



## Q1 FY2020 Financial Results

Date: 10 January 2020



# Disclaimer

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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 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 of financial year ending 31 August 2020 in the SGXNET announcement.

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# Overview of SPH REIT

- SPH REIT is a Singapore-based Real Estate Investment Trust (“REIT”) established principally to invest, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for retail purposes.
- As of 30 November 2019, SPH REIT has a portfolio of 4 assets across Singapore and Australia.
- Post Q1 FY2020, another Australia asset; Westfield Marion Shopping Centre was acquired on 6 December 2019.

<b>99.3%</b> Portfolio committed occupancy	<b>S\$3.6bn<sup>(1)</sup></b> Valuation of investment properties	<b>+10.9%<sup>(2)</sup></b> Q1 FY2020 rental reversion
<b>1.2m<sup>(1)</sup></b> Net Lettable Area (“NLA”) (sq. ft)	<b>26.8%</b> Gearing ratio	

The above metrics exclude Westfield Marion Shopping Centre

## Singapore



## Australia



Note:

1. Includes 100% size and valuation of Figtree Grove Shopping Centre; SPH REIT owns 85% of Figtree Grove Shopping Centre.
2. Accounting for Singapore assets only.

# A Singapore-anchored Prime Retail-dominant Portfolio with Presence in Australia

Valuation conducted as at 31 August 2019 for all assets

## Singapore



### Paragon

Valued at S\$2,745.0 million

A premier upscale retail mall and medical suite / office property located in the heart of Orchard Road.



### The Clementi Mall

Valued at S\$597.0 million

A mid-market suburban mall centrally located in Clementi town, integrated with HDB residential blocks, the Clementi public library, MRT, and bus interchange.



### The Rail Mall, acquired on 28 June 2018

Valued at S\$63.8 million

A unique retail strip with a 360-metre prominent road frontage to Upper Bukit Timah Road, housing a diverse selection of F&B and lifestyle offerings.

## Australia

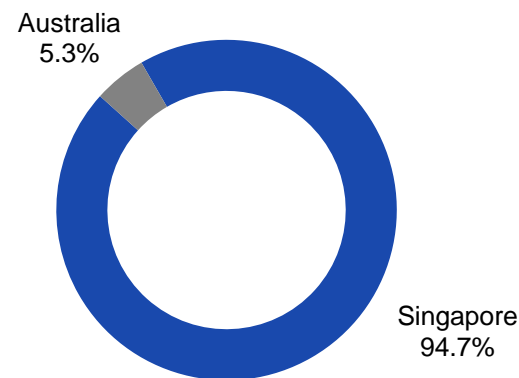


### Figtree Grove Shopping Centre, acquired on 21 December 2018

Valued at A\$206.0 million

An established sub-regional mall in Wollongong, a coastal city in New South Wales, Australia.

## SPH REIT's portfolio by geography, by valuation as at 31 August 2019



# Q1 FY2020

## Financial results-in-review

### Net Property Income (S\$'000)

**S\$46,964**

**+12.4%** vs Q1 FY2019 (S\$41,786)

### DPU – Q1 FY2020

**S\$1.38 cents**

**3.0%** vs Q1 FY2019 (S\$1.34 cents)

### Annualised Distribution Yield

**5.21%** based on the closing unit price of S\$1.06 as at 29 November 2019

### Gearing

**26.8%**

**(0.7%)** vs Q4 FY2019 (27.5%)

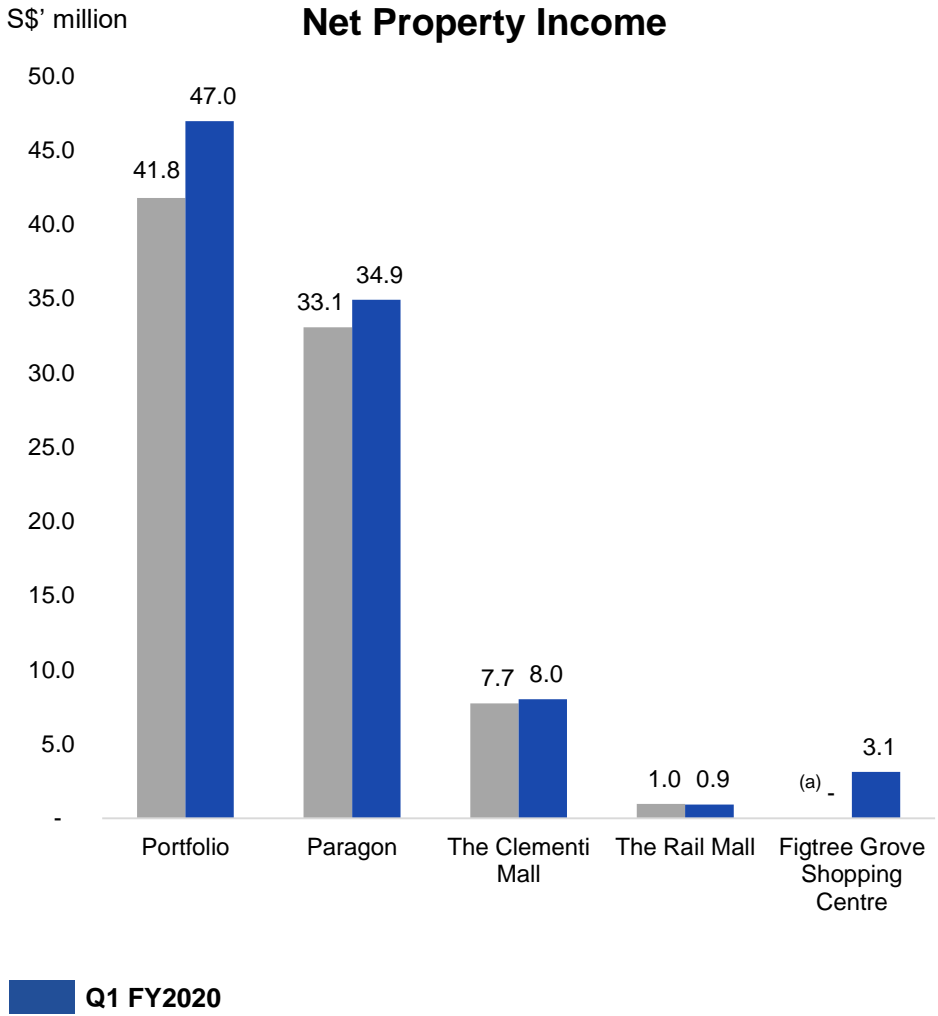
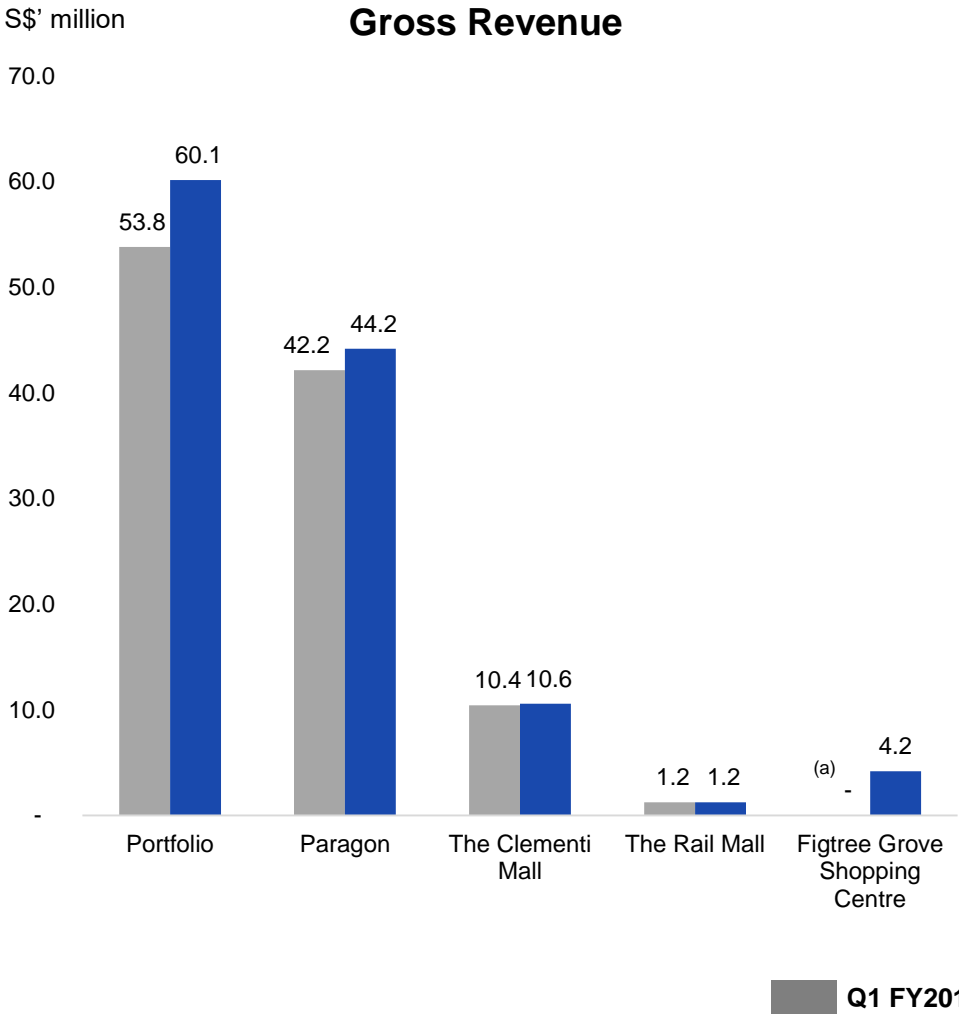
# Q1 FY2020 Financial performance

	Q1 FY2020 S\$'000	Q1 FY2019 S\$'000	Change %
Gross revenue	60,137	53,805	11.8
Property expenses	(13,173)	(12,019)	(9.6)
Net property income (NPI)	46,964	41,786	12.4
Income available for distribution	35,800	35,856	(0.2)
Distribution to Unitholders	35,800	34,602	3.5
Distribution per unit (cents)	1.38 <sup>1</sup>	1.34	3.0

Note:

(1) Includes foreign-sourced income derived from FY2019 and received in Q1 FY2020.

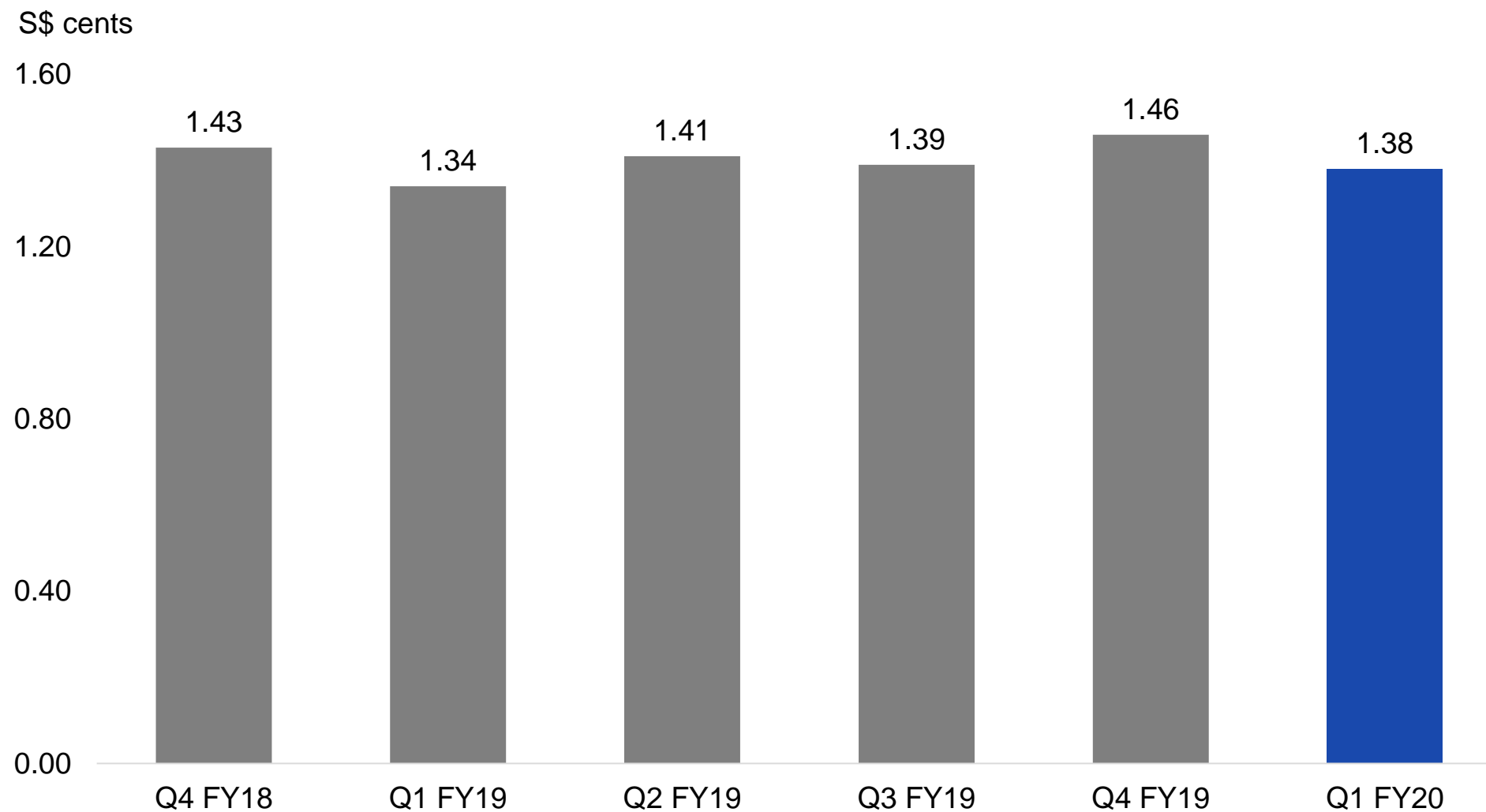
# Gross revenue and NPI



Note:  
 (a) Not available as asset was acquired on 21 December 2018



# Steady distribution



Note:

1. Does not include the distribution of S\$0.56 cents from 21 July 2013 (listing date) to 31 August 2013.

# Balance sheet

**Net assets value per unit**

**S\$0.95**

**Average cost of debt**

**2.91% p.a**

**Weighted average debt term to maturity**

**2.2 years**

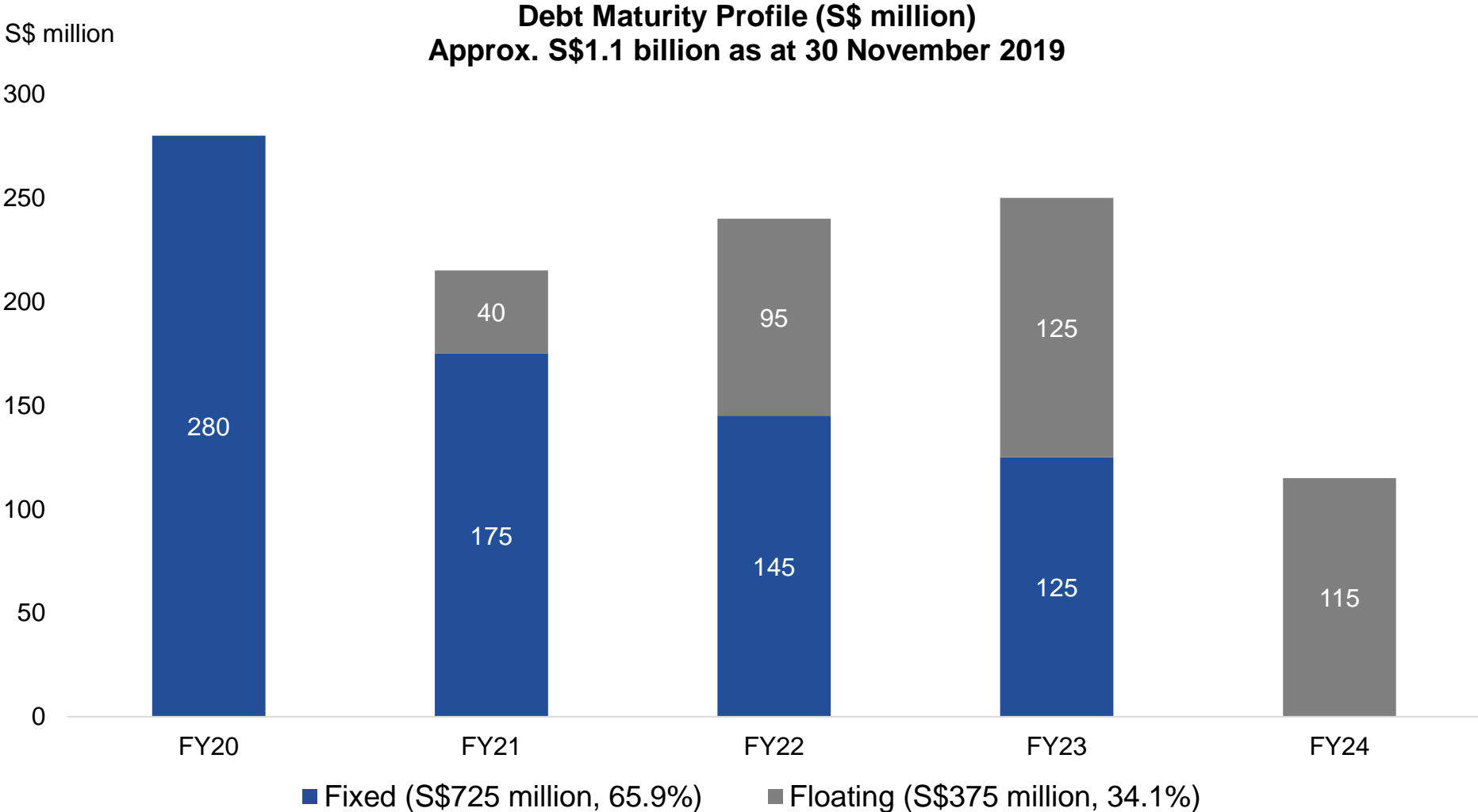
# Financial position

S\$'000	30 November 2019	30 August 2019	Change (%)
Total assets	4,052,720	3,948,402	2.6
Total liabilities	1,280,870	1,176,965	8.8
Net assets	2,771,850	2,771,437	0.01
Net asset value per unit	S\$0.95	S\$0.95	-
Debt gearing <sup>(1)</sup>	26.8%	27.5%	(0.7)

Note:

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

# Capital management



# Operational performance

**Portfolio occupancy rate**

**99.3%**

**Singapore portfolio rental reversion**

**+ 10.9%**

**Portfolio WALE**

**By NLA**

**3.3 years**

**By Gross Rental Income**

**2.6 years**

# Occupancy rate

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**PARAGON**

**99.8%**

**THE CLEMENTI mall**

**100.0%**

  
**The Rail Mall**



**89.5%**

 **figtree grove**

**99.2%**

# Rental reversion

## Singapore assets

As at 30 November 2019	Number of renewals / new leases <sup>(1)</sup>	NLA renewed/ new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates <sup>(3)</sup>
<b>PARAGON</b>	20	39,598	5.5%	10.7%
	16	4,790	2.5%	10.6%
	8	9,770	19.6%	12.8%
<b>Total</b>	44	54,158	5.6% <sup>(2)</sup>	10.9% <sup>(4)</sup>

Note:

(1) For expiries in Q1 FY2020, excluding newly created and reconfigured units.

(2) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 962,424 sqft as at 30 November 2019.

(3) The change is measured between average rents of the renewed & new lease terms and the average rents of the preceding lease terms. Preceding leases were typically committed three years ago.

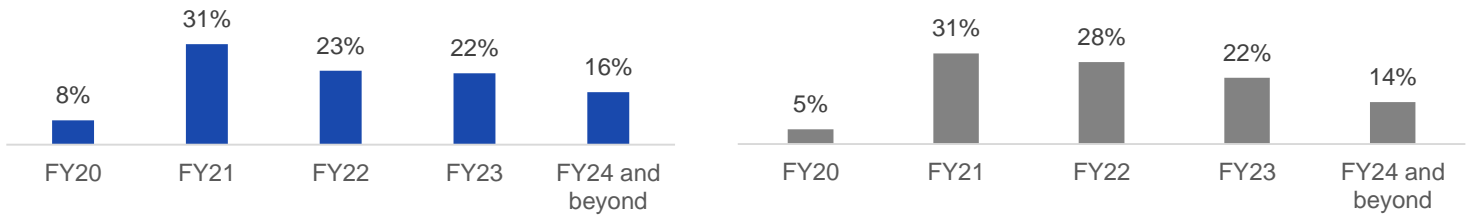
(4) Reversion rate is computed based on weighted average of all expiring leases.

# Staggered lease renewal by portfolio and assets

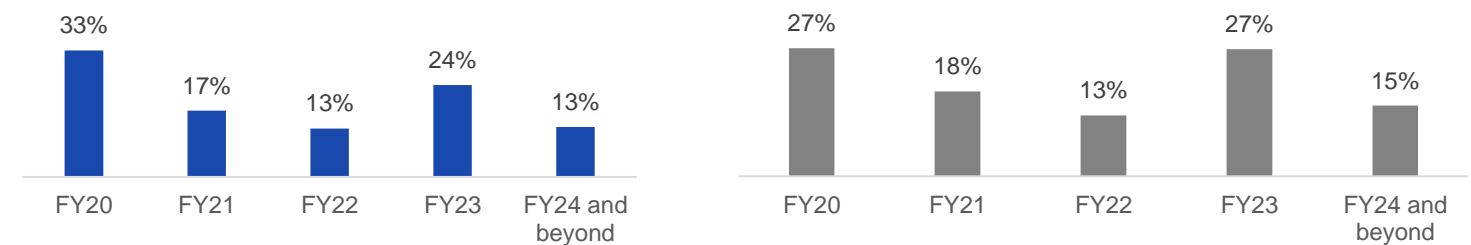
Portfolio lease expiry as at 30 November 2019	FY20	FY21	FY22	FY23	FY24 & beyond
Expiries as a % of total NLA	13%	23%	20%	19%	25%
Expiries as a % of Gross rental income	12%	19%	22%	15%	32%

Asset	Expiry by NLA					Expiry by Gross Rental Income				
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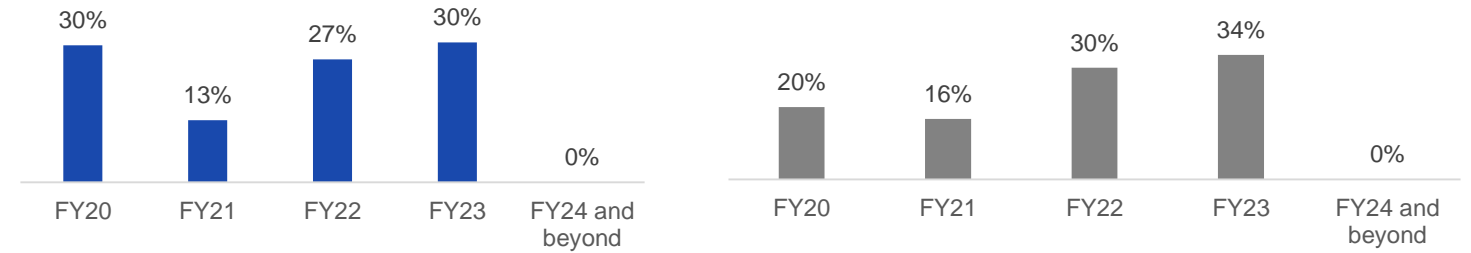
## PARAGON



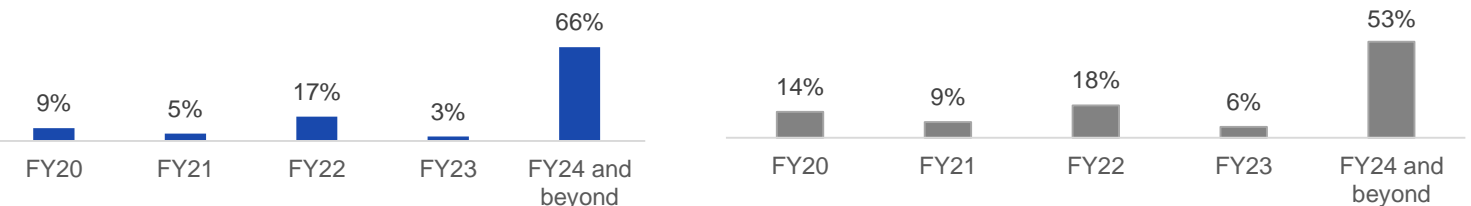
## THE CLEMENTI mall



## The Rail Mall



## figtree grove





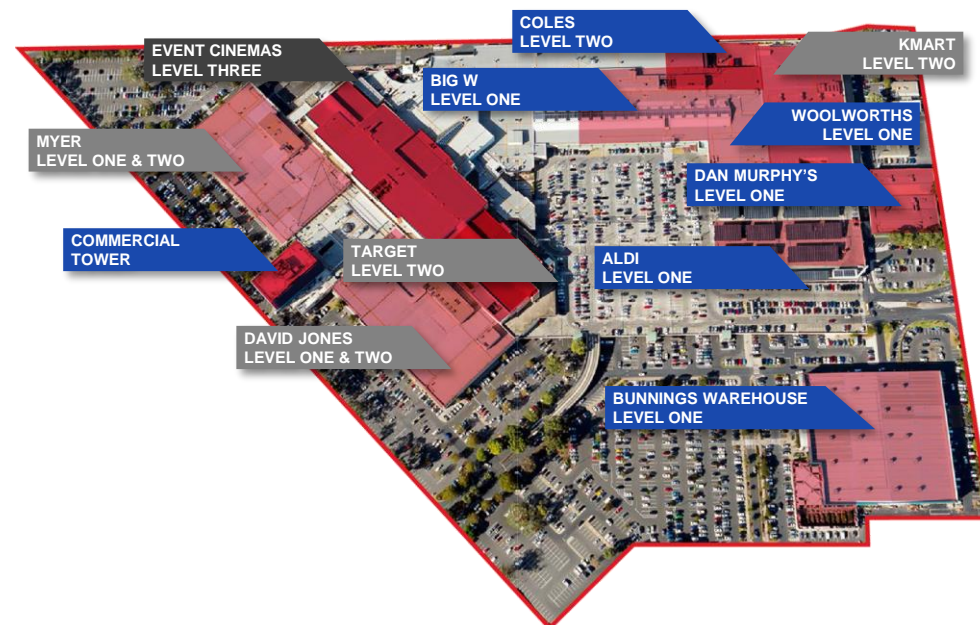
**Acquisition of a 50% stake of  
Westfield Marion  
Shopping Centre**

# Westfield Marion Shopping Centre

## Completion acquisition of 50% stake on 6 December 2019

<b>Location</b>	<ul style="list-style-type: none"> <li>293-297 Diagonal Road, Oaklands Park, Adelaide, South Australia, 5046</li> </ul>
<b>SPH REIT's ownership stake</b>	<ul style="list-style-type: none"> <li>50.0%</li> </ul>
<b>Title</b>	<ul style="list-style-type: none"> <li>Freehold</li> </ul>
<b>Land area (sqm)</b>	<ul style="list-style-type: none"> <li>228,782</li> </ul>
<b>GLA (sqm)</b>	<ul style="list-style-type: none"> <li>136,629</li> </ul>
<b>Number of storeys</b>	<ul style="list-style-type: none"> <li>3 (retail); 5 (office)</li> </ul>
<b>Number of car park bays</b>	<ul style="list-style-type: none"> <li>5,270</li> </ul>
<b>Total number of tenants</b>	<ul style="list-style-type: none"> <li>327</li> </ul>
<b>Annual foot traffic</b>	<ul style="list-style-type: none"> <li>13.5 million</li> </ul>
<b>Sales / Moving Annual Turnover (MAT)</b>	<ul style="list-style-type: none"> <li>A\$846m for the year ending 30 June 2019 (+2.35% YoY)<sup>(1)</sup></li> </ul>
<b>Purchase Consideration (100%)</b>	<ul style="list-style-type: none"> <li>A\$1,340m</li> </ul>
<b>Implied NPI yield<sup>(2)</sup></b>	<ul style="list-style-type: none"> <li>5.6%</li> </ul>
<b>Occupancy rate</b>	<ul style="list-style-type: none"> <li>99.3% by GLA</li> </ul>
<b>Weighted Average Lease Expiry ("WALE")</b>	<ul style="list-style-type: none"> <li>6.7 years by GLA</li> <li>4.2 years by income</li> </ul>
<b>Co-owner / property manager</b>	<ul style="list-style-type: none"> <li>Scentre Group</li> </ul>

## Overview of major tenants in Westfield Marion



Sources: Colliers International, Urbis.

(1) Includes all entertainment and travel categories as well as an estimate for Aldi.

(2) Defined as net property income (A\$75.6m) divided by Purchase Consideration.



# **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 retail real estate space
- Implement asset enhancement initiatives and implement pro-active marketing plans

## Investments and acquisition growth strategy

- ROFR on the Sponsor's future income-producing properties used primarily<sup>(1)</sup> for retail purposes in Asia Pacific:
  - One applicable ROFR property, The Seletar Mall, which has opened on 28 November 2014, and maintained high occupancy rate since its opening; and
  - 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 - Singapore

## Economy's outlook

- Ministry of Trade and Industry (“MTI”) has released flash estimates on 2 January 2020 that the 2019 GDP growth grew by 0.7% in the forecasted range of 0.5% to 1.0%.

## Tourism

- Singapore Tourism Board (STB) reported that international visitor arrivals grew by 2.1% year-on-year during January 2019 to September 2019.
- For the same period, tourism receipts recorded S\$13.1 billion, a decline of 3.0% y-o-y.

## Retail sales index (RSI)

- In October 2019, RSI (excluding motor vehicles) declined by 0.6% compared to October 2018.

Source:  
Ministry of Trade and Industry, 2019 and 2020  
Singapore Tourism Board and Department of Statistics Singapore, 2019

# Market outlook – New South Wales, Australia

## Economy's outlook

- Reserve Bank of Australia (“RBA”) has forecasted in November 2019 that the year-end GDP growth is expected to be 2.25% over 2019, 2.75% over 2020 and 3.0% over 2021.

## Retail trade

- Based on figures released by the Australian Bureau of Statistics (ABS), the seasonally adjusted retail turnover was relatively unchanged in October 2019 at approximately A\$27,572 million. This follows a rise of 0.2% in September 2019, and a rise of 0.4% in August 2019.

Source: Reserve Bank of Australia and Australian Bureau of Statistics, 2019

# **Distribution details and timeline**

# Distribution details and timeline

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Distribution period	Q1 FY2020 (1 September 2019 – 30 November 2019)
Distribution per unit	S\$1.38 cents per unit
Ex-date	28 November 2019
Record date	29 November 2019
Payment date	14 February 2020

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**Thank You**

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for more information**