\$'000	3Q FY14 S\$'000	Change %
Gross revenue	51,235	50,406	1.6%
Property expenses	(11,908)	(12,691)	(6.2%)
Net property income (NPI)	39,327	37,715	4.3%
Income available for distribution	34,612	33,940	2.0%
Distribution to Unitholders ^(a)	34,094	33,940	0.5%
Distribution per unit (DPU) (cents)	1.35	1.35	-

Note:

(a) For 3Q FY15, SPH REIT had retained S\$0.5 million of taxable income available for distribution, for future distribution to unitholders.

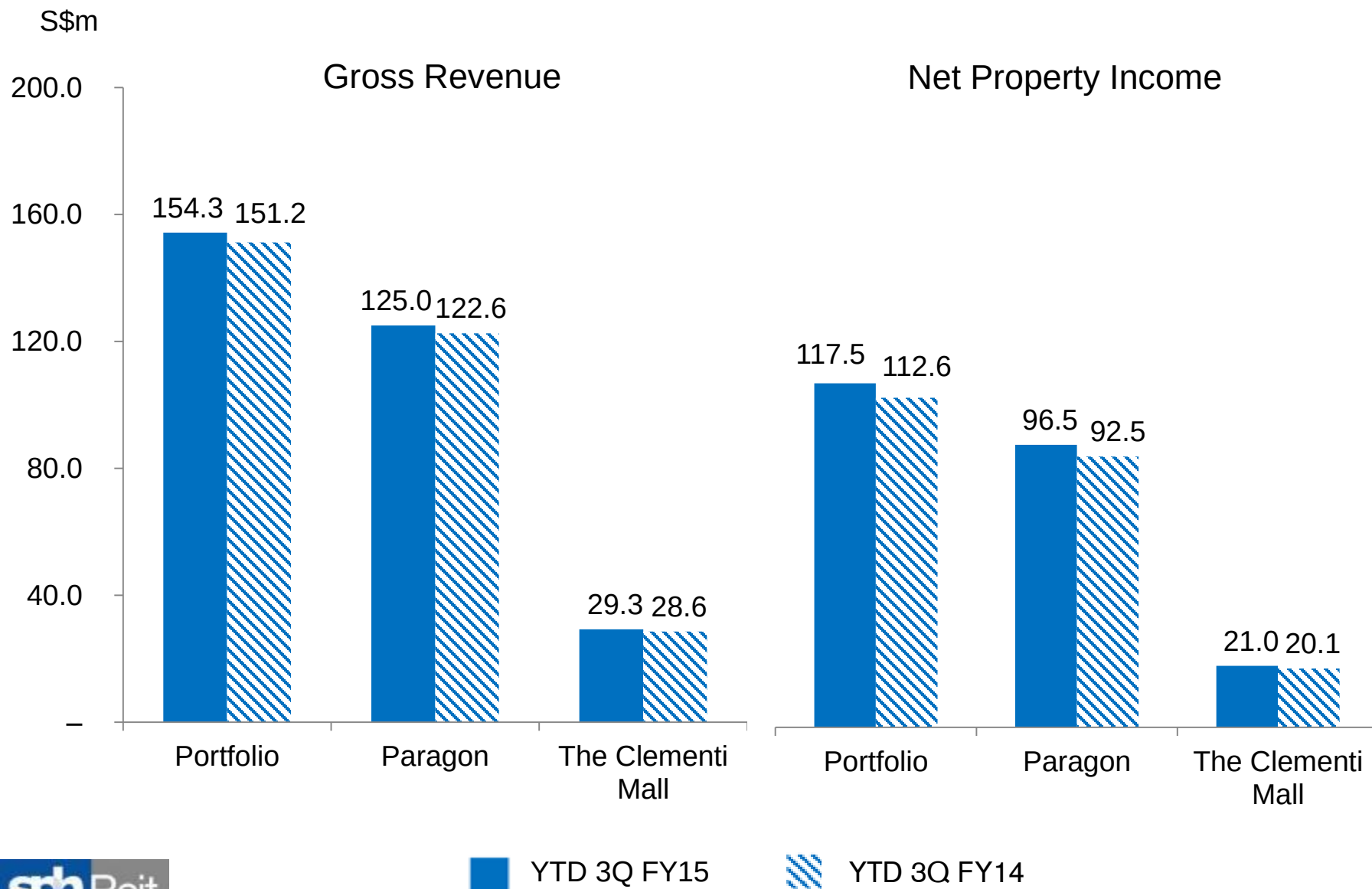
YTD 3Q FY15 DPU increased 1.0% year-on-year

	YTD 3Q FY15 S\$'000	YTD 3Q FY14 S\$'000	Change %
Gross revenue	154,324	151,168	2.1%
Property expenses	(36,869)	(38,521)	(4.3%)
Net property income (NPI)	117,455	112,647	4.3%
Income available for distribution	104,985	101,423	3.5%
Distribution to Unitholders ^(a)	102,886	101,423	1.4%
Distribution per unit (DPU) (cents)	4.08	4.04	1.0%

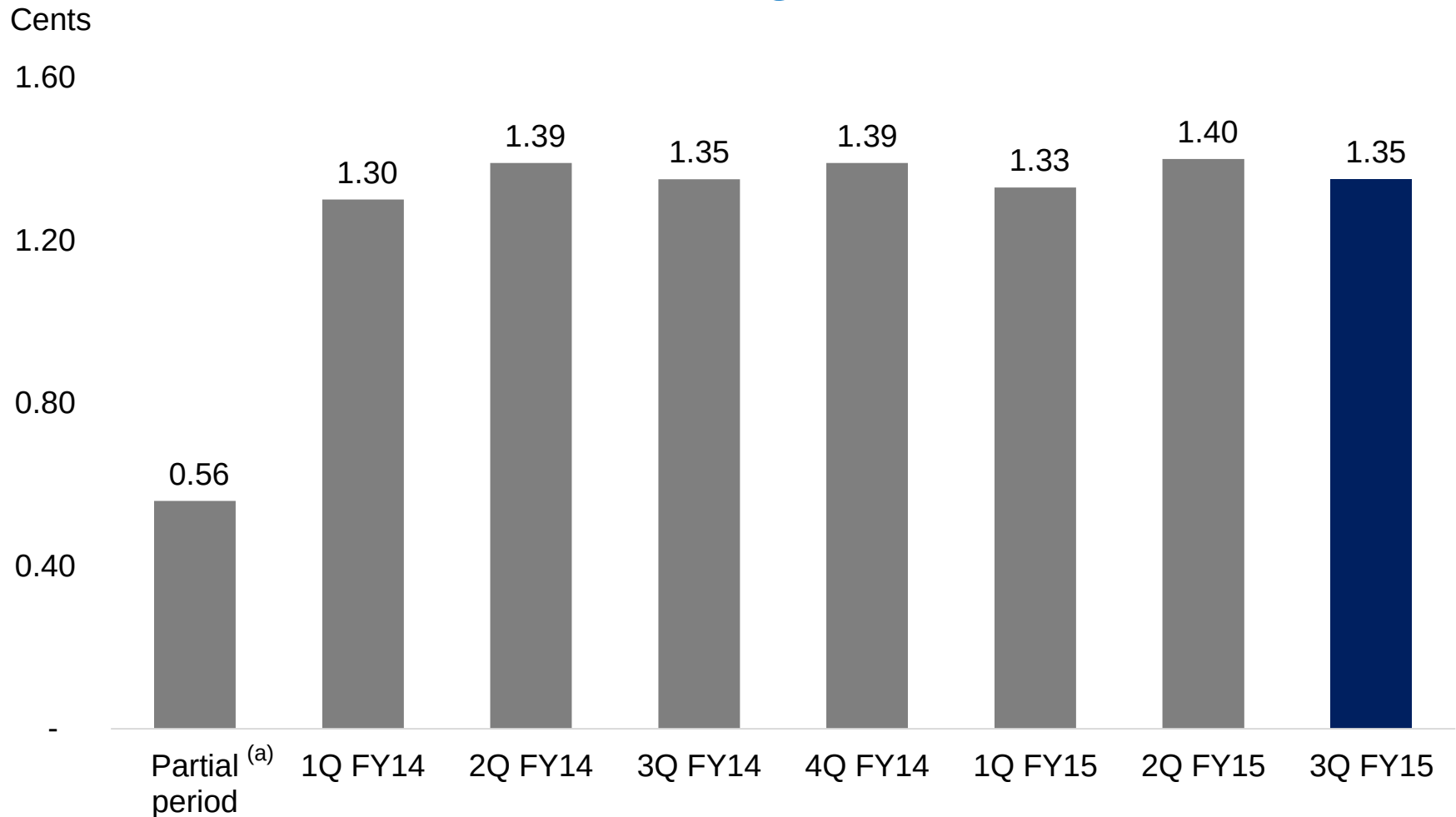
Note:

(a) For YTD 3Q FY15, SPH REIT had retained S\$2.1 million of taxable income available for distribution, for future distribution to unitholders.

Higher Gross Revenue and NPI



Stable and regular DPU



Note:

(a) For the period from 24 July 2013 (listing date) to 31 August 2013.

Balance sheet



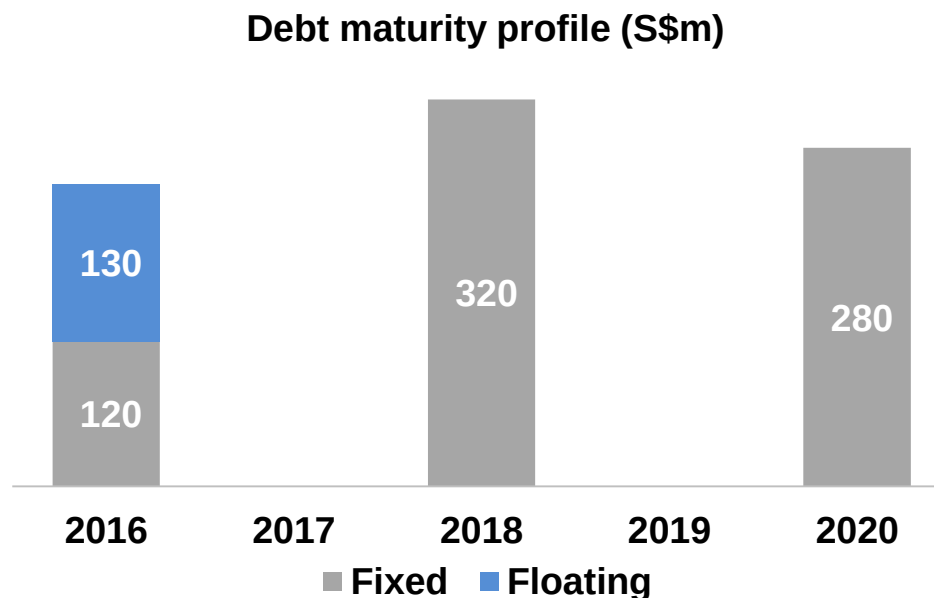
Financial position

	As at 31 May 2015 S\$'000	As at 31 Aug 2014 S\$'000
Total assets	3,266,741	3,269,033
Total liabilities	912,381	915,967
Net assets	2,354,360	2,353,066
Net asset value per unit	S\$0.93	S\$0.93
Gearing ^(a)	26.0%	26.0%

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

No refinancing required till 2016

- Increased percentage of total borrowing on fixed interest rate basis from 55% to 85%.
- Revised the maturity profile of the existing loan facility for the purpose of rebalancing costs and average maturity. Certain loan tranches maturing in July 2018 and July 2020, totalling \$135 million, were revised to a 3-year maturity period ending in March 2018.
- Weighted average term to maturity: 3.2 years
- Average cost of debt: 2.55%



Valuation of properties about S\$3.16b

	Valuation as at 31 Aug 2014 S\$m ^(a)	Capitalisation rate
Paragon	2,588.0	4.85% - Retail 4.25% - Medical Suite/Office
The Clementi Mall ^(b)	571.0	5.00%
SPH REIT Portfolio	3,159.0	

Notes

(a) Valuations as at 31 August 2014 were conducted by DTZ.

(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).



Operational performance



Steady and resilient performance

- Portfolio occupancy was 99.8% as at 31 May 2015, after an unexpected lease termination of an office unit in Paragon. However, Paragon is now fully committed.
- YTD 3Q visitor traffic held steady year-on-year
- Healthy portfolio rental reversion of 9.2%

Rental reversions up 9.2% for the portfolio

	Number of renewals / new leases ^(a)	NLA renewed / new leases (sf)	As a % of properties' NLA	Change compared to preceding rental rates ^(c)
Paragon	75	146,637	20.7%	9.8%
The Clementi Mall	14	6,515	3.4%	- 11.4% ^(d)
SPH REIT Portfolio	89	153,152	17.0% ^(b)	9.2%

Notes:

(a) For expiries in the YTD 3Q FY15 from 1 September 2014 to 31 May 2015.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 900,310sf as at 31 May 2015.

(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.

(d) Negative rental reversion was recorded as The Clementi Mall continues to balance the tenancy mix and strengthen the offering to a wider base of shoppers.

Strategy to revitalise tenant mix

- Strategy to continually revitalise tenant mix to keep the properties relevant and elevate the properties' positioning
- Has embarked on these initiatives to strengthen the various clusters
- Reconfiguration works for new tenants and relocation of some tenants will be staggered to minimise disruption to tenants and shoppers

Well-staggered portfolio lease renewal

Weighted Average Lease Expiry (WALE) as at 31 May 2015

By NLA 2.1 years

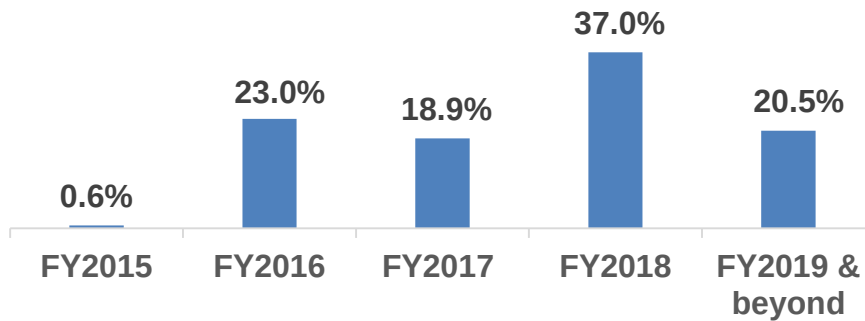
By Gross Rental Income 2.3 years

Lease expiry as at 31 May 2015

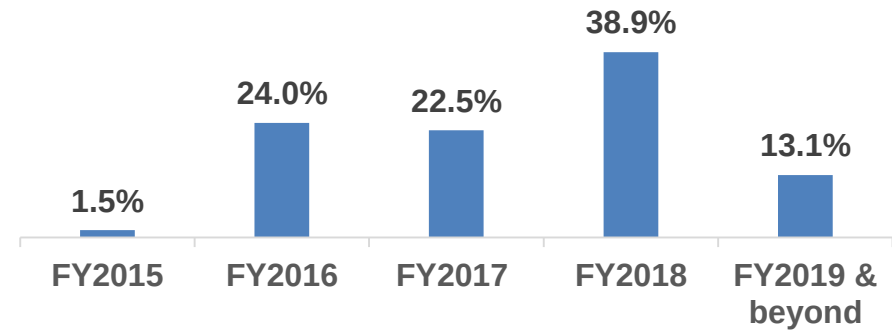
	FY2015	FY2016	FY2017	FY2018	FY2019 and beyond
Expiries as a % of total NLA	1.2%	21.2%	35.8%	31.6%	10.2%
Expiries as a % of Gross rental income	0.5%	20.3%	31.3%	31.2%	16.7%

Paragon: well staggered lease expiry

Expiry by Gross Rental Income

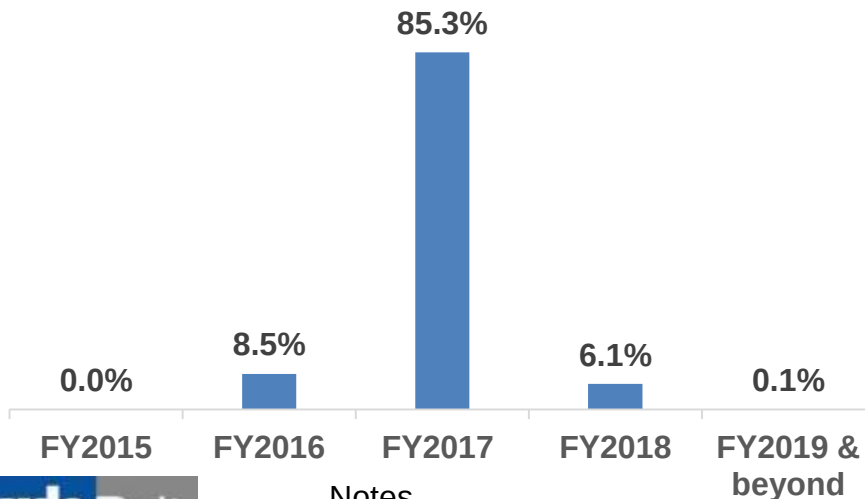


Expiry by NLA

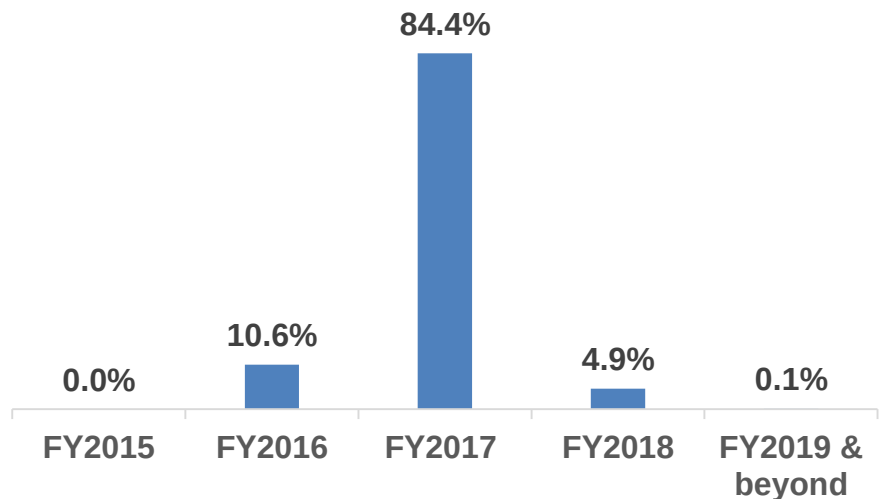


The Clementi Mall (a) : tenant retention rate of more than 90% for first renewal cycle

Expiry by Gross Rental Income



Expiry by NLA



Notes

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

Key Events



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 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
 - Currently one applicable ROFR property, The Seletar Mall, which has opened on 28 November 2014 with 99.6% committed occupancy rate.
 - 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 in progress

- Creation of approximately 5,000sf of net lettable area for the chiller decanting project, and works are expected to complete by FY 2016.

New Brands

COLE HAAN



Expansion



Market outlook

- **Outlook for Singapore economy remains modest**
 - The Singapore economy grew by 2.6% year-on-year in the first quarter of 2015. 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.
- **STB has forecast visitor arrivals and tourist receipts to post flat-to-modest growth in 2015**
 - International visitor arrivals declined 5.4% year-on-year for the first four months of 2015.
 - STB launched the Golden Jubilee campaign and partnered more than 40 stakeholders to offer deals and experiences as part of the S\$20 million marketing outreach in seven key markets.
- **Retail sales declined**
 - The Retail Sales Index (excluding motor vehicles) fell year-on-year by 0.4% in November 2014, 3.2% in December 2014, 3.4% in March 2015, and 0.7% in April 2015. The months of January and February 2015 were excluded as the fluctuations were mainly due to different timing for Chinese New Year in 2014 and 2015.

Distribution details and timetable

Distribution period	3Q FY15 (1 March 2015 – 31 May 2015)
Distribution per unit	1.35 cents per unit
Ex-date	13 July 2015
Record date	15 July 2015
Payment date	14 August 2015

Thank You

Please visit www.sphreit.com.sg for more information.