



ANNUAL GENERAL MEETING 2017

30 November 2017

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This presentation shall be read in conjunction with SPH REIT’s financial results for the financial year ended 31 August 2017 in the SGXNET announcement.

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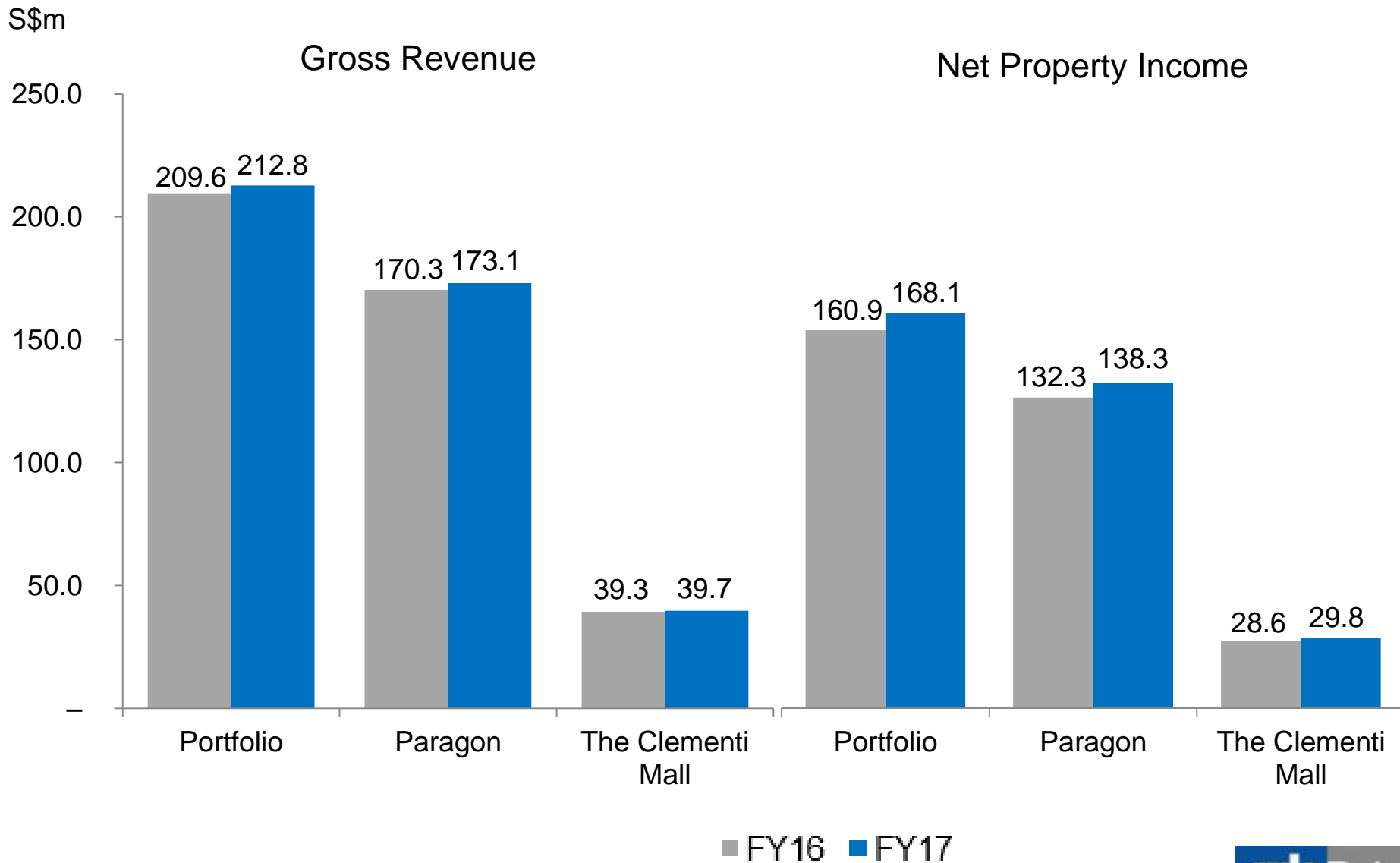
Key Highlights

- Net property income for FY17 up 4.5% year-on-year
- FY17 DPU was 5.53 cents, an increase of 0.5 % against last year
- Distribution yield was 5.53% (based on closing price of \$1.00 per unit on 31 August 2017)
- Refresh tenancies and engaging shoppers
- Strong balance sheet, with low gearing of 25.4% and 85.9% debt on fixed rate

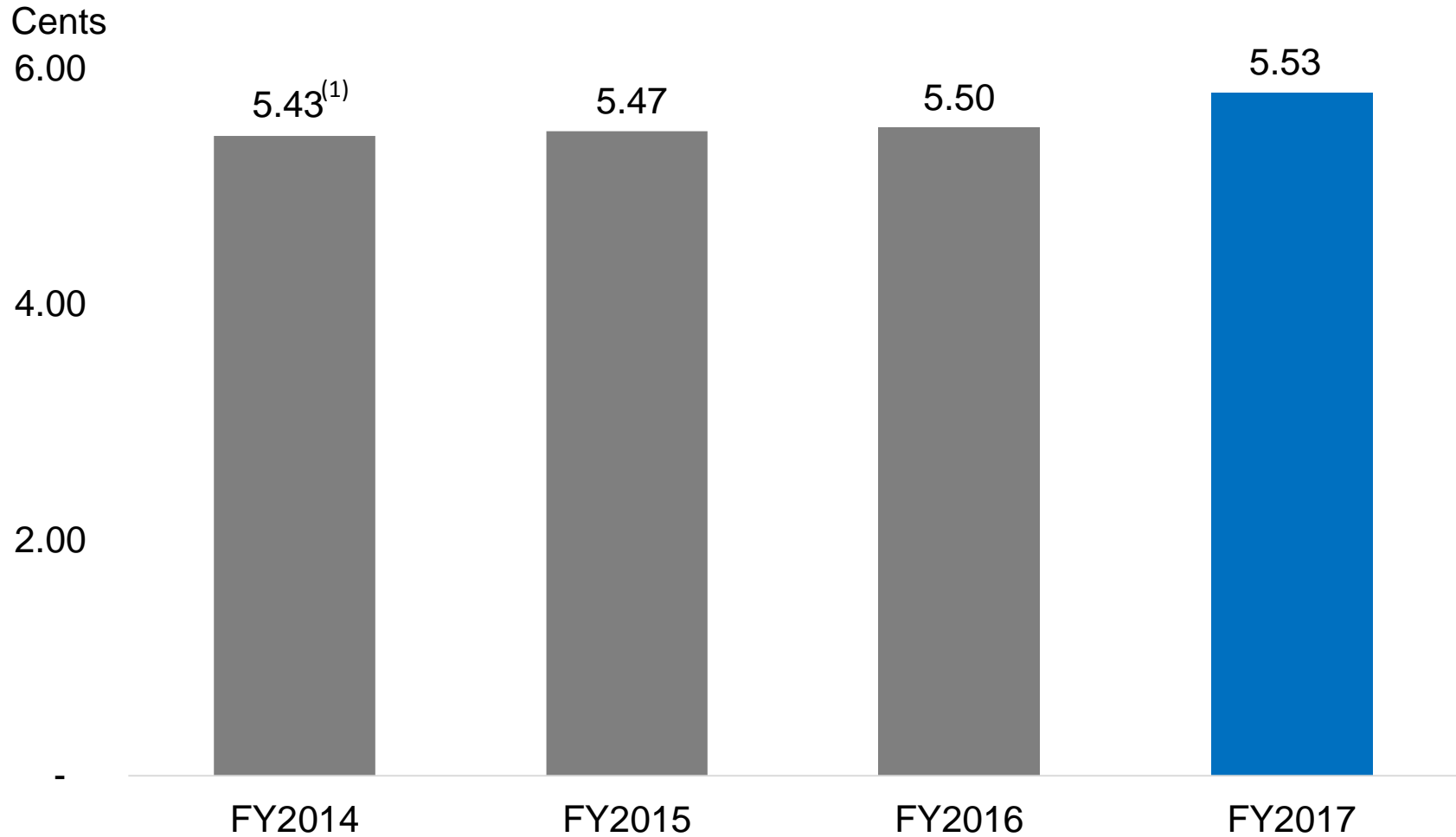
Resilient performance

	FY17 S\$'000	FY16 S\$'000	Change %
Gross revenue	212,756	209,594	▲ 1.5
Property expenses	(44,668)	(48,683)	▼ 8.2
Net property income (NPI)	168,088	160,911	▲ 4.5
Income available for distribution	141,228	141,078	▲ 0.1
Distribution to Unitholders	141,228	139,711	▲ 1.1
Distribution per unit (DPU) (cents)	5.53	5.50	▲ 0.5

Higher gross revenue and NPI



Steady distribution



Note:

(1) Does not include the distribution of 0.56 cents from 24 July 2013 (listing date) to 31 August 2013

Financial position

	As at 31 August 2017 S\$'000	As at 31 August 2016 S\$'000
Total assets	3,346,701	3,311,255
Total liabilities	925,641	922,723
Net assets	2,421,060	2,388,532
Net asset value per unit	S\$0.95	S\$0.94
Gearing ^(a)	25.4%	25.7%

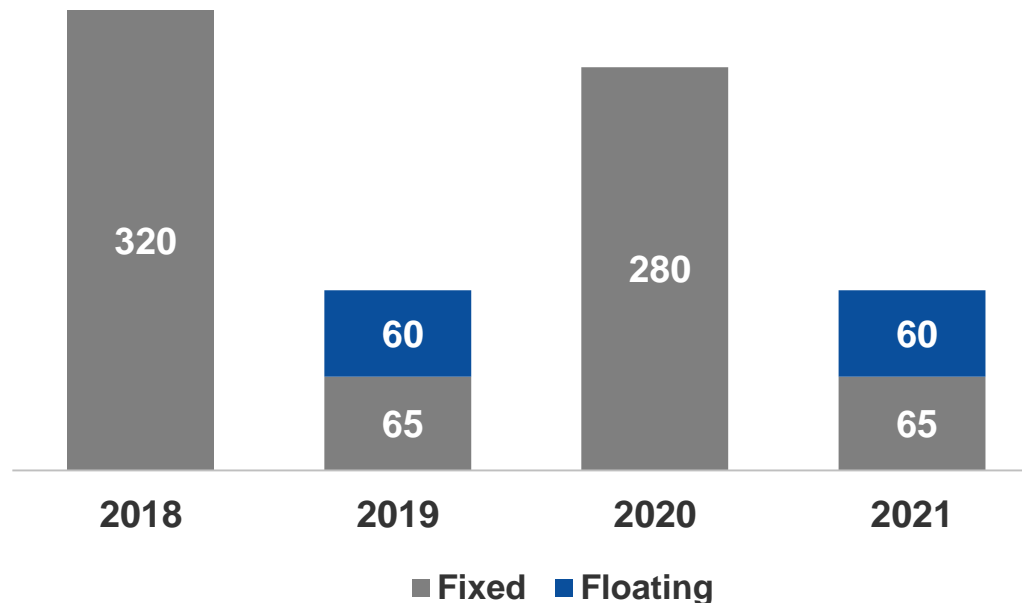
Note:

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

Low gearing and 86% of debt fixed

- Proactive capital management with 85.9% of the S\$850m debt facility on a fixed rate basis
- Gearing level of 25.4% and average cost of debt: 2.82% p.a.
- Weighted average term to maturity: 2.1 years

Debt Maturity Profile (S\$m)



Market value of properties

	Valuation as at 31 August ^(a)		Capitalisation Rate As at 31 August	
	2017 S\$m	2016 S\$m	2017 %	2016 %
Paragon	2,695.0	2,656.0	4.50% - Retail 3.75% - Medical Suite/ Office	4.85% - Retail 4.00% - Medical Suite/ Office
The Clementi Mall ^(b)	583.0	574.0	4.80%	5.00%
SPH REIT Portfolio	3,278.0	3,230.0		

Notes:

(a) Valuations as at 31 August 2017 and 31 August 2016 were conducted by JLL.

(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



Resilient operating performance

- Both malls continued their track record of 100% committed occupancy
- The portfolio recorded a moderate rental reversion of 1.2% for new and renewed leases in FY17
- Visitor traffic at Paragon was maintained at 18.3 million. Tenant sales increased by 2.1% to \$675 million.
- The Clementi Mall recorded regular visitor traffic of 29.9 million, 0.3% lower than the year before. Tenant sales declined by 5.8% to \$225 million.
- Occupancy cost was at 19.6% and 15.8% for Paragon and The Clementi Mall respectively.

Moderate rental reversion

	Number of renewals / new leases ^(a)	NLA renewed / new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates ^(c)
Paragon	92	165,999	23.2%	(0.8%)
The Clementi Mall	99	155,666	79.8%	3.7%
SPH REIT Portfolio	191	321,665	35.3% ^(b)	1.2% ^(d)

Notes:

- (a) For expiries in FY17, excluding newly created and reconfigured units
- (b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 910,395 sqft as at 31 August 2017.
- (c) 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.
- (d) Reversion rate is computed based on weighted average of all expiring leases.

Staggered portfolio lease renewal

Weighted Average Lease Expiry (WALE) as at 31 August 2017

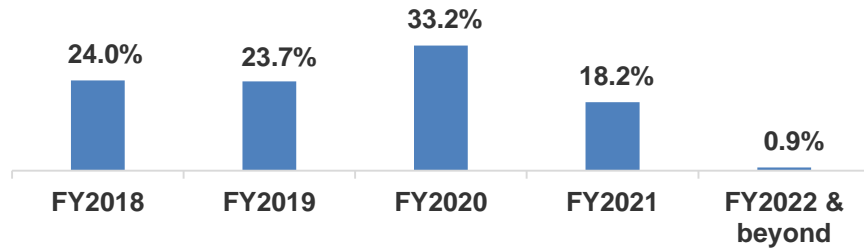
By NLA	2.2 years
By Gross Rental Income	2.1 years

Lease expiry as at 31 August 2017

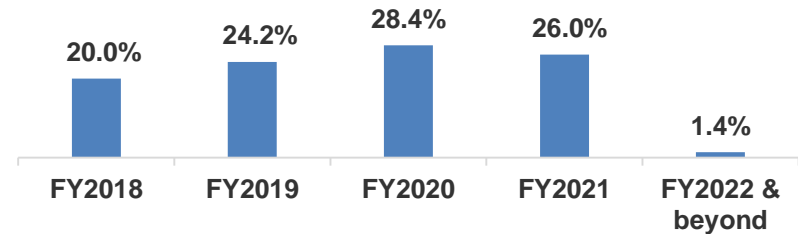
	FY2018	FY2019	FY2020	FY2021	FY2022 and beyond
Expiries as a % of total NLA	16.8%	22.0%	36.9%	23.2%	1.1%
Expiries as a % of Gross rental income	20.7%	22.2%	39.3%	17.2%	0.6%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income

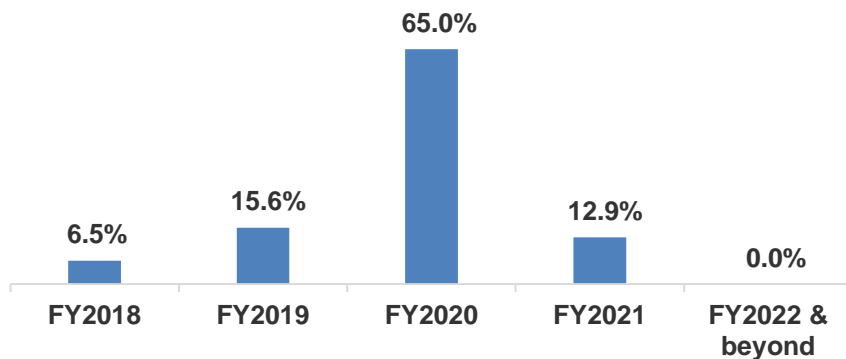


Expiry by NLA

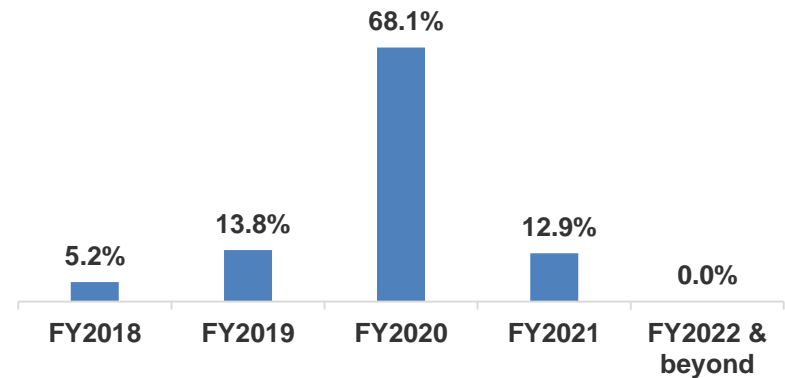


The Clementi Mall (a) : Second renewal cycle completed in 2017

Expiry by Gross Rental Income



Expiry by NLA

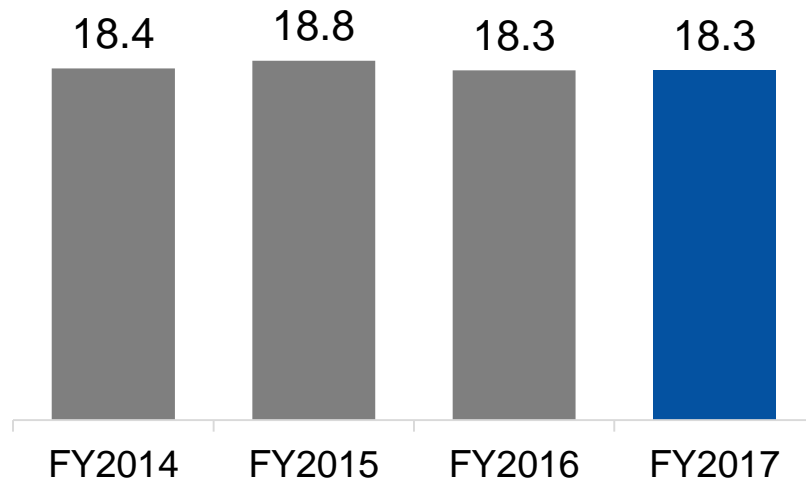


Note:

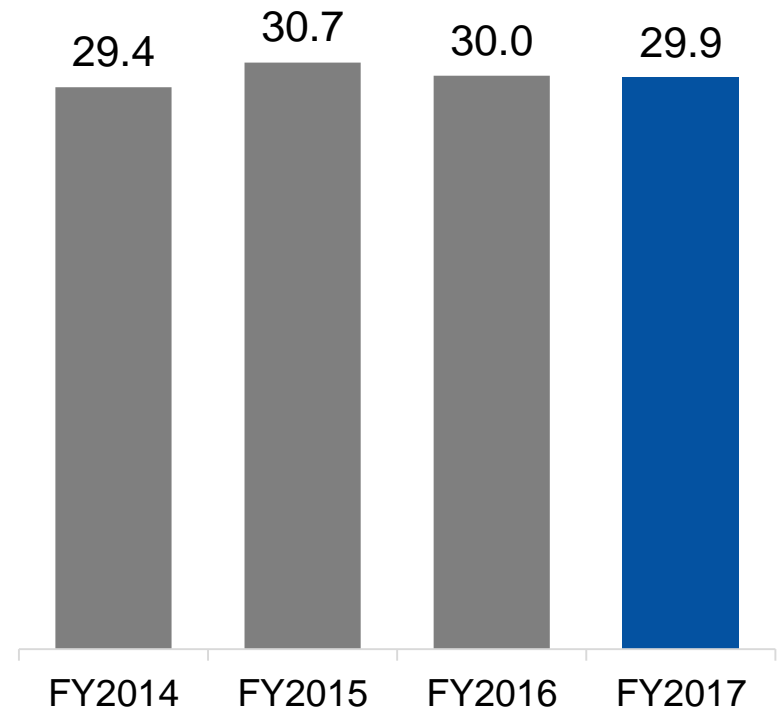
(a) The Clementi Mall officially opened in May 2011 with first lease renewal cycle in 2014.

Steady visitor traffic

Paragon



The Clementi Mall



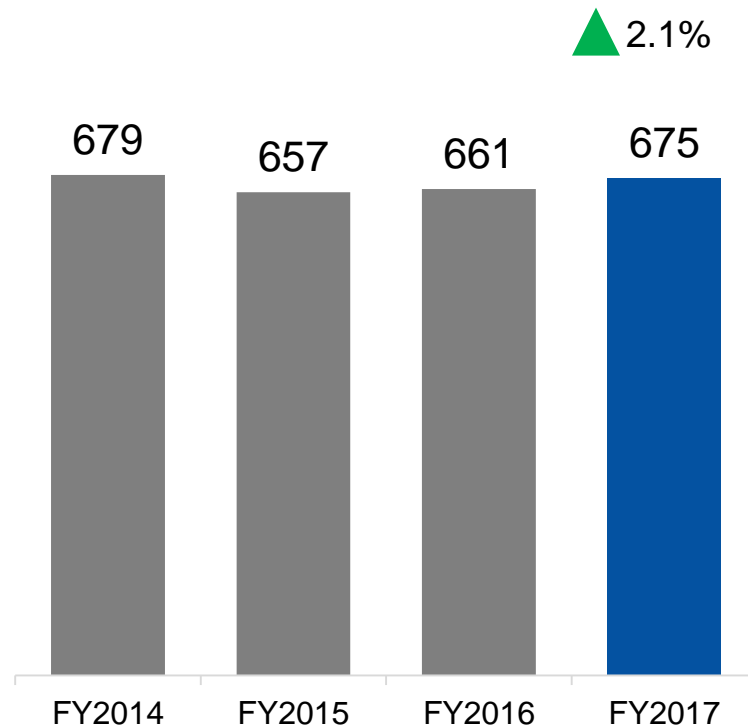
Note:

(a) Financial year refers to the period from 1 September to 31 August in the respective years.

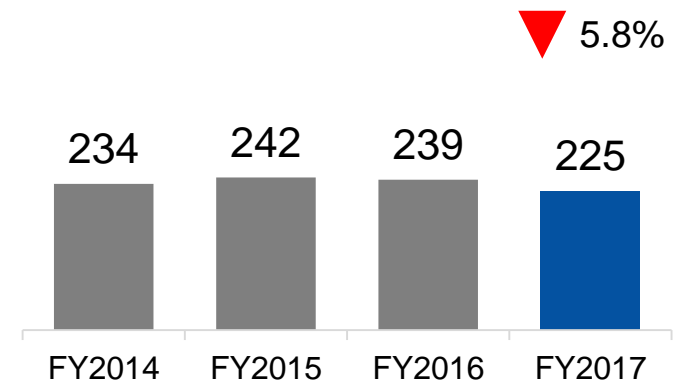
(b) All figures are in millions

Tenant sales

Paragon



The Clementi Mall



Note:

(a) Financial year refers to the period from 1 September to 31 August in the respective years.

(b) All figures are in millions



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, and maintained high occupancy rate since its opening.
 - 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.

Engaging activities at our malls



Amazing performances beyond labels of disability



Unique ski dash challenge



Engagement with community

Refresh tenancies

Paragon



New tenant - LaiChan



Flagship - Nike



New concept – 63 Celsius

The Clementi Mall



New tenant – So Pho



New tenant – Maki San



New tenant – Chateraise

Continual asset enhancement

Air Handling Unit (“AHU”) decanting project in Paragon

- Replacing aging AHUs with fan coil unit (“FCU”) and convert about 7,000 sqft back-of-house space into revenue generating net lettable area (“NLA) at retail levels.
- Mutli-phased approach from September 2015 to mid 2018 to minimise disruption to tenants.
- Phase 1 was completed with newly created net lettable area at Level 1 for new concept “Greyhound Café” and flagship store “Emporio Armani”.
- Phase 2 is scheduled to complete in mid 2018 and the created NLA will be redistributed to retail space at Level 2 to 5.



First Greyhound Café in Singapore



Emporio Armani flagship store

Market outlook

- **Outlook for Singapore economic growth is expected to moderate but remain firm**
 - The Ministry of Trade and Industry (MTI) reported that the Singapore economy grew by 5.2% year-on-year in third quarter of 2017, faster than the 2.9% growth in the previous quarter.
 - MTI has revised the economic growth forecast for 2017 to “3.0% to 3.5%”, from “2.0% to 3.0%”.
- **The retail environment remains muted**
 - The retail sales index (excluding motor vehicles) grew by 2.4% (year-on-year) in Q3 2017 and 2.5% in Q2 2017, reversing the decline in Q1 2017 (1.0%).
 - Key trade segments registered increase in sales in Q3 2017, including departmental stores (4.6%), watches & jewellery (4.5%) and wearing apparel & footwear (4.1%).
- According to the Singapore Tourism Board (STB), the international visitor arrivals (IVA) recorded a 4.0% y-o-y growth in the first eight months of 2017. Tourism receipts grew by 10.0% to S\$12.7 billion in the first half year of 2017.

Thank You

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

