

Financial Statements and Related Announcement::Half Yearly Results

Issuer & Securities

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

Announcement Details

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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	28/02/2018
Attachments	<p>SPH REIT - SGX Announcement Q2FY18.pdf</p> <p>SPH REIT - Press Release Q2FY18.pdf</p> <p>SPH REIT - Results Presentation Slides Q2FY18.pdf</p> <p>Total size =5414K</p>



SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT * FOR THE PERIOD ENDED 28 FEBRUARY 2018

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 second quarter and half year ended 28 February 2018 has been extracted from the interim financial information for the second quarter and half year ended 28 February 2018, 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.*

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For The Period Ended 28 February 2018

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

	2Q 2018	2Q 2017	Change	1H 2018	1H 2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	53,592	54,009	(0.8)	107,071	106,588	0.5
Property operating expenses	(11,324)	(11,272)	0.5	(22,613)	(22,429)	0.8
Net property income	42,268	42,737	(1.1)	84,458	84,159	0.4
Income support ¹	(17)	134	NM	-	741	NM
Amortisation of intangible asset	17	(134)	NM	-	(741)	NM
Manager's management fees	(4,149)	(4,179)	(0.7)	(8,342)	(8,314)	0.3
Trust expenses ²	(404)	(458)	(11.8)	(807)	(901)	(10.4)
Finance income ³	198	171	15.8	390	357	9.2
Finance costs	(5,973)	(5,823)	2.6	(11,989)	(11,778)	1.8
Total return before taxes and distribution	31,940	32,448	(1.6)	63,710	63,523	0.3
Less: income tax	-	-	NM	-	-	NM
Total return after taxes and before distribution	31,940	32,448	(1.6)	63,710	63,523	0.3

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, 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 Period Ended 28 February 2018

1(a)(ii) Distribution Statement

	2Q 2018 S\$'000	2Q 2017 S\$'000	Change %	1H 2018 S\$'000	1H 2017 S\$'000	Change %
Total return after taxes and before distribution	31,940	32,448	(1.6)	63,710	63,523	0.3
Add: Non-tax deductible items ¹	4,159	4,864	(14.5)	8,929	10,163	(12.1)
Income available for distribution	36,099	37,312	(3.3)	72,639	73,686	(1.4)
Distribution to Unitholders²	35,947	35,743	0.6	70,327	69,926	0.6

Notes:

1. Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, straight-line rental adjustments, amortisation of income support and amortisation of debt issuance costs.
2. 1H 2018, the distribution to unitholders was 96.8% of income available for distribution.

For The Period Ended 28 February 2018

1(b)(i) A balance sheet together with a comparative statement as at the end of the immediately preceding financial year

Statements of Financial Position	As at 28 Feb 18 S\$'000	As at 31 Aug 17 S\$'000
Non-current assets		
Plant and equipment	743	843
Investment properties	3,280,619	3,278,000
	<u>3,281,362</u>	<u>3,278,843</u>
Current assets		
Intangible asset	1,500	1,500
Trade and other receivables ¹	4,246	3,353
Cash and cash equivalents	58,800	63,005
	<u>64,546</u>	<u>67,858</u>
Total assets	<u>3,345,908</u>	<u>3,346,701</u>
Non-current liabilities		
Borrowing	528,395	528,004
Derivative financial instruments ²	3,417	7,365
Trade and other payables	30,815	30,147
	<u>562,627</u>	<u>565,516</u>
Current liabilities		
Borrowing	319,797	319,423
Derivative financial instruments ²	63	621
Trade and other payables	36,480	40,081
	<u>356,340</u>	<u>360,125</u>
Total liabilities	<u>918,967</u>	<u>925,641</u>
Net assets attributable to Unitholders	<u>2,426,941</u>	<u>2,421,060</u>

Notes:

- Trade and other receivables comprised mainly rental receivable and trade amount due from related parties.
- 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.

(b)(ii) Borrowing

Secured borrowing

	As at 28 Feb 18 S\$'000	As at 31 Aug 17 S\$'000
Amount repayable within one year	319,797	319,423
Amount repayable after one year	528,395	528,004
Total	848,192	847,427

Details of collateral

On 24 July 2013, SPH REIT established a term loan facility of up to the amount of S\$975 million, of which the amount drawn down was S\$850 million. As at the balance sheet date, the amount of S\$848.2 million represented the loan stated at amortised cost. The term loan is secured by way of a first legal mortgage on Paragon.

SPH REIT maintained a well staggered debt maturity profile without major concentration of debts maturing in a single year. The loan tranche of S\$135 million that matured in March 2018 was refinanced as a four year loan. Management is currently reviewing options for the remaining amount due in July 2018.

For The Period Ended 28 February 2018

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

	2Q 2018	2Q 2017	1H 2018	1H 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total return for the period	31,940	32,448	63,710	63,523
Adjustments for:				
Manager's fee paid/payable in units	4,149	4,179	8,342	8,314
Depreciation of plant and equipment	56	52	111	105
Finance income	(198)	(171)	(390)	(357)
Finance costs	5,973	5,823	11,989	11,778
Amortisation of intangible asset	(17)	134	-	741
Straight-line rental adjustments	(529)	-	(529)	-
Operating cash flow before working capital changes	41,374	42,465	83,233	84,104
Changes in operating assets and liabilities				
Trade and other receivables	(73)	96	(372)	852
Trade and other payables	773	(1,529)	(3,641)	(890)
Net cash from operating activities	42,074	41,032	79,220	84,066
Cash flows from investing activities				
Additions to investment properties	(1,503)	(2,383)	(1,741)	(3,778)
Purchase of plant and equipment	(11)	(8)	(11)	(11)
Interest received	192	283	393	395
Net cash used in investing activities	(1,322)	(2,108)	(1,359)	(3,394)
Cash flows from financing activities				
Distribution to unitholders	(34,380)	(34,182)	(70,677)	(70,091)
Interest paid	(5,714)	(5,669)	(11,389)	(11,299)
Net cash used in financing activities	(40,094)	(39,851)	(82,066)	(81,390)
Net increase/(decrease) in cash and cash equivalents	658	(927)	(4,205)	(718)
Cash and cash equivalents at beginning of the period	58,142	67,591	63,005	67,382
Cash and cash equivalents at end of the period	58,800	66,664	58,800	66,664

For The Period Ended 28 February 2018

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

	2Q 2018	2Q 2017	1H 2018	1H 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at beginning of period	2,422,571	2,391,452	2,421,060	2,388,532
<u>Operations</u>				
Total return for the period / net increase in assets resulting from operations	31,940	32,448	63,710	63,523
<u>Hedging reserve</u>				
Effective portion of changes in fair value of cash flow hedges ¹	2,661	(75)	4,506	3,544
<u>Unitholders' transactions</u>				
Distribution to unitholders	(34,380)	(34,182)	(70,677)	(70,091)
Manager's fee paid/payable in units	4,149	4,179	8,342	8,314
	(30,231)	(30,003)	(62,335)	(61,777)
Balance as at end of period	2,426,941	2,393,822	2,426,941	2,393,822

Note:

1. This relates to interest rate swap arrangements.

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

	2Q 2018	2Q 2017	1H 2018	1H 2017
	No. of units '000	No. of units '000	No. of units '000	No. of units '000
Issued units as at beginning of period	2,565,653	2,550,919	2,556,106	2,546,703
Manager's fee paid in units ^{1,3}	2,007	2,180	11,554	6,396
	2,567,660	2,553,099	2,567,660	2,553,099
Issuable units:				
Manager's fee payable in units ^{2,3}	6,204	6,502	6,204	6,502
Total issued and issuable units as at end of period	2,573,864	2,559,601	2,573,864	2,559,601

For The Period Ended 28 February 2018

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

Notes:

In accordance with the amendments to the Trust Deed and new requirement by the Monetary Authority of Singapore, the performance fee for FY2017 and thereafter will be paid on an annual basis, after Board's approval of the audited annual accounts.

1. For 2Q 2018 and 2Q 2017, the issued units relates to base management fee for Q1 2018 and Q1 2017 respectively.

For 1H 2018, the issued units relates to performance management fees for FY2017, partial satisfaction of base management fee for Q4 2017 and base management fee for Q1 2018. For 1H 2017, the issued units relates to base and performance management fees for Q4 2016 and base management fee for Q1 2017.

2. The units issuable to the REIT Manager were in full satisfaction of management fee for respective quarters.
3. The number of units is calculated based on volume weighted average traded price for the last 10 business days for the respective quarters, as provided in the Trust Deed.

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 28 February 2018, SPH REIT had 2,567,660,386 units (31 August 2017: 2,556,106,012 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 second quarter and half year ended 28 February 2018 as set out in this announcement has been extracted from the interim financial information for the second quarter and half year ended 28 February 2018, 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.

For The Period Ended 28 February 2018

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 statement.

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

	2Q 2018	2Q 2017	1H 2018	1H 2017
<u>Earnings per unit</u>				
Weighted average number of units ¹ (‘000)	2,569,739	2,555,334	2,567,695	2,553,126
Total return for the period after tax (S\$’000)	31,940	32,448	63,710	63,523
EPU (basic and diluted) (cents)	1.24	1.27	2.48	2.49
<u>Distribution per unit</u>				
Total number of units in issue at end of period (‘000)	2,567,660	2,553,099	2,567,660	2,553,099
Distribution to Unitholders ² (S\$’000)	35,947	35,743	70,327	69,926
DPU ³ (cents)	1.40	1.40	2.74	2.74

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.

For The Period Ended 28 February 2018

7. Net Asset Value (“NAV”) per unit and Net Tangible Asset (“NTA”) per unit

	As at 28 Feb 18	As at 31 Aug 17
NAV per unit ¹ (S\$)	0.94	0.95
NTA per unit ¹ (S\$)	0.94	0.95

Note:

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

8. Review of Performance

Review of Results for the Second Quarter ended 28 February 2018 (“2Q 2018”) compared with the Second Quarter ended 28 February 2017 (“2Q 2017”)

Gross revenue for 2Q 2018 declined by S\$0.4 million (0.8%) to S\$53.6 million due to lower rental income at Paragon.

Property operating expenses for 2Q 2018 were S\$11.4 million, a marginal increase of S\$0.1 million (0.5%) from Q2 2017 mainly due to higher utility rate contracted.

Consequently, net property income (“NPI”) of S\$42.2 million for 2Q 2018 was S\$0.5 million (1.1%) lower than 2Q 2017.

Income available for distribution for 2Q 2018 was S\$36.1 million, which was S\$1.2 million (3.3%) lower as compared to 2Q 2017.

Review of Results for Half Year ended 28 February 2018 (“1H 2018”) compared with the Half Year ended 28 February 2017 (“1H 2017”)

Gross revenue for 1H 2018 was higher by S\$0.5 million (0.5%) to S\$107.1 million.

Property operating expenses were S\$22.6 million, a slight increase of S\$0.2 million (0.8%) from 1H 2017 mainly due to higher utility rate contracted.

Consequently, NPI of S\$84.5 million for 1H 2018, was higher by S\$0.3 million (0.4%) against the corresponding period last year.

Finance cost increased by S\$0.2 million (1.8%) to S\$12.0 million and average cost of debt was 2.84% p.a. for 1H 2018.

Income available for distribution for 1H 2018 was S\$72.6 million, which was S\$1.0 million (1.4%) lower than 1H 2017.

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

According to the Ministry of Trade and Industry (MTI), the Singapore economy grew by 3.6% on a year-on-year basis (“y-o-y”) in 2017. While outlook for global growth has slightly improved in 2018, uncertainties and downside risks remain. Growth is expected in domestically-oriented services sectors like retail and food services on the back of an improvement in consumer sentiments amidst the on-going recovery in the labour market. Against this backdrop, MTI expects the economic growth forecast in 2018 to come in slightly above the middle of the forecast range of “1.5% to 3.5%”.

Based on figures released by the Singapore Department of Statistics (DOS), the retail sales index (excluding motor vehicles) grew in the last three quarters of 2017.

Singapore Tourism Board (STB) reported a 6.2% y-o-y increase in international visitor arrivals in 2017. Tourism receipts grew by 5.0% to S\$20.3 billion in the first three quarters of 2017.

SPH REIT has a portfolio of two high quality and well-positioned retail properties in prime locations. Both malls continued their track record of full occupancy. Tenant sales from Paragon and The Clementi Mall have grown in tandem with the recent recovery in retail sales since June 2017. If the recent growth momentum sustains, SPH REIT malls will be well-poised to benefit from it. 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 December 2017 to 28 February 2018
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.40 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? Yes

Name of distribution:	Distribution for the period from 1 December 2016 to 28 February 2017
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.40 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>

(c) Date payable

The date the distribution is payable: 16 May 2018.

(d) Record date

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 16 April 2018 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.

For The Period Ended 28 February 2018

13. Segment Results

	2Q 2018	2Q 2017	Change	1H 2018	1H 2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Gross Revenue</u>						
Paragon	43,254	43,944	(1.6)	86,397	86,763	(0.4)
The Clementi Mall	10,338	10,065	2.7	20,674	19,825	4.3
Total	53,592	54,009	(0.8)	107,071	106,588	0.5
<u>Net Property Income</u>						
Paragon	34,461	35,121	(1.9)	68,918	69,400	(0.7)
The Clementi Mall	7,807	7,616	2.5	15,540	14,759	5.3
Total	42,268	42,737	(1.1)	84,458	84,159	0.4

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.

15. **Confirmation By the Manager Pursuant to Rule 720(1) of the SGX Listing Manual.**

The Manager confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

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,
6 April 2018



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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 28 February 2018, to be false or misleading in any material respect.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Leong'.

LEONG HORN KEE
Chairman

A handwritten signature in blue ink, appearing to read 'Ginney'.

GINNEY LIM MAY LING
Director

Singapore,
6 April 2018



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**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 Second Quarter and Half Year ended 28 February 2018**

We have reviewed the accompanying Statement of Financial Position and Portfolio Statement of SPH REIT (the "Trust") as at 28 February 2018, the Statement of Total Return, Distribution Statement, Statement of Changes in Unitholders' Funds and Statement of Cash Flows of the Trust for the Second Quarter and Half Year ended 28 February 2018 ("Interim Financial Information"), as set out on pages 3 to 13.

The Manager of the Trust is responsible for the preparation and presentation of this Interim Financial Information in accordance with the recommendations 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 recommendations 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.

A handwritten signature in blue ink, appearing to read 'KPMG LLP'.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2018



SPH REIT delivered stable distribution

- 2Q 2018 DPU held steady at 1.40 cents
- Maintained 100% committed occupancy

SINGAPORE, April 6, 2018 – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that net property income (“NPI”) for the second quarter ended 28 February 2018 (“2Q 2018”) was S\$42.2 million, a decrease of \$0.5 million (1.1%) compared to the same quarter last year (“2Q 2017”), mainly due to lower revenue at Paragon.

Income available for distribution to unitholders of S\$36.1 million for 2Q 2018 was lower by S\$1.2 million (3.3%) compared to 2Q 2017. Distribution per unit (“DPU”) for 2Q 2018 held steady at 1.40 cents. The aggregate DPU was 2.74 cents for the half year ended 28 February 2018 (“1H 2018”). The 2Q 2018 distribution will be paid to unitholders on 16 May 2018.

Operational performance

In keeping with our long-standing philosophy of partnering tenants for mutual sustainability, the rental negotiation with tenants took into consideration occupancy cost. Typically, renewals or new leases are committed about a year before expiry. Paragon recorded a rental reversion of -7.1% for new and renewed leases in 1H 2018, mainly due to negotiations during the retail sales downturn since 2014. The decline was more moderated in Q2 compared to Q1.

The Clementi Mall had only three changes in tenancies which represented 1.4% of the mall’s net lettable area. The overall portfolio rental reversion remains at -7.1%.

However, tenant sales in the malls have grown, in tandem with the recent recovery in retail sales since June 2017. In addition, both properties continued their track record of full occupancy.

Capital Management

SPH REIT proactively manages its financing risk by ensuring that the debt maturity profile is well spread out without major concentration of debts maturing in a single year. In the annual renewal of loan tranches, it maintains an appropriate loan tenure as well as strikes a balance between fixed and floating interest rates to optimize borrowing cost whilst manage exposure to interest rate fluctuations. The loan tranche of S\$135 million that matured in March 2018 was refinanced as a four year loan. The average term to maturity increased to 2.2 years after the renewal.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd. said: “SPH REIT has delivered stable distribution and our well-positioned malls continued their track record of full occupancy. In keeping with our philosophy of treating tenants as business partners, we will work closely with them to ride through both cyclical and structural challenges in the retail environment. It is encouraging that our tenant sales have continued to register growth. The tourist arrivals and spend for 2017 ended on a positive note and we believe Paragon would stand to benefit with this trend. The forecasted GDP growth of “1.5% to 3.5%” bodes well for Singaporeans and The Clementi Mall is well poised in the suburban to continue to serve its immediate catchment. Our focus remains to drive long-term value of our properties and deliver sustainable returns for our unitholders.”

Summary Results of SPH REIT

	2Q 2018	2Q 2017	Change %
	S\$'000	S\$'000	
Gross revenue	53,592	54,009	(0.8)
Net property income	42,268	42,737	(1.1)
Income available for distribution	36,099	37,312	(3.3)
Distribution to Unitholders	35,947	35,743	0.6
Distribution per unit (cents)	1.40	1.40	-

	1H 2018	1H 2017	Change %
	S\$'000	S\$'000	
Gross revenue	107,071	106,588	0.5
Net property income	84,458	84,159	0.4
Income available for distribution	72,639	73,686	(1.4)
Distribution to Unitholders ¹	70,327	69,926	0.6
Distribution per unit (cents)	2.74	2.74	-
Annualised distribution yield (%)	5.53 ²	5.70 ³	(3.0)

Notes:

1. For 1H 2018, the distribution to unitholders was 96.8% of income available for distribution.
2. Based on S\$1.000 per unit closing price on 28 February 2018.
3. Based on S\$0.970 per unit closing price on 28 February 2017.

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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 24 July 2013 and a 99-year leasehold interest in The Clementi Mall commencing on 31 August 2010. Valued at S\$3.278 billion with an aggregate net lettable area of approximately 910,000 sq ft, the properties have a committed occupancy of 100% and have a diverse and high quality tenant base of about 460 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.

SPH's core business is publishing of newspapers, magazines and books in both print and digital editions. It also owns other digital products, online classifieds, radio stations and outdoor media.

On the property front, SPH owns 70% in a real estate investment trust called 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 also owns and operates The Seletar Mall. It built an upmarket residential condominium, Sky@eleven, at Thomson Road, and is developing a new commercial cum residential site at Woodleigh Road. It also has a stake in Chinatown Point.

It is in the aged care sector and owns Orange Valley, Singapore's largest private nursing home operator.

SPH runs a regional events arm and a chain of Buzz retail outlets. It also invested in the education business.

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.



2Q FY18 Financial Results

6 April 2018

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 second quarter and half year ended 28 February 2018 in the SGXNET announcement.

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Results	Slide 3
Balance sheet	Slide 8
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Key Highlights

- Net property income for 2Q FY18 decreased 1.1% year-on-year
- 2Q FY18 DPU held steady at 1.40 cents
- Annualised distribution yield was 5.53% (based on closing price of \$1.00 per unit on 28 February 2018)
- Strong balance sheet, with low gearing of 25.4%

2Q FY18 financial performance

	2Q FY18 S\$'000	2Q FY17 S\$'000	Change %
Gross revenue	53,592	54,009	(0.8)
Property expenses	(11,324)	(11,272)	0.5
Net property income (NPI)	42,268	42,737	(1.1)
Income available for distribution	36,099	37,312	(3.3)
Distribution to Unitholders	35,947	35,743	0.6
Distribution per unit (DPU) (cents)	1.40	1.40	-

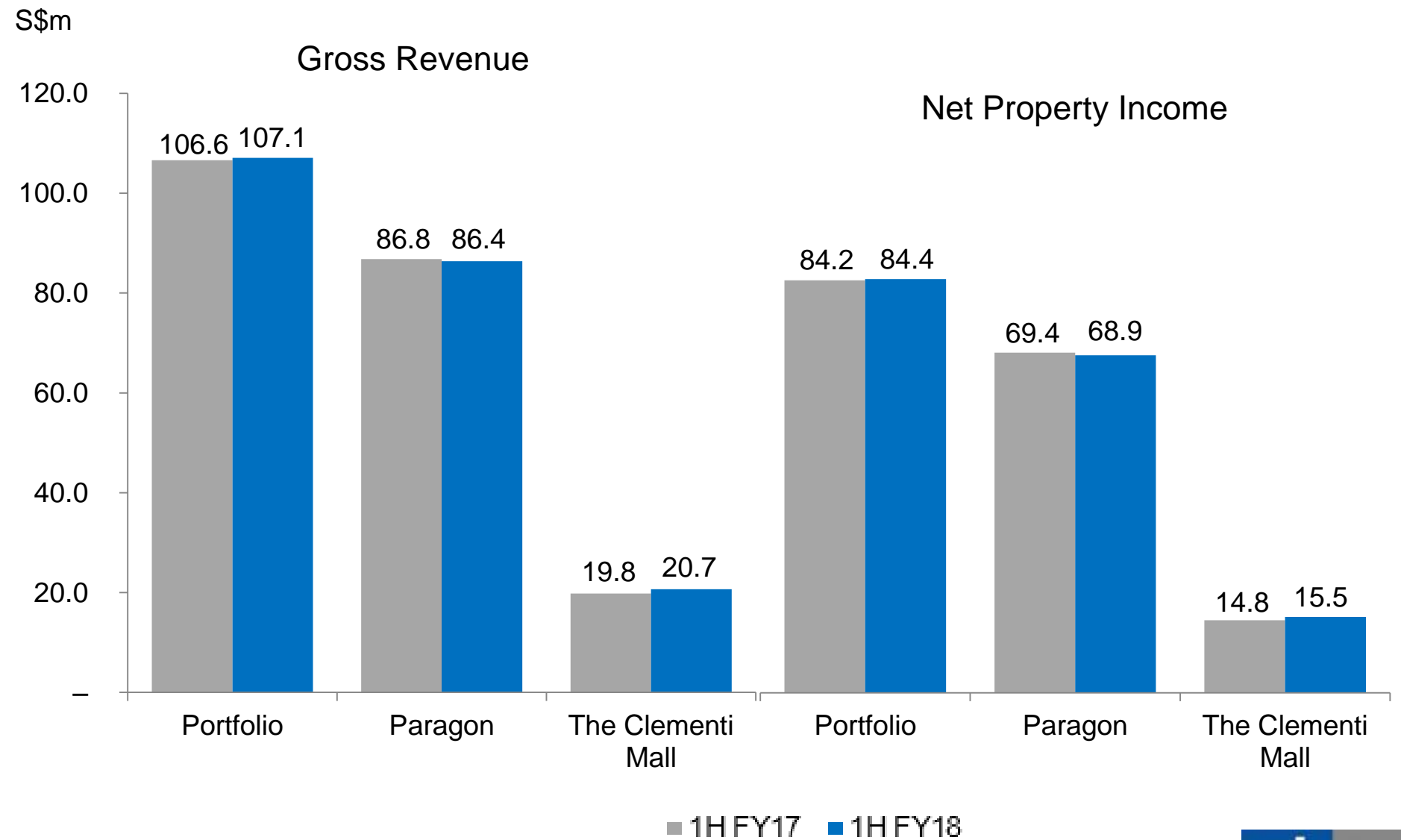
1H FY18 financial performance

	1H FY18 S\$'000	1H FY17 S\$'000	Change %
Gross revenue	107,071	106,588	0.5
Property expenses	(22,613)	(22,429)	0.8
Net property income (NPI)	84,458	84,159	0.4
Income available for distribution	72,639	73,686	(1.4)
Distribution to Unitholders ^(a)	70,327	69,926	0.6
Distribution per unit (DPU) (cents)	2.74	2.74	-

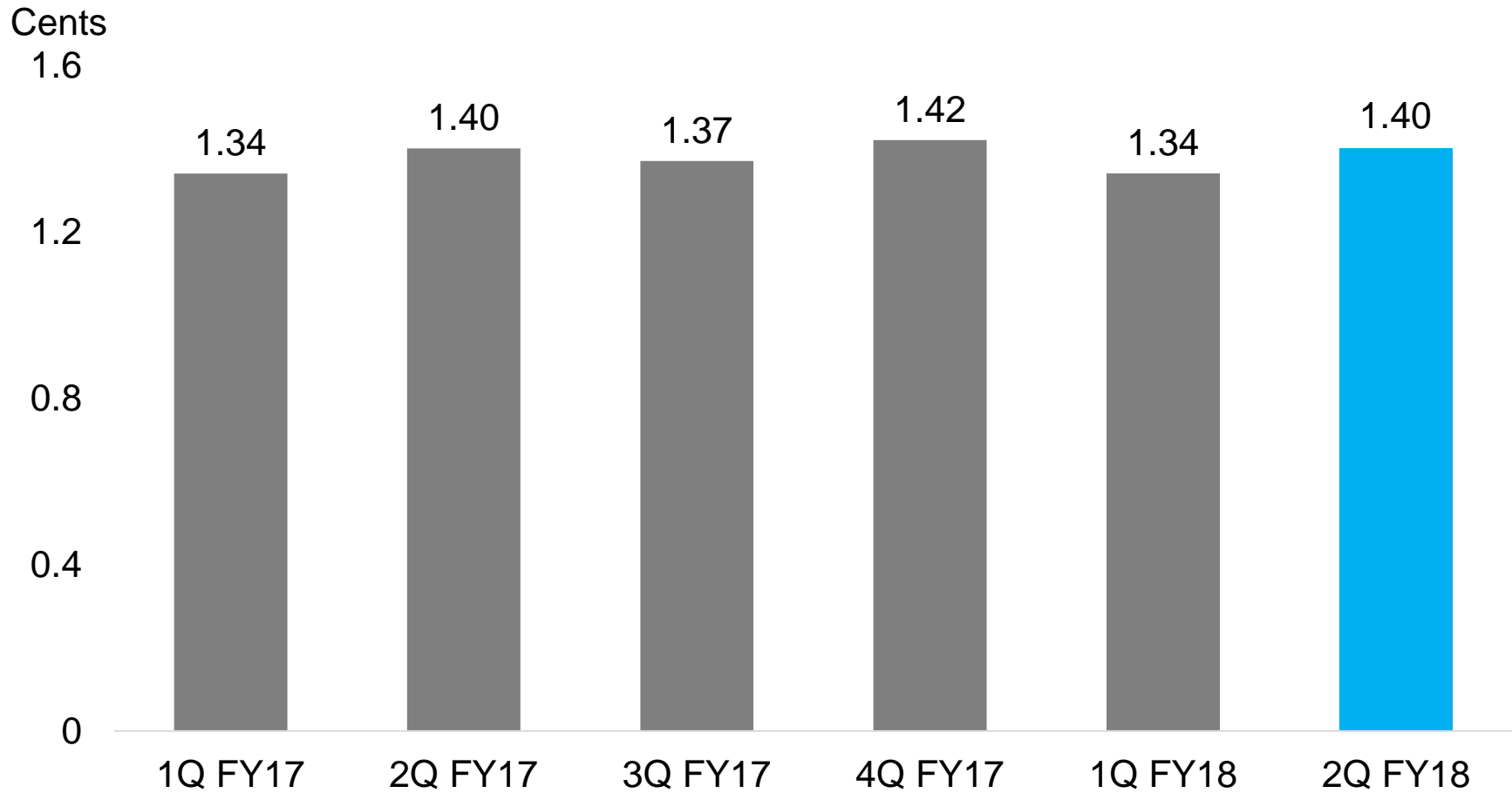
Notes:

(a) For 1H FY18, the distribution to unitholders was 96.8% of income available for distribution.

Gross revenue and NPI



Stable and regular DPU



Balance sheet



Financial position

	As at 28 February 2018 S\$'000	As at 31 August 2017 S\$'000
Total assets	3,345,908	3,346,701
Total liabilities	918,967	925,641
Net assets	2,426,941	2,421,060
Net asset value per unit	S\$0.94	S\$0.95
Gearing ^(a)	25.4%	25.4%

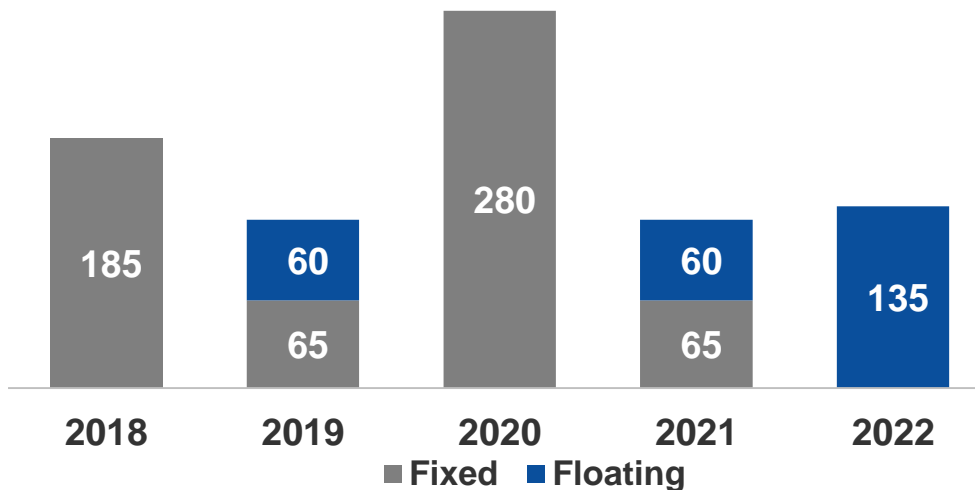
Note:

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

Low gearing

- SPH REIT maintained a well staggered debt maturity profile without major concentration of debts maturing in a single year.
- The loan tranche of S\$135 million which matured in March 2018 was refinanced as a four year loan. The average term to maturity increased to 2.2 years after the renewal.
- Management is currently reviewing options for the remaining tranche due in 2018.
- Gearing level of 25.4% and average cost of debt of 2.84% p.a. for 1HFY18

Debt Maturity Profile (S\$m)





Operational performance



Operational performance

- Both properties continued their track record of full occupancy.
- In keeping with our long-standing philosophy of partnering tenants for mutual sustainability, the rental negotiations with tenants took into consideration occupancy cost. Typically, leases are committed about a year before expiry. Paragon recorded a rental reversion of -7.1% for new and renewed leases in 1H FY18, mainly due to negotiations during the retail sales downturn since 2014. The decline was more moderated in Q2 compared to Q1.
- Tenant sales have grown, in tandem with the recent recovery in retail sales since June 2017.
- 1H FY18 visitor traffic remained steady.

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	31	146,555	20.5%	(7.1%)
The Clementi Mall	3	2,636	1.4%	(2.5%) ^(d)
SPH REIT Portfolio	34	149,191	16.4% ^(b)	(7.1%) ^(e)

Notes:

(a) For expiries in 1H FY18.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 910,837 sqft as at 28 February 2018.

(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 were typically committed three years ago.

(d) One of the lease was for a replacement tenant of a different trade mix.

(e) Reversion rate is computed based on weighted average of all expiring leases.

Staggered portfolio lease renewal

Weighted Average Lease Expiry (WALE) as at 28 February 2018

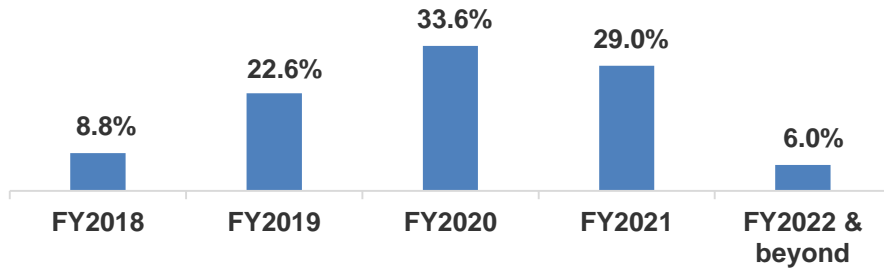
By NLA	2.1 years
By Gross Rental Income	2.1 years

Lease expiry as at 28 February 2018

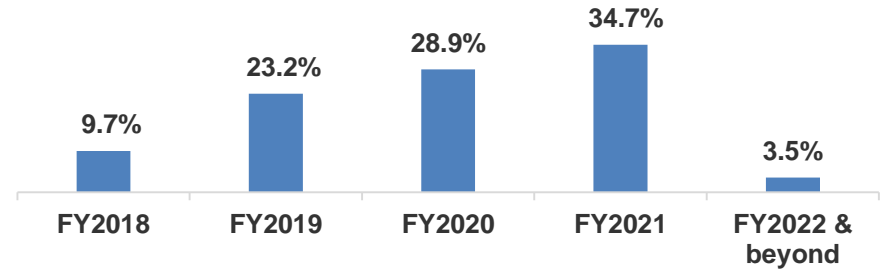
	FY2018	FY2019	FY2020	FY2021	FY2022 and beyond
Expiries as a % of total NLA	8.2%	21.0%	38.1%	30.0%	2.7%
Expiries as a % of Gross rental income	7.5%	20.1%	41.1%	26.5%	4.8%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income

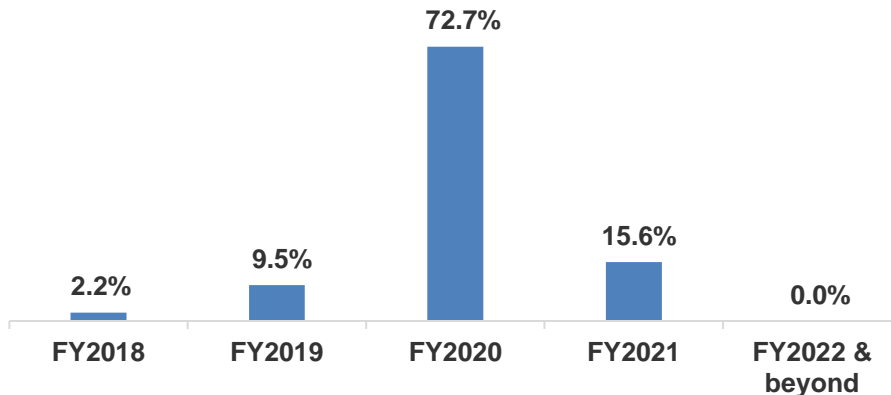


Expiry by NLA

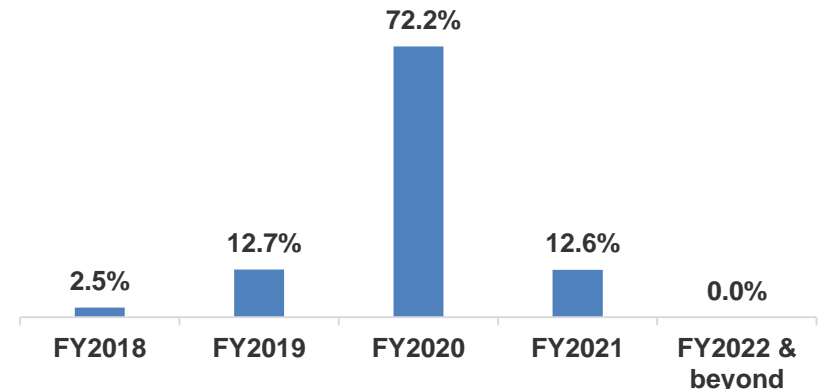


The Clementi Mall : Tenant retention rate of 89% for second renewal cycle in 2017

Expiry by Gross Rental Income



Expiry by NLA





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



Paragon awarded “The Most Insta-Worthy Display”



Virtual reality for Chinese calligraphy



Miu Miu disco-themed pop-up store in Paragon with first in the world launch of its new Laminato collection.



Interactive games to engage with shoppers

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 3.6% on a year-on-year basis in 2017.
 - Growth is expected in domestically-oriented services sectors like retail and food services on the back of an improvement in consumer sentiments amidst the on-going recovery in the labour market.
 - MTI expects the economic growth forecast 2018 to come in slightly above the middle of the forecast range of “1.5% to 3.5%”.
- **Growth in international visitor arrivals and tourism receipts**
 - International visitor arrivals (IVA) recorded a 6.2% y-o-y growth in 2017.
 - Tourism receipts grew by 5.0% to S\$20.3 billion in the first three quarters of 2017.
- **Recovery in retail sales for three quarters**
 - The retail sales index (excluding motor vehicles) grew by 1.2% (year-on-year) in Q4 2017, 2.4% in Q3 2017 and 2.5% in Q2 2017.

Distribution details and timetable

Distribution period	2Q FY18 (1 December 2017 – 28 February 2018)
Distribution per unit	1.40 cents per unit
Ex-date	12 April 2018
Record date	16 April 2018
Payment date	16 May 2018

Thank You

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

