

Financial Statements and Related Announcement::First Quarter Results

Issuer & Securities

Issuer/ Manager	SPH REIT MANAGEMENT PTE. LTD.
Securities	SPH REIT - SG2G02994595 - SK6U
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	05-Jan-2016 18:43:12
Status	New
Announcement Sub Title	First Quarter Results
Announcement Reference	SG160105OTHRAZIK
Submitted By (Co./ Ind. Name)	Lim Wai Pun
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	The Announcement, Press Release and Results Presentation are attached.

Additional Details

For Financial Period Ended	30/11/2015
Attachments	<p>SPH REIT - SGX Announcement Q1FY16.pdf</p> <p>SPH REIT - Press Release Q1FY16.pdf</p> <p>SPH REIT - Results Presentation Slides Q1FY2016.pdf</p> <p>Total size =5897K</p>

Like Tweet 



SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT * FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2015

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

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.

Review by auditors

The financial information as set out in this announcement for the first quarter ended 30 November 2015 has been extracted from the interim financial information for the first quarter ended 30 November 2015, 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 review report.*

TABLE OF CONTENTS

Item No.	Description	Page No.
1	Statement of Total Return and Distribution Statement	3 - 4
	Balance Sheet	5
	Borrowing	6
	Statement of Cash Flows	7
	Statement of Changes in Unitholders' Funds	8
	Details of Changes in Issued and Issuable Units	8 - 9
2 & 3	Audit Statement	9
4 & 5	Changes in Accounting Policies	9
6	Earnings ("EPU") and Distribution ("DPU")	10
7	Net Asset Value ("NAV")	10
8	Review of Performance	11
9	Variance from Prospect Statement	12
10	Outlook and Prospects	12
11 - 12	Distribution	13 - 14
13	Segment Results	15
14	General mandate relating to Interested Person Transactions	15
15	Confirmation Pursuant to Rule 705(5) of the Listing Manual	16

For The First Quarter ended 30 November 2015

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 2016 S\$'000	1Q 2015 S\$'000	Change %
Gross revenue	52,095	50,635	2.9
Property operating expenses	(11,991)	(12,762)	(6.0)
Net property income	40,104	37,873	5.9
Income support ¹	745	868	(14.2)
Amortisation of intangible asset	(745)	(868)	(14.2)
Manager's management fees	(4,059)	(3,930)	3.3
Trust expenses ²	(470)	(469)	0.2
Finance income ³	241	92	162.0
Finance costs	(5,987)	(4,965)	20.6
Total return before taxes and distribution	29,829	28,601	4.3
Less: income tax	-	-	NM
Total return after taxes and before distribution	29,829	28,601	4.3

Notes:

- Income support relates to the top-up payment from the vendors of The Clementi Mall pursuant to the Deed of Income Support.
- 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.
- Finance income represent the interest income from bank deposits.

NM Not Meaningful

For The First Quarter ended 30 November 2015

1(a)(ii) Distribution Statement

	1Q 2016 S\$'000	1Q 2015 S\$'000	Change %
Total return before taxes and distribution	29,829	28,601	4.3
Add: Non-tax deductible items ¹	5,479	5,430	0.9
Income available for distribution	35,308	34,031	3.8
Distribution to Unitholders²	33,696	33,489	0.6

Notes:

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 2016, the distribution to unitholders was 95.4% of taxable income available for distribution.

For The First Quarter ended 30 November 2015

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 15	As at 31 Aug 15
	S\$'000	S\$'000
Non-current assets		
Plant and equipment	1,022	1,044
Investment properties ¹	3,214,592	3,212,500
Intangible asset ²	8,656	9,400
Derivative financial instruments ³	953	3,949
	3,225,223	3,226,893
Current assets		
Trade and other receivables	5,440	5,008
Derivative financial instruments ³	220	365
Cash and cash equivalents	72,911	77,355
	78,571	82,728
Total assets	3,303,794	3,309,621
Non-current liabilities		
Borrowing	595,887	595,565
Trade and other payables	38,077	36,685
	633,964	632,250
Current liabilities		
Borrowing	249,517	249,330
Trade and other payables ⁴	26,914	30,231
	276,431	279,561
Total liabilities	910,395	911,811
Net assets attributable to Unitholders	2,393,399	2,397,810

Notes:

1. The fair value of Paragon and The Clementi Mall as at 31 August 2015 was S\$2,641.0 million and S\$571.5 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 balance sheet date of the interest rate swap contracts to swap floating rates for fixed interest rates.
4. Trade and other payables comprised mainly rental deposits, accrued interest and other payables.

1(b)(ii) Borrowing

Secured borrowing

	As at 30 Nov 15 S\$'000	As at 31 Aug 15 S\$'000
Amount repayable within one year	249,517	249,330
Amount repayable after one year	595,887	595,565
Total	845,404	844,895

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\$845.4 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 25 July 2016, S\$135 million on 26 March 2018, S\$185 million on 24 July 2018 and S\$280 million on 24 July 2020.

Management is currently reviewing the refinancing options for the S\$250 million tranche.

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 2016 S\$'000	1Q 2015 S\$'000
Cash flows from operating activities		
Total return for the quarter	29,829	28,601
Adjustments for:		
Manager's fee paid/payable in units	4,059	3,930
Depreciation of plant and equipment	47	34
Finance income	(241)	(92)
Finance costs	5,987	4,965
Amortisation of intangible asset	745	868
Operating cash flow before working capital changes	40,426	38,306
Trade and other receivables	(448)	554
Trade and other payables	(2,189)	(593)
Net cash from operating activities	37,789	38,267
Cash flows from investing activities		
Additions to investment properties	(1,302)	(1,151)
Purchase of plant and equipment	(10)	-
Interest received	252	82
Net cash used in investing activities	(1,060)	(1,069)
Cash flows from financing activities		
Distribution to unitholders	(35,158)	(34,948)
Interest paid	(6,015)	(4,523)
Net cash used in financing activities	(41,173)	(39,471)
Net decrease in cash and cash equivalents	(4,444)	(2,273)
Cash and cash equivalents at beginning of the period	77,355	90,658
Cash and cash equivalents at end of the period	72,911	88,385

For The First Quarter ended 30 November 2015

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

	1Q 2016	1Q 2015
	S\$'000	S\$'000
Balance as at beginning of period	2,397,810	2,353,066
<u>Operations</u>		
Total return for the quarter / net increase in assets resulting from operations	29,829	28,601
<u>Hedging reserve</u>		
Effective portion of changes in fair value of cash flow hedges ¹	(3,141)	(1,116)
<u>Unitholders' transactions</u>		
Distribution to unitholders	(35,158)	(34,948)
Manager's fee paid/payable in units	4,059	3,930
	(31,099)	(31,018)
Balance as at end of period	2,393,399	2,349,533

Note:

1. This relates to interest rate swap arrangements.

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

	1Q 2016	1Q 2015
	No. of units	No. of units
Issued units as at beginning of period	2,529,309,302	2,514,276,488
Manager's fee paid in units ¹	4,211,448	3,678,691
Issuable units:		
Manager's fee payable in units ²	4,392,146	3,703,989
Total issued and issuable units as at end of period	2,537,912,896	2,521,659,168

Notes:

1. For 1Q 2016, there were 4,211,448 units issued to the REIT Manager as satisfaction of management fee for the 4Q 2015 ended 31 August 2015. For 1Q 2015, there were 3,678,691 units issued to the REIT Manager as satisfaction of management fee for the 4Q 2014 ended 31 August 2014.
2. There are 4,392,146 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 2014, there were 3,703,989 units to be issued to the REIT Manager as satisfaction of management fee for 1Q 2015.

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 2015, SPH REIT had 2,533,520,750 units (31 August 2015: 2,529,309,302 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 2015 as set out in this announcement has been extracted from the interim financial information for the first quarter ended 30 November 2015, 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 year, 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 2015

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

	1Q 2016	1Q 2015
<u>Earnings per unit</u>		
Weighted average number of units ¹	2,533,568,491	2,517,995,591
Total return for the quarter after tax (S\$’000)	29,829	28,601
EPU (basic and diluted) (cents)	1.18	1.14
<u>Distribution per unit</u>		
Total number of units in issue at end of quarter	2,533,520,750	2,517,955,179
Distribution to Unitholders ² (\$’000)	33,696	33,489
DPU ³ (cents)	1.33	1.33

Notes:

1. The weighted average number of units was based on the number of units in issue and issuable units to the Manager.
2. As shown in 1(a)(ii) Distribution Statement.
3. The DPU was computed based on the number of units entitled to distribution.

7. Net Asset Value (“NAV”) per unit

	As at 30 Nov 15	As at 31 Aug 15
NAV per unit ¹ (S\$)	0.94	0.95

Note:

1. The NAV per unit was computed based on the number of units in issue as at balance sheet date.

8. Review of Performance

Review of Results for the First Quarter ended 30 November 2015 (“1Q 2016”) compared with the First Quarter ended 30 November 2014 (“1Q 2015”)

Gross revenue for 1Q 2016 was up S\$1.5 million (2.9%) to S\$52.1 million, on the back of higher rental income. The positive results was driven by rental uplift for Paragon and The Clementi Mall of 3.2% and 5.4% respectively for the new or renewed leases in 1Q 2016. The relatively moderate rental uplift at Paragon was mainly due to the prevailing weak retail sentiment.

Property operating expenses of S\$12.0 million was S\$0.7 million (6.0%) lower than 1Q 2015. Savings in utilities and lower marketing expenses were partially offset by higher property taxes and other premises cost. Decrease in utilities was due to lower tariff rate and savings in consumption from the new and more efficient chillers.

Consequently, net property income (“NPI”) of S\$40.1 million for 1Q 2016 was S\$2.2 million (5.9%) above 1Q 2015. NPI margin of 77.0% was achieved, better than 1Q 2015 of 74.8%.

Total return for 1Q 2016 was S\$29.8 million, an increase of S\$1.2 million (4.3%) against the same quarter last year. This was mainly attributable to the higher NPI partially offset by higher finance cost. Average cost of debt for 1Q 2016 was 2.84% compared to 1Q 2015 of 2.35%.

Income available for distribution of S\$35.3 million for 1Q 2016 was S\$1.3 million (3.8%) higher compared to 1Q 2015.

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 2.1% on a year-on-year (y-o-y) basis in 2015. While global growth is expected to improve in 2016, downside risks remain. Domestically, growth in labour-intensive segments such as retail and food services may be weighed down by manpower constraints. Against this backdrop, MTI expects the Singapore economy to grow at a modest pace of between 1.0% and 3.0% in 2016.

The retail environment remains challenging. Based on figures released by the Singapore Department of Statistics (DOS), the retail sales index (excluding motor vehicles) declined y-o-y by 0.2% in Q1 2015, and 0.6% in Q2 2015. Retail sales registered positive y-o-y growth of 0.7% in Q3 2015, but fell back to -4.9% in October 2015.

According to Singapore Tourism Board (STB) statistics, the international visitor arrivals (IVA) increased y-o-y by 0.1% for the first ten months of 2015. The improvement was underpinned by consecutive growth from May to October 2015. Tourism receipts was 12% lower y-o-y in the first half of 2015. STB has forecast visitor arrivals and tourist receipts to post flat-to-modest growth in 2015.

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 Clementi Mall continued to attract steady footfall. 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 2015 to 30 November 2015
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 2020.</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 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>

(c) **Date payable**

The date the distribution is payable: Monday, 15 February 2016.

(d) **Record date**

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 13 January 2016 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 2016	1Q 2015	Change
	S\$'000	S\$'000	%
<u>Gross Revenue</u>			
Paragon	42,329	40,818	3.7
The Clementi Mall	9,766	9,817	(0.5)
Total	52,095	50,635	2.9
<u>Net Property Income</u>			
Paragon	33,099	30,992	6.8
The Clementi Mall	7,005	6,881	1.8
Total	40,104	37,873	5.9

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,
5 January 2016



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 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 2015, to be false or misleading in any material respect.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Leong' followed by a stylized flourish.

LEONG HORN KEE
Chairman

A handwritten signature in black ink, appearing to read 'Anthony' followed by a stylized flourish.

ANTHONY MALLEK
Director

Singapore,
5 January 2016



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 2015

We have reviewed the accompanying Balance Sheet and Portfolio Statement of SPH REIT (the "Trust") as at 30 November 2015, 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 2015 ("Interim Financial Information"), as set out on pages 3 to 11.

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
5 January 2016



SPH REIT's 1Q 2016 Net Property Income up 5.9% year-on-year

- 1Q 2016 DPU was 1.33 cents
- Income available for distribution of 1Q 2016 increased 3.8% year-on-year
- Resilient portfolio occupancy of 99.8%

SINGAPORE, January 5, 2016 – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that gross revenue for the first quarter ended 30 November 2015 (“1Q 2016”) grew \$1.5m (2.9%) to \$52.1m, on the back of higher rental income. With proactive management of expenses, net property income (“NPI”) of \$40.1m was \$2.2m (5.9%) higher in 1Q 2016 compared to the same period last year (“1Q 2015”).

Income available for distribution to unitholders was \$35.3m for 1Q 2016, an increase of \$1.3m (3.8%) compared to the corresponding quarter last year. Distribution per unit (“DPU”) for 1Q 2016 was maintained at 1.33 cents, same as 1Q 2015. The 1Q 2016 distribution will be paid to unitholders on 15 February 2016.

Steady and resilient operational performance

Both properties continued to demonstrate resilience and achieved positive rental reversion.

Paragon's occupancy was 99.8% as at 30 November 2015. The marginal dip from full occupancy was due to timing of amalgamation of space to create a contiguous unit. The relatively moderate rental uplift at Paragon of 3.2% for new or renewed leases in 1Q 2016, was mainly due to the prevailing weak retail sentiment. The Clementi Mall remained fully leased, with positive rental reversion of 5.4% for renewal during the quarter.

Paragon continued to see healthy leasing demand and welcomed several international retailers such as Loewe, Ralph Lauren Children, Lalique, and APM Monaco to the mall. Emporio Armani has also pre-committed to take up part of the reconfigured space at level one from the Air Handling Unit (AHU) decanting project. The Manager remains focused on its effort to revitalise the tenant mix, strengthen various clusters and enhance the premier positioning of Paragon.

Capital Management

SPH REIT has a well-staggered debt maturity profile, with weighted average term to maturity of 2.7 years and gearing level of 25.7% as at 30 November 2015. It registered an average cost of debt of 2.84% p.a. for 1Q 2016. To mitigate exposure to interest rate risk, 84.7% of the total borrowing was on fixed rate basis.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd. said: "We are pleased that SPH REIT has continued to deliver steady financial and operating performance. To sustain returns to unitholders, we will continue to build firm partnership with tenants and pursue opportunities to reinforce the positioning of our properties.

"The AHU project at Paragon is progressing on schedule. We have identified an asset enhancement initiative for The Clementi Mall which will create a more efficient layout and increase the range and depth of merchandise to drive higher sales. Both projects will create value and strengthen the long-term sustainability of the properties. We are confident that our philosophy of continual asset enhancement will sustain future performance."

Summary Results of SPH REIT

	1Q 2016 \$'000	1Q 2015 \$'000	Change %
Gross revenue	52,095	50,635	2.9
Net property income	40,104	37,873	5.9
Income available for distribution	35,308	34,031	3.8
Distribution to Unitholders ¹	33,696	33,489	0.6
Distribution per unit (cents)	1.33	1.33	-
Annualised distribution yield (%)	5.78 ²	5.05 ³	14.5

Note:

1. For 1Q 2016, the distribution to unitholders was 95.4% of taxable income available for distribution.
2. Based on \$0.925 per unit closing price on 30 November 2015.
3. Based on \$1.060 per unit closing price on 28 November 2014.

For further information and enquiries, please contact:

Chin Soo Fang
Head
Corporate Communications & CSR
Singapore Press Holdings
Tel: +65 6319 1216
Email: soofang@sph.com.sg

Soon Suet Har
Chief Financial Officer &
Head of Investor Relations
SPH REIT Management Pte. Ltd.
Tel: +65 6303 8879
Email: ssuethar@sphreit.com.sg

ABOUT SPH REIT

SPH REIT is a Singapore-based real estate investment trust established principally 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.

Its portfolio of properties comprises a 99-year leasehold interest in Paragon commencing on the date of listing of SPH REIT and a 99-year leasehold interest in The Clementi Mall commencing on 31 August 2010. Valued at S\$3.21 billion with an aggregate net lettable area of approximately 900,000 sq ft, the properties have a committed occupancy of 99.8% and have a diverse and high quality tenant base of about 440 local and international retailers and medical specialists.

Visit SPH REIT's website at www.sphreit.com.sg for more details.

ABOUT THE REIT MANAGER: SPH REIT MANAGEMENT PTE. LTD.

SPH REIT is managed by SPH REIT Management Pte. Ltd., a wholly-owned subsidiary of Singapore Press Holdings Limited. The Manager's key objective for SPH REIT is to provide Unitholders with regular and stable distributions, and sustainable long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure.

ABOUT THE SPONSOR: SINGAPORE PRESS HOLDINGS

Incorporated in 1984, main board-listed Singapore Press Holdings Ltd (SPH) is Asia's leading media organisation, engaging minds and enriching lives across multiple languages and platforms, ranging from print, digital, radio and out-of-home media.

SPH owns award-winning newspapers, magazines and best-selling books in both print and digital editions, as well as online classified businesses in the region. In addition, SPH has two English radio stations and one Chinese radio station, an out-of-home digital advertising unit, a regional events and conferences arm, and runs a chain of modern retail convenience stores. SPH also has a 20 per cent stake in MediaCorp TV Holdings Pte Ltd, which operates free-to-air channels 5, 8 and U, and a 40 per cent stake in MediaCorp Press Limited, which publishes the free newspaper, Today.

SPH owns 70 per cent of SPH REIT, which comprises Paragon, a premier upscale retail mall and medical suite/office property in Orchard Road and The Clementi Mall, a mid-market suburban mall. SPH's latest retail development is The Seletar Mall located in Sengkang.

For more information, please visit www.sph.com.sg.

Important Notice

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.



1Q FY16 Financial Results

5 January 2016

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 first quarter ended 30 November 2015 in the SGXNET announcement.

Contents

Results Slide 3

Balance sheet Slide 7

Operational performance Slide 11

Growth strategy and market outlook Slide 16

Distribution details and timetable Slide 21

Key Highlights

- Net property income for 1Q FY16 up 5.9% year-on-year
- 1Q FY16 DPU was 1.33 cents
- Distribution yield was 5.78% (based on closing price of \$0.925 per unit on 30 November 2015)
- Two asset enhancement projects underway
- Strong balance sheet, with low gearing of 25.7% and 84.7% debt on fixed rate

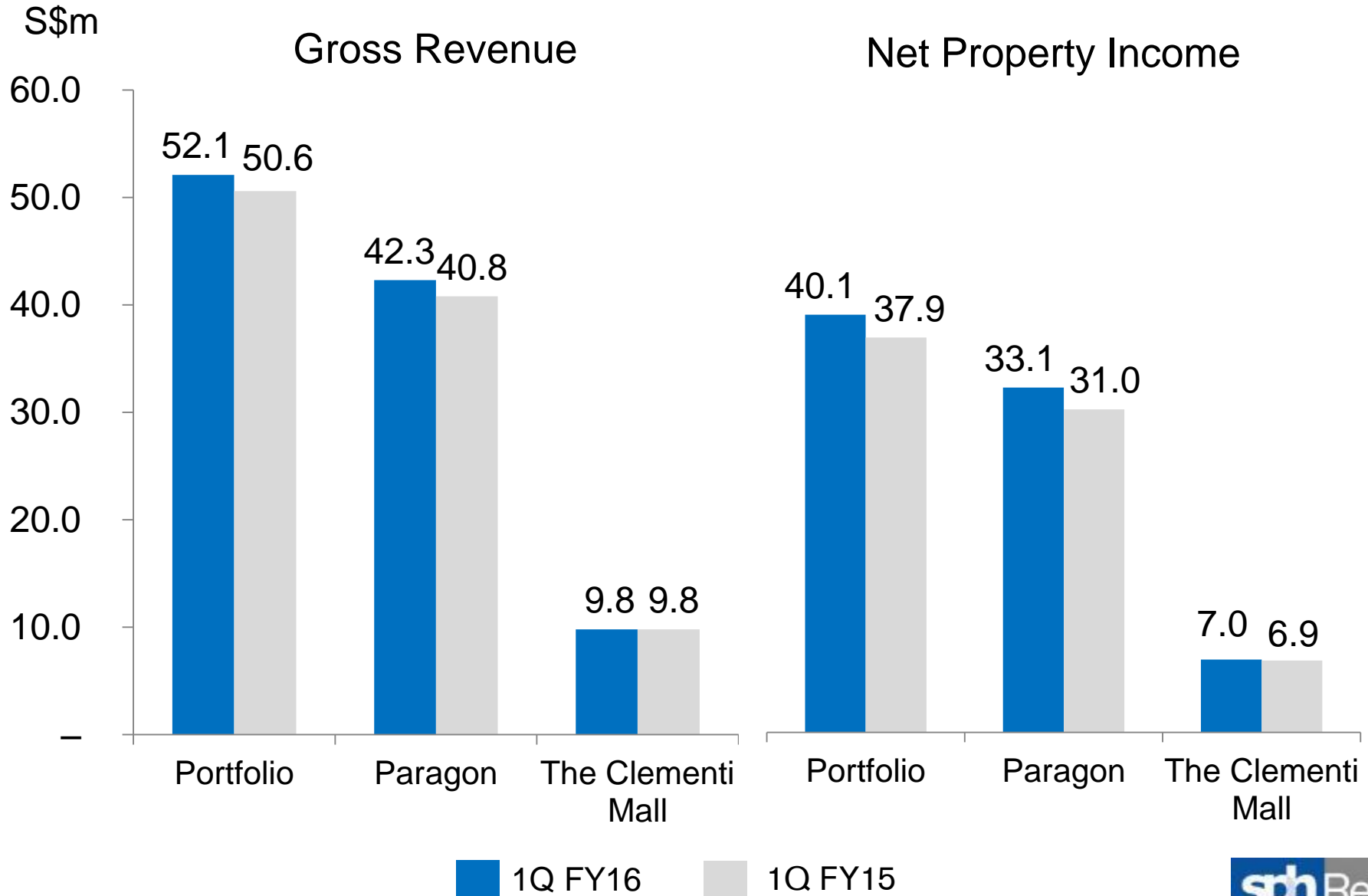
Resilient performance

	1Q FY16 S\$'000	1Q FY15 S\$'000	Change %
Gross revenue	52,095	50,635	▲ 2.9%
Property expenses	(11,991)	(12,762)	▼ 6.0%
Net property income (NPI)	40,104	37,873	▲ 5.9%
Income available for distribution	35,308	34,031	▲ 3.8%
Distribution to Unitholders ^(a)	33,696	33,489	▲ 0.6%
Distribution per unit (DPU) (cents)	1.33	1.33	-

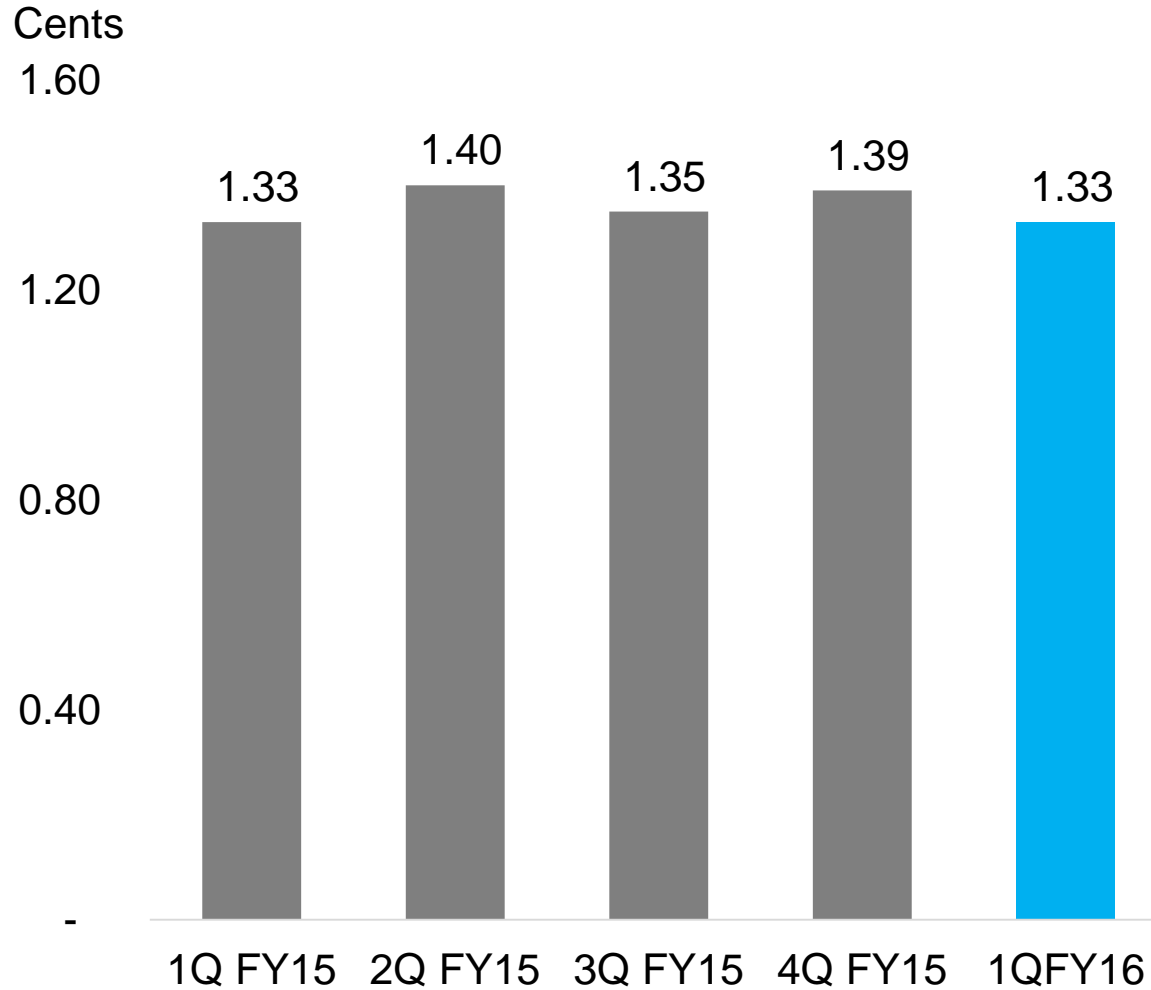
Note:

(a) For 1Q 2016, the distribution to unitholders was 95.4% of taxable income available for distribution.

Higher gross revenue and NPI



Stable and regular DPU



Balance sheet



Financial position

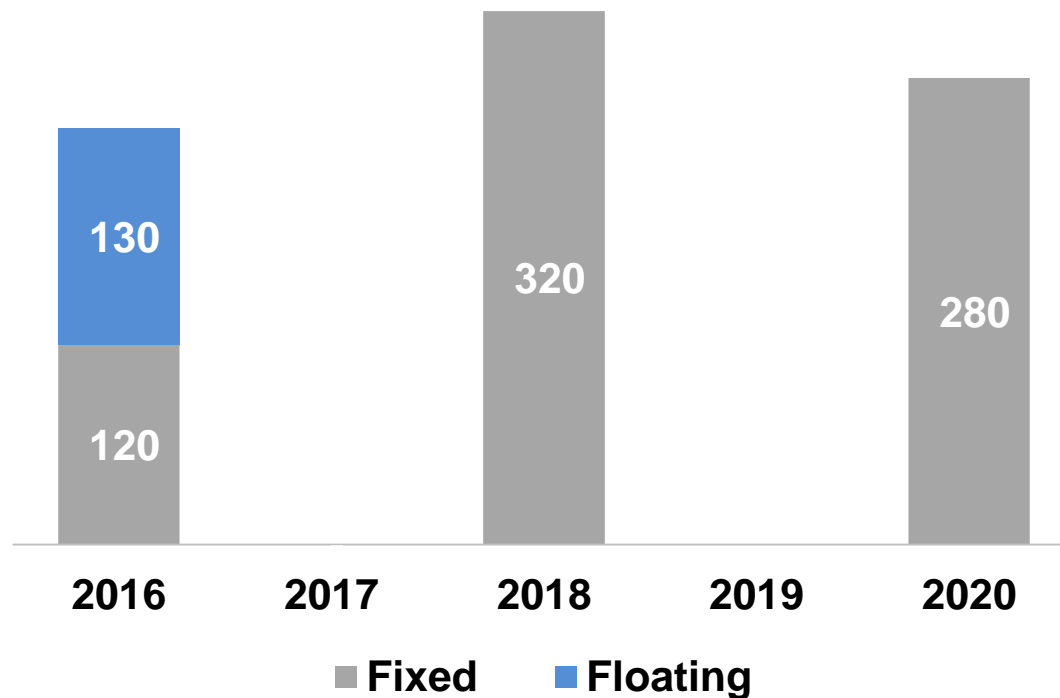
	As at 30 November 2015 S\$'000	As at 31 August 2015 S\$'000
Total assets	3,303,794	3,309,621
Total liabilities	910,395	911,811
Net assets	2,393,399	2,397,810
Net asset value per unit	S\$0.94	S\$0.95
Gearing ^(a)	25.7%	25.7%

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

Low gearing and 85% of debt fixed

- Proactive capital management with 84.7% of the S\$850m debt facility on a fixed rate basis
- Average cost of debt: 2.84%
- Weighted average term to maturity: 2.7 years

Debt maturity profile (S\$m)



Market value of properties

	Valuation as at 31 August (a)		Capitalisation Rate As at 31 August 2015 and 2014
	2015 S\$m	2014 S\$m	
Paragon	2,641.0	2,588.0	4.85% - Retail 4.25% - Medical Suite/Office
The Clementi Mall (b)	571.5	571.0	5.00%
SPH REIT Portfolio	3,212.5	3,159.0	

Notes

(a) Valuations as at 31 August 2015 and 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



Resilient operating performance

- Paragon's occupancy was 99.8% as at 30 November 2015. The marginal dip from full occupancy was due to timing of amalgamation of space to create a contiguous unit.
- The relatively moderate rental uplift at Paragon of 3.2% for new or renewed leases in 1Q 2016, was mainly due to the prevailing weak retail sentiment.
- The Clementi Mall remained fully leased, with positive rental reversion of 5.4% for renewal during the quarter.
- 1Q FY16 visitor traffic held steady year-on-year
- Staggered portfolio lease renewal

Rental reversion up 3.2% for the portfolio

	Number of renewals / new leases ^(a)	NLA renewed / new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates ^(c)
Paragon	39	88,492	12.4%	3.2%
The Clementi Mall	1	441	0.2%	5.4%
SPH REIT Portfolio	40	88,933	9.8% ^(b)	3.2%

Notes:

(a) For expiries in 1Q FY16.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 905,561sqft as at 30 November 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.

Staggered portfolio lease renewal

Weighted Average Lease Expiry (WALE) as at 30 November 2015

By NLA 2.2 years

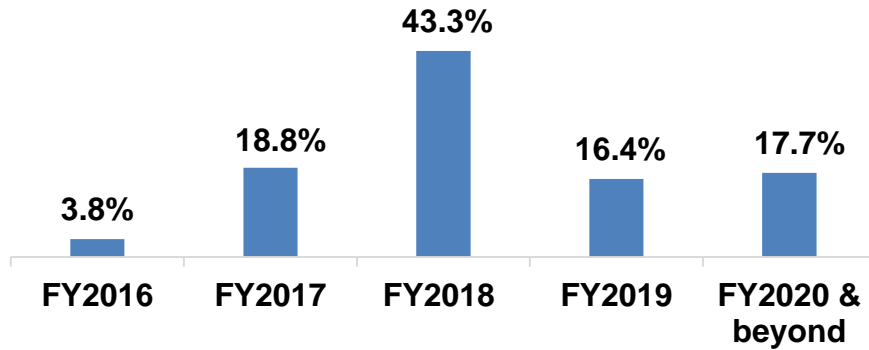
By Gross Rental Income 2.4 years

Lease expiry as at 30 November 2015

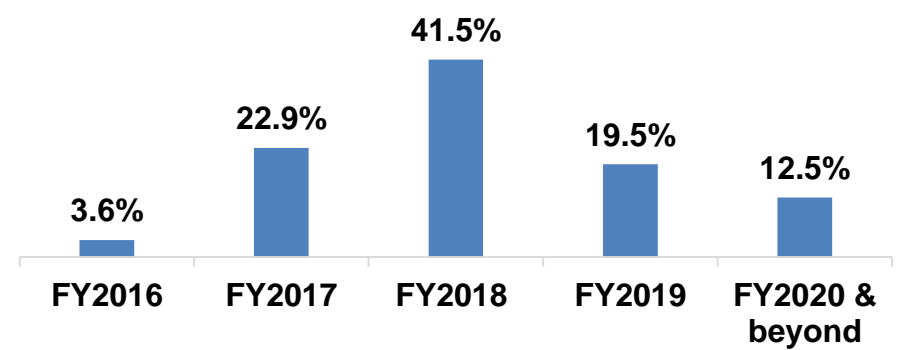
	FY2016	FY2017	FY2018	FY2019	FY2020 and beyond
Expiries as a % of total NLA	3.1%	36.0%	33.8%	17.3%	9.8%
Expiries as a % of Gross rental income	3.3%	31.3%	36.4%	14.6%	14.4%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income

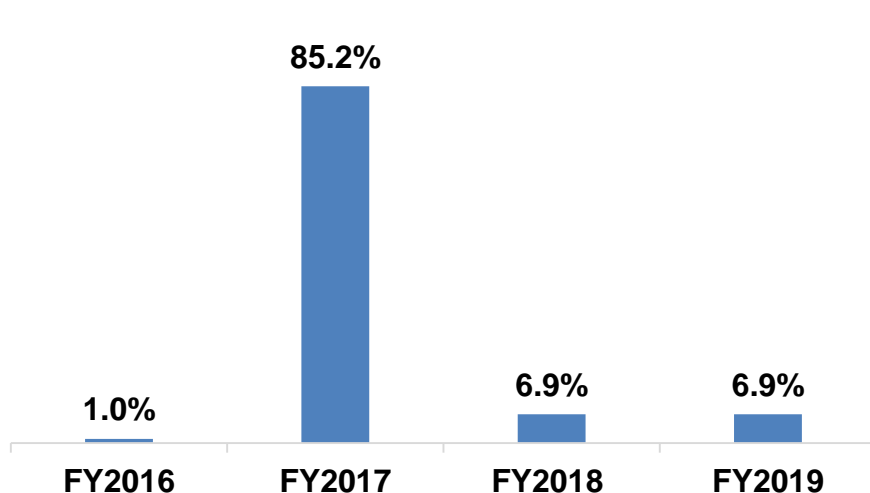


Expiry by NLA

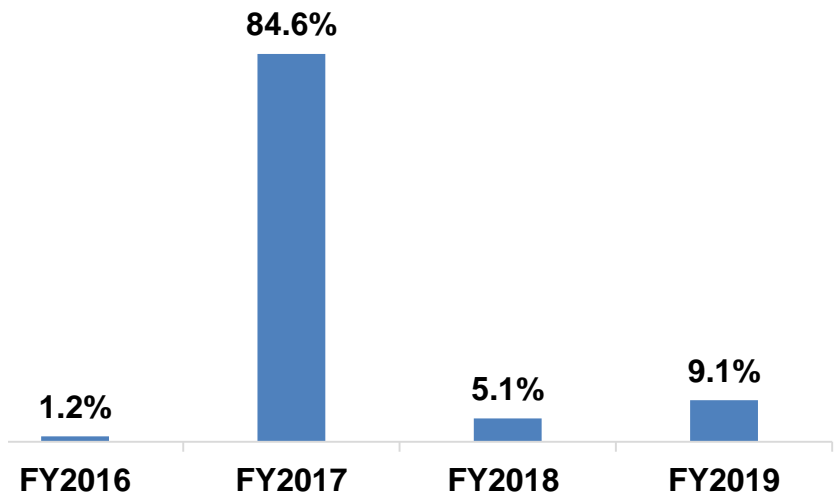


The Clementi Mall (a) : tenant retention rate of more than 90% for first renewal cycle

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.



Growth strategy and market outlook



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⁽¹⁾ for retail purposes in Asia Pacific
 - Currently one applicable ROFR property, The Seletar Mall, which has opened on 28 November 2014, achieved 100% committed occupancy rate since 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.

Strategy to revitalise tenant mix

Strategy to continually revitalise tenant mix to strengthen various clusters, keep the properties relevant and elevate the properties' positioning.



Continual asset enhancement

The Clementi Mall's ("TCM") reconfiguration project

- Create a more efficient layout and increase the range and depth of merchandise to drive higher sales.
- Create value and strengthen the long-term sustainability of the property.
- More details will be announced in due course.

Air Handling Unit ("AHU") decanting project in Paragon

- Replace 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.
- Multi-phased approach from September 2015 to March 2018 to minimise disruption to tenants.
- Progressing on schedule.
- Emporio Armani has pre-committed to take up part of the reconfigured space at level one.

Market outlook

- **Outlook for Singapore economy remains modest**
 - Based on advance estimates of the Ministry of Trade and Industry (MTI), the Singapore economy grew by 2.1% in 2015.
 - MTI forecast GDP to grow between 1.0% and 3.0% in 2016.
 - Growth in labour-intensive segments such as retail and food services may continue to 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 (IVA) increased y-o-y by 0.1% for the first ten months of 2015. The improvement was underpinned by consecutive growth from May to October 2015.
 - Tourism receipts was 12% lower y-o-y in the first half of 2015.
- **Retail environment remains challenging**
 - The retail sales index (excluding motor vehicles) declined y-o-y by 0.2% in Q1 2015, and 0.6% in Q2 2015. Retail sales registered positive y-o-y growth of 0.7% in Q3 2015, but fell back to -4.9% in October 2015.

Distribution details and timetable

Distribution period	1Q FY16 (1 September 2015 – 30 November 2015)
Distribution per unit	1.33 cents per unit
Ex-date	11 January 2016
Record date	13 January 2016
Payment date	15 February 2016

Thank You

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