

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
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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	30/11/2017
Attachments	<p>SPH REIT - SGX Announcement Q1FY18.pdf</p> <p>SPH REIT - Press Release Q1FY18.pdf</p> <p>SPH REIT - Results Presentation Slides Q1FY18.pdf</p> <p>Total size =5131K</p>



SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT * FOR THE PERIOD ENDED 30 NOVEMBER 2017

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 2017 has been extracted from the interim financial information for the first quarter ended 30 November 2017, 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 First Quarter ended 30 November 2017

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 2018 S\$'000	1Q 2017 S\$'000	Change %
Gross revenue	53,479	52,579	1.7
Property operating expenses	(11,289)	(11,157)	1.2
Net property income	42,190	41,422	1.9
Income support ¹	17	607	(97.2)
Amortisation of intangible asset	(17)	(607)	(97.2)
Manager's management fees	(4,193)	(4,135)	1.4
Trust expenses	(403)	(443)	(9.0)
Finance income	192	186	3.2
Finance costs	(6,016)	(5,955)	1.0
Total return before taxes and distribution	31,770	31,075	2.2
Less: income tax	-	-	NM
Total return after taxes and before distribution	31,770	31,075	2.2

Notes:

- Income support relates to the top-up payment from the vendors of The Clementi Mall pursuant to the Deed of Income Support.

NM Not Meaningful

For The First Quarter ended 30 November 2017

1(a)(ii) Distribution Statement

	1Q 2018 S\$'000	1Q 2017 S\$'000	Change %
Total return after taxes and before distribution	31,770	31,075	2.2
Add: Non-tax deductible items ¹	4,770	5,299	(10.0)
Income available for distribution	36,540	36,374	0.5
Distribution to Unitholders²	34,380	34,182	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 2018, the distribution to unitholders was 94.1% of income available for distribution.

For The First Quarter ended 30 November 2017

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 30 Nov 17 S\$'000	As at 31 Aug 17 S\$'000
Non-current assets		
Plant and equipment	788	843
Investment properties	3,278,815	3,278,000
	<u>3,279,603</u>	<u>3,278,843</u>
Current assets		
Intangible asset	1,483	1,500
Trade and other receivables	3,639	3,353
Cash and cash equivalents	58,142	63,005
	<u>63,264</u>	<u>67,858</u>
Total assets	<u>3,342,867</u>	<u>3,346,701</u>
Non-current liabilities		
Borrowing	528,171	528,004
Derivative financial instruments ¹	5,878	7,365
Trade and other payables	30,001	30,147
	<u>564,050</u>	<u>565,516</u>
Current liabilities		
Borrowing	319,641	319,423
Derivative financial instruments ¹	263	621
Trade and other payables	36,342	40,081
	<u>356,246</u>	<u>360,125</u>
Total liabilities	<u>920,296</u>	<u>925,641</u>
Net assets attributable to Unitholders	<u>2,422,571</u>	<u>2,421,060</u>

Notes:

- 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 30 Nov 17 S\$'000	As at 31 Aug 17 S\$'000
Amount repayable within one year	319,641	319,423
Amount repayable after one year	528,171	528,004
Total	847,812	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\$847.8 million represented the loan stated at amortised cost.

Management is currently reviewing the refinancing options for the S\$320 million tranche due in 2018.

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.

For The First Quarter ended 30 November 2017

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 2018	1Q 2017
	S\$'000	S\$'000
Cash flows from operating activities		
Total return for the period	31,770	31,075
Adjustments for:		
Manager's fee paid/payable in units	4,193	4,135
Depreciation of plant and equipment	55	53
Finance income	(192)	(186)
Finance costs	6,016	5,955
Amortisation of intangible asset	17	607
Operating cash flow before working capital changes	41,859	41,639
Changes in operating assets and liabilities		
Trade and other receivables	(299)	756
Trade and other payables	(4,414)	639
Net cash from operating activities	37,146	43,034
Cash flows from investing activities		
Additions to investment properties	(238)	(1,395)
Purchase of plant and equipment	-	(3)
Interest received	201	112
Net cash used in investing activities	(37)	(1,286)
Cash flows from financing activities		
Distribution to unitholders	(36,297)	(35,909)
Interest paid	(5,675)	(5,630)
Net cash used in financing activities	(41,972)	(41,539)
Net (decrease)/increase in cash and cash equivalents	(4,863)	209
Cash and cash equivalents at beginning of the period	63,005	67,382
Cash and cash equivalents at end of the period	58,142	67,591

For The First Quarter ended 30 November 2017

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

	1Q 2018	1Q 2017
	S\$'000	S\$'000
Balance as at beginning of period	2,421,060	2,388,532
<u>Operations</u>		
Total return for the period / net increase in assets resulting from operations	31,770	31,075
<u>Hedging reserve</u>		
Effective portion of changes in fair value of cash flow hedges ¹	1,845	3,619
<u>Unitholders' transactions</u>		
Distribution to unitholders	(36,297)	(35,909)
Manager's fee paid/payable in units	4,193	4,135
	(32,104)	(31,774)
Balance as at end of period	2,422,571	2,391,452

Note:

1. This relates to interest rate swap arrangements.

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

	1Q 2018	1Q 2017
	No. of units '000	No. of units '000
Issued units as at beginning of period	2,556,106	2,546,703
Manager's fee paid in units ^{1,3}	9,547	4,216
	2,565,653	2,550,919
Issuable units:		
Manager's fee payable in units ^{2,3}	4,041	4,368
Total issued and issuable units as at end of period	2,569,694	2,555,287

For The First Quarter ended 30 November 2017

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

Notes:

1. 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 issued on an annual basis, after Board's approval of the audited annual accounts.
 - For 1Q 2018, the issued units relates to performance management fees for FY2017 and partial satisfaction of base management fee for Q4 2017.
 - For 1Q 2017, the issued units relates to base and performance management fees for Q4 2016.
2. The units issuable to the REIT Manager were in full satisfaction of management fee for 1Q 2018 and 1Q 2017.
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 30 November 2017, SPH REIT had 2,565,652,516 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 first quarter ended 30 November 2017 as set out in this announcement has been extracted from the interim financial information for the first quarter ended 30 November 2017, 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 First Quarter ended 30 November 2017

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”)**

	1Q 2018	1Q 2017
<u>Earnings per unit</u>		
Weighted average number of units ¹ ('000)	2,565,696	2,550,966
Total return for the period after tax (S\$'000)	31,770	31,075
EPU (basic and diluted) (cents)	1.24	1.22
<u>Distribution per unit</u>		
Total number of units in issue at end of period ('000)	2,565,653	2,550,919
Distribution to Unitholders ² (S\$'000)	34,380	34,182
DPU ³ (cents)	1.34	1.34

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 First Quarter ended 30 November 2017

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

	As at 30 Nov 17	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 First Quarter ended 30 November 2017 (“1Q 2018”) compared with the First Quarter ended 30 November 2016 (“1Q 2017”)

Gross revenue for 1Q 2018 grew by S\$0.9 million (1.7%) to S\$53.5 million, on the back of higher rental income achieved by both Paragon and The Clementi Mall.

The overall portfolio registered rental reversion of -10.6% for new and renewed leases in 1Q 2018, which were mostly committed a year ago in the period of retail sales downturn. This represented 3.7% of total portfolio net lettable area.

Property operating expenses of S\$11.3 million was S\$0.1 million (1.2%) higher than 1Q 2017, as increase in property tax, utilities and maintenance expenses were cushioned by lower marketing expenses.

Consequently, net property income (“NPI”) of S\$42.2 million for 1Q 2018 was S\$0.8 million (1.9%) above 1Q 2017.

Total return for 1Q 2018 increased by S\$0.7 million (2.2%) to S\$31.8 million against the same quarter last year, mainly attributable to higher NPI. Finance cost increased marginally by S\$0.1 million (1.0%) to S\$6.0 million and average cost of debt was 2.84% p.a. for 1Q 2018.

Income available for distribution of S\$36.5 million for 1Q 2018 was higher by S\$0.2million (0.5%) compared to 1Q 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

Based on advance estimate of the Ministry of Trade and Industry (MTI), the Singapore economy grew by 3.5% on a year-on-year basis in 2017. While global growth is expected to pick up marginally in 2018, uncertainties and downside risks remain. Domestically-oriented sectors are likely to remain resilient. Against this backdrop, MTI expects the pace of growth of the Singapore economy to moderate in 2018 as compared to 2017, but remain firm. The economic growth forecast in 2018 is “1.5% to 3.5%”.

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 (Cont'd)**

Based on figures released by the Singapore Department of Statistics (DOS), the retail sales index (excluding motor vehicles) grew by 2.4% y-o-y in Q3 2017 and 2.5% in Q2 2017, reversing the decline in Q1 2017 (1.0%). This improvement came on the back of an uptick in consumer sentiment with key trade segments registering increase in sales in Q3 2017 including departmental stores (4.6%), watches & jewellery (4.5%) and wearing apparel & footwear (4.1%).

Based on statistics of 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 first half 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 100% committed occupancy. The Singapore economic outlook has improved and retail sales have shown some signs of recovery 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 September 2017 to 30 November 2017
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.34 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 2016 to 30 November 2016
Distribution Type:	Taxable Income
Distribution rate per unit (cents):	1.34 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: 14 February 2018.

(d) Record date

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 15 January 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 First Quarter ended 30 November 2017

13. Segment Results

	1Q 2018	1Q 2017	Change
	S\$'000	S\$'000	%
<u>Gross Revenue</u>			
Paragon	43,143	42,819	0.8
The Clementi Mall	10,336	9,760	5.9
Total	53,479	52,579	1.7
<u>Net Property Income</u>			
Paragon	34,457	34,279	0.5
The Clementi Mall	7,733	7,143	8.3
Total	42,190	41,422	1.9

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.

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,
5 January 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 30 November 2017, to be false or misleading in any material respect.

On behalf of the Directors

LEONG HORN KEE
Chairman

ANTHONY MALLEK
Director

Singapore,
5 January 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 First Quarter ended 30 November 2017**

We have reviewed the accompanying Statement of Financial Position and Portfolio Statement of SPH REIT (the "Trust") as at 30 November 2017, 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 2017 ("Interim Financial Information"), as set out on pages 3 to 12.

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' followed by a stylized flourish.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 January 2018



SPH REIT performance held steady

- 1Q 2018 DPU held steady at 1.34 cents
- Maintained track record of 100% committed occupancy

SINGAPORE, January 5, 2018 – 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 2017 (“1Q 2018”) grew S\$0.9 million (1.7%) to S\$53.5 million, on the back of higher rental income. Net property income (“NPI”) of S\$42.2 million was S\$0.8 million (1.9%) higher in 1Q 2018 compared to the same quarter last year (“1Q 2017”).

Income available for distribution to unitholders increased by S\$0.2 million (0.5%) to S\$36.5 million for 1Q 2018. Distribution per unit (“DPU”) for 1Q 2018 held steady at 1.34 cents. The 1Q 2018 distribution will be paid to unitholders on 14 February 2018.

Operational performance

Both properties continued their track record of full occupancy amid headwinds in the retail environment.

In keeping with our long-standing philosophy of partnering tenants towards mutual success, the rental review for tenants takes into consideration occupancy cost. This will better position them to ride on the recent sales recovery since June 2017. Paragon recorded a rental reversion of -10.6% for new and renewed leases in 1Q 2018, which were mostly committed a year ago. This represented 4.4% of Paragon’s net lettable area. The Clementi Mall has only one tenancy change. The overall portfolio rental reversion remains at -10.6%.

Capital Management

SPH REIT has a staggered debt maturity profile, with gearing level of 25.4% and weighted average term to maturity of 1.8 years as at 30 November 2017. It registered an average cost of debt of 2.84% p.a. for Q1 2018.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd. said: “SPH REIT has continued to maintain its track record of 100% committed occupancy and delivered steady performance. The Singapore economic outlook has improved and retail sales have shown some signs of recovery since June 2017. If the recent growth momentum sustains, SPH REIT malls will be well-poised to benefit from it. We remain focused to seek opportunities to continually strengthen the quality and positioning of our properties and create value for unitholders.”

Summary Results of SPH REIT

	1Q 2018 S\$'000	1Q 2017 S\$'000	Change %
Gross revenue	53,479	52,579	1.7
Net property income	42,190	41,422	1.9
Income available for distribution	36,540	36,374	0.5
Distribution to Unitholders ¹	34,380	34,182	0.6
Distribution per unit (cents)	1.34	1.34	-
Annualised distribution yield (%)	5.12 ²	5.60 ³	(8.6)

Notes:

1. For 1Q 2018, the distribution to unitholders was 94.1% of income available for distribution.
2. Based on S\$1.050 per unit closing price on 30 November 2017.
3. Based on S\$0.960 per unit closing price on 30 November 2016

For further information and enquiries, please contact:

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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.



1Q FY18 Financial Results

5 January 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 first quarter and year-to-date ended 30 November 2017 in the SGXNET announcement.

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Key Highlights

- Net property income for 1Q FY18 up 1.9% year-on-year
- 1Q FY18 DPU held steady at 1.34 cents
- Annualised distribution yield was 5.12% (based on closing price of \$1.050 per unit on 30 November 2017)
- Strong balance sheet, with low gearing of 25.4%

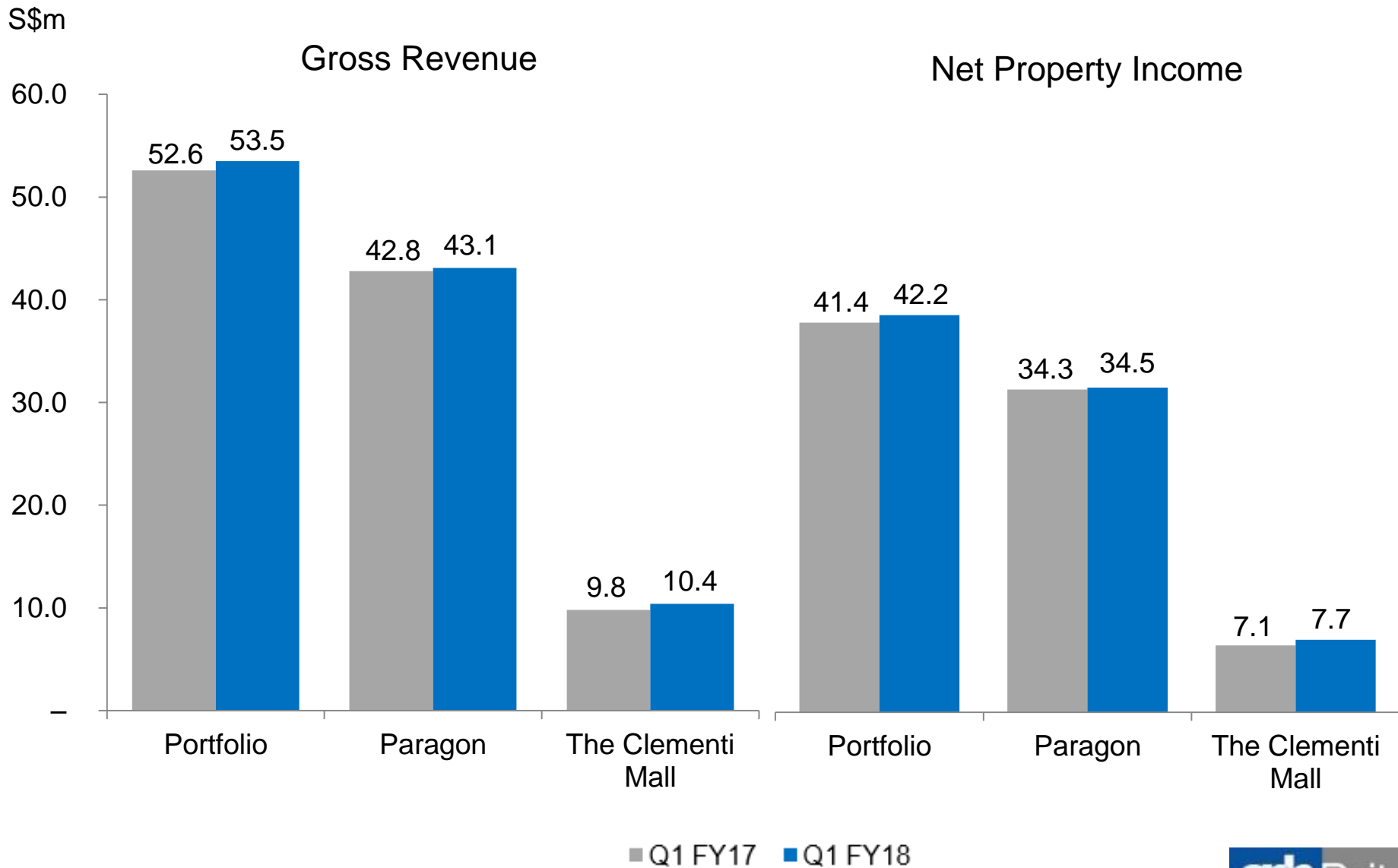
Steady performance

	1Q FY18 S\$'000	1Q FY17 S\$'000	Change %
Gross revenue	53,479	52,579	▲ 1.7
Property expenses	(11,289)	(11,157)	▲ 1.2
Net property income (NPI)	42,190	41,422	▲ 1.9
Income available for distribution	36,540	36,374	▲ 0.5
Distribution to Unitholders ^(a)	34,380	34,182	▲ 0.6
Distribution per unit (DPU) (cents)	1.34	1.34	-

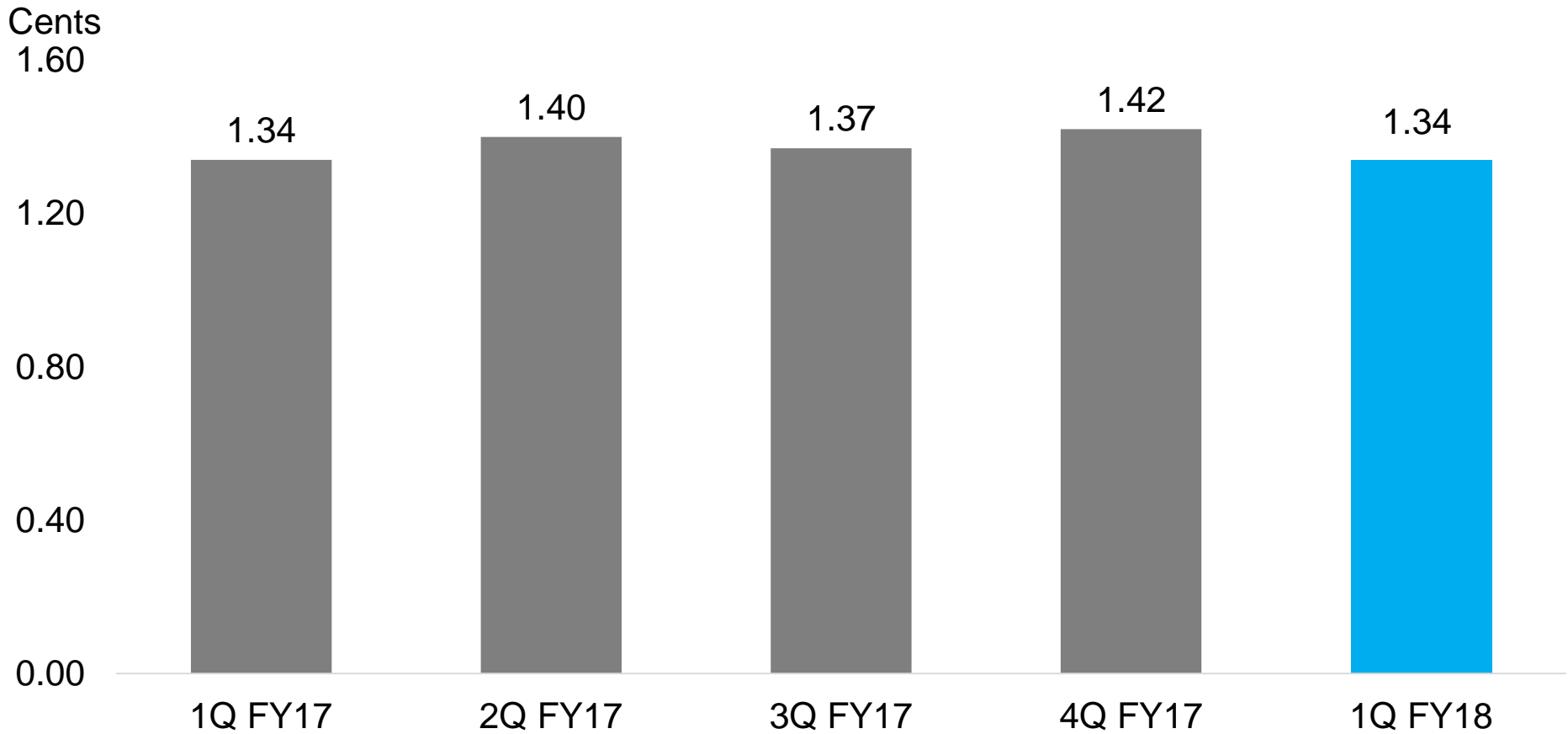
Notes:

(a) For 1Q FY18, the distribution to unitholders was 94.1% of income available for distribution.

Higher gross revenue and NPI



Stable and regular DPU



Balance sheet



Financial position

	As at 30 November 2017 S\$'000	As at 31 August 2017 S\$'000
Total assets	3,342,867	3,346,701
Total liabilities	920,296	925,641
Net assets	2,422,571	2,421,060
Net asset value per unit	S\$0.94	S\$0.95
Gearing ^(a)	25.4%	25.4%

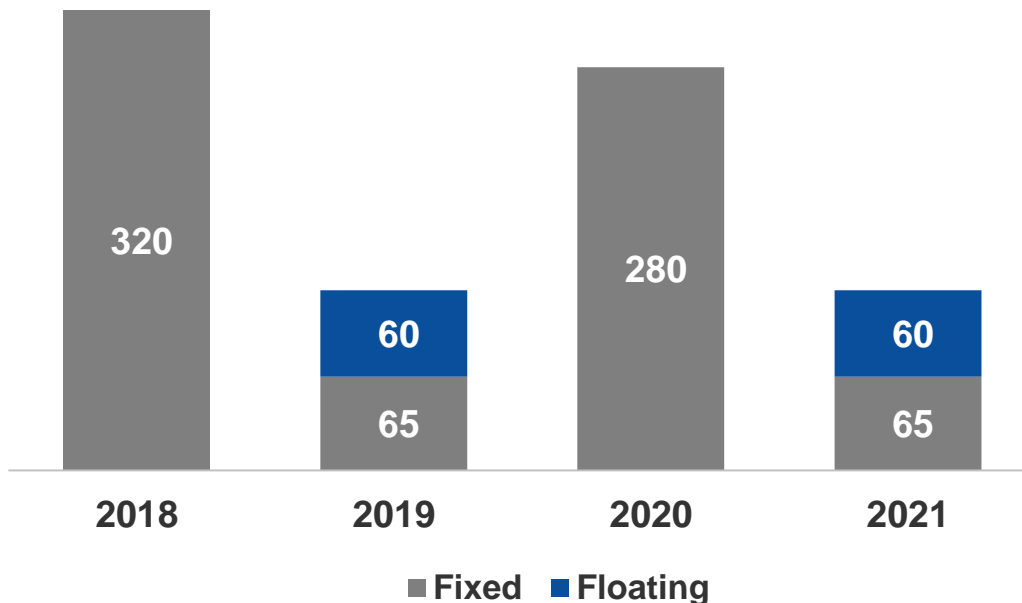
Note:

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

Low gearing

- Proactive capital management and reviewing options to renew the tranches due in 2018
- Gearing level of 25.4% and average cost of debt: 2.84% p.a.
- Weighted average term to maturity: 1.8 years

Debt Maturity Profile (S\$m)





Operational performance



Operational performance

- Both malls continued their track record of 100% committed occupancy.
- In keeping with our long-standing philosophy of partnering tenants towards mutual success, the rental review for tenants takes into consideration occupancy cost. This will better position them to ride on the recent sales recovery since June 2017.
- Paragon recorded a rental reversion of -10.6% for new and renewed leases in 1Q 2018, which were mostly committed a year ago. This represented 4.4% of Paragon's net lettable area.
- 1Q 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	15	31,555	4.4%	(10.6%)
The Clementi Mall	1	2,164	1.1%	(9.8%) ^(d)
SPH REIT Portfolio	16	33,719	3.7% ^(b)	(10.6%) ^(e)

Notes:

(a) For expiries in 1Q FY18.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 910,405 sqft as at 30 November 2017.

(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) 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 30 November 2017

By NLA 2.1 years

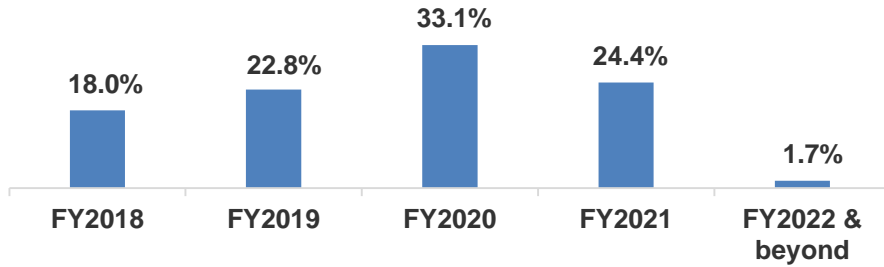
By Gross Rental Income 2.0 years

Lease expiry as at 30 November 2017

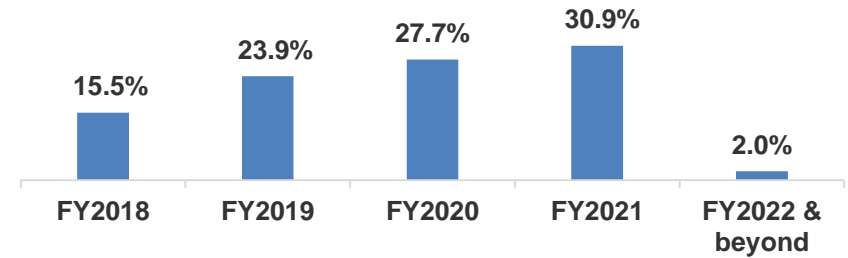
	FY2018	FY2019	FY2020	FY2021	FY2022 and beyond
Expiries as a % of total NLA	13.3%	21.8%	37.1%	26.4%	1.4%
Expiries as a % of Gross rental income	16.1%	21.5%	39.1%	22.0%	1.3%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income

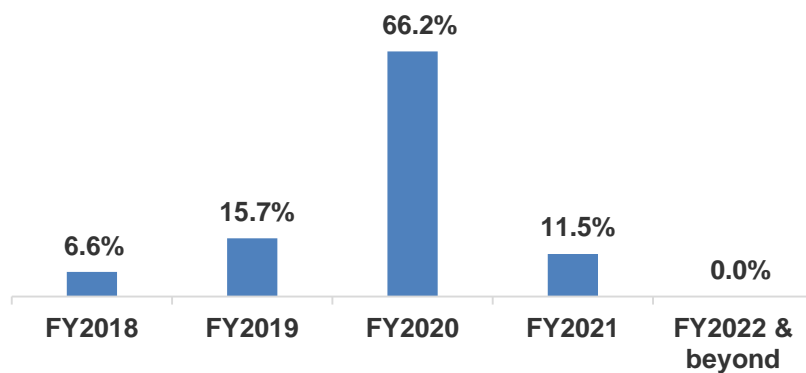


Expiry by NLA

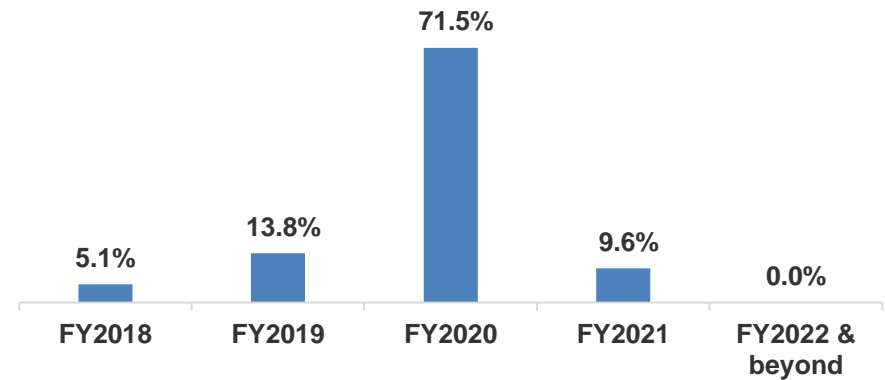


The Clementi Mall : Tenant retention rate of 89% for second renewal cycle in 2017

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.

Market outlook

- **Outlook for Singapore economic growth is expected to moderate but remain firm**
 - Based on advance estimates of the Ministry of Trade and Industry (MTI), the Singapore economy grew by 3.5% year-on-year in 2017.
 - MTI expects the pace of economic growth to moderate in 2018 but remain firm with forecast of “1.5% to 3.5%”.
- **Growth in international visitor arrivals and tourism receipts**
 - 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.
- **Recovery in retail sales for two quarters**
 - 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%).

Distribution details and timetable

Distribution period	1Q FY18 (1 September 2017 – 30 November 2017)
Distribution per unit	1.34 cents per unit
Ex-date	11 January 2018
Record date	15 January 2018
Payment date	14 February 2018

Thank You

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

