



2Q FY16 Financial Results

4 April 2016

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This presentation shall be read in conjunction with SPH REIT’s financial results for the second quarter and half year ended 29 February 2016 in the SGXNET announcement.

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Key Highlights

- Net property income for 2Q FY16 up 0.9% year-on-year
- 2Q FY16 DPU was 1.40 cents
- 1H FY16 DPU was 2.73 cents
- Annualised distribution yield was 5.81% (based on closing price of \$0.945 per unit on 29 February 2016)
- Asset enhancement project progressing on schedule
- Strong balance sheet, with low gearing of 25.7% and 84.7% debt on fixed rate

Resilient performance

	2Q FY16 S\$'000	2Q FY15 S\$'000	Change %
Gross revenue	53,090	52,454	▲ 1.2%
Property expenses ^(a)	(12,481)	(12,199)	▲ (2.3)%
Net property income (NPI) ^(a)	40,609	40,255	▲ 0.9%
Income available for distribution ^(b)	36,425	36,342	▲ 0.2%
Distribution to Unitholders ^(c)	35,531	35,303	▲ 0.6%
Distribution per unit (DPU) (cents)	1.40	1.40	-

Notes:

(a) Included additional one-off provision for prior year property tax based on the assessment received. Excluding the effect of prior year provision, NPI was \$41.5 million, an increase of \$1.3 million (3.2%) compared to 2Q FY15.

(b) The prior year provision does not have an effect on current year's distribution.

(c) For 2Q 2016, the distribution to unitholders was 97.5% of taxable income available for distribution.

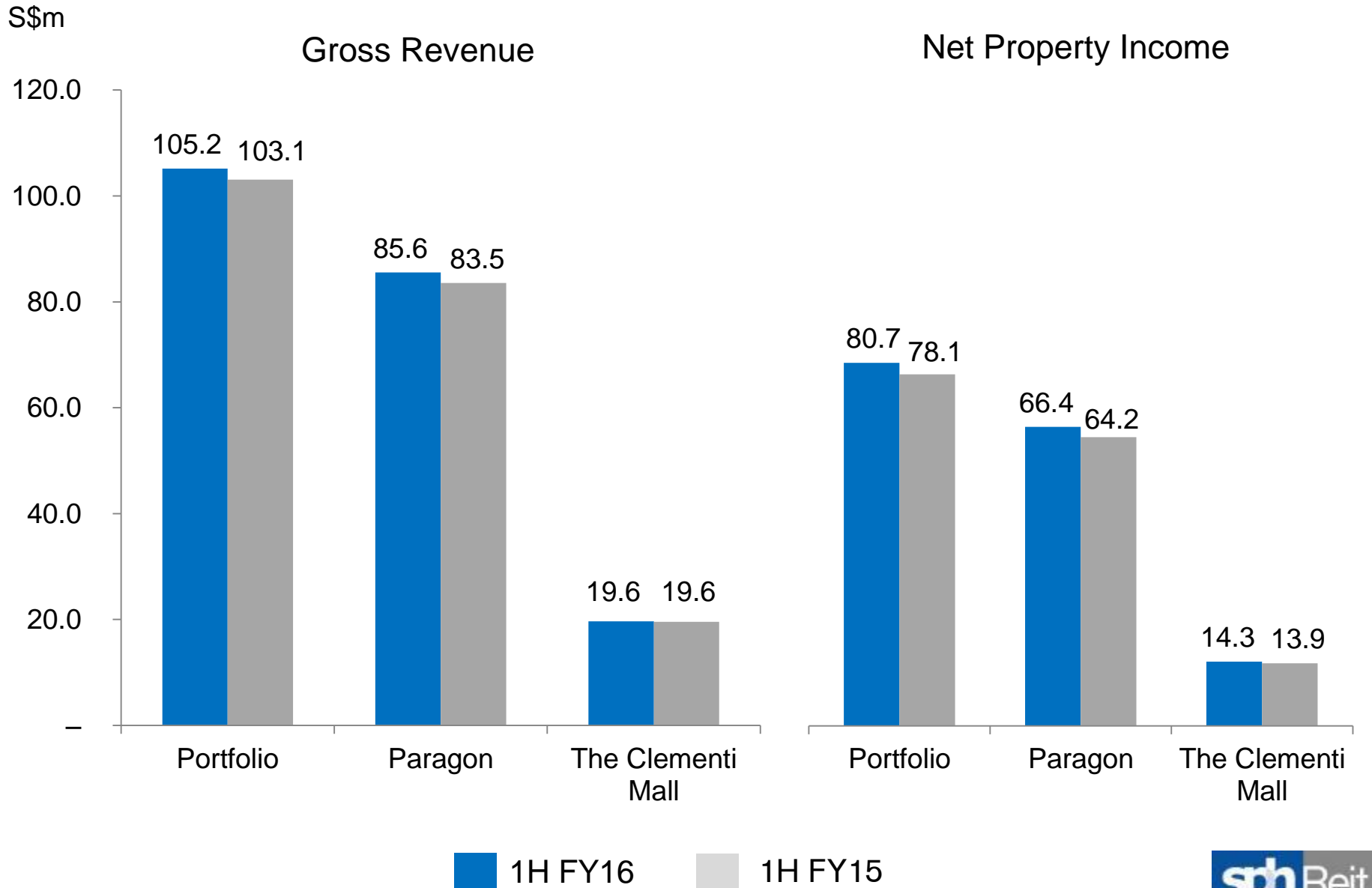
Resilient performance

	1H FY16 S\$'000	1H FY15 S\$'000	Change %
Gross revenue	105,185	103,089	▲ 2.0%
Property expenses	(24,472)	(24,961)	▼ 2.0%
Net property income (NPI)	80,713	78,128	▲ 3.3%
Income available for distribution	71,733	70,373	▲ 1.9%
Distribution to Unitholders ^(a)	69,227	68,792	▲ 0.6%
Distribution per unit (DPU) (cents)	2.73	2.73	-

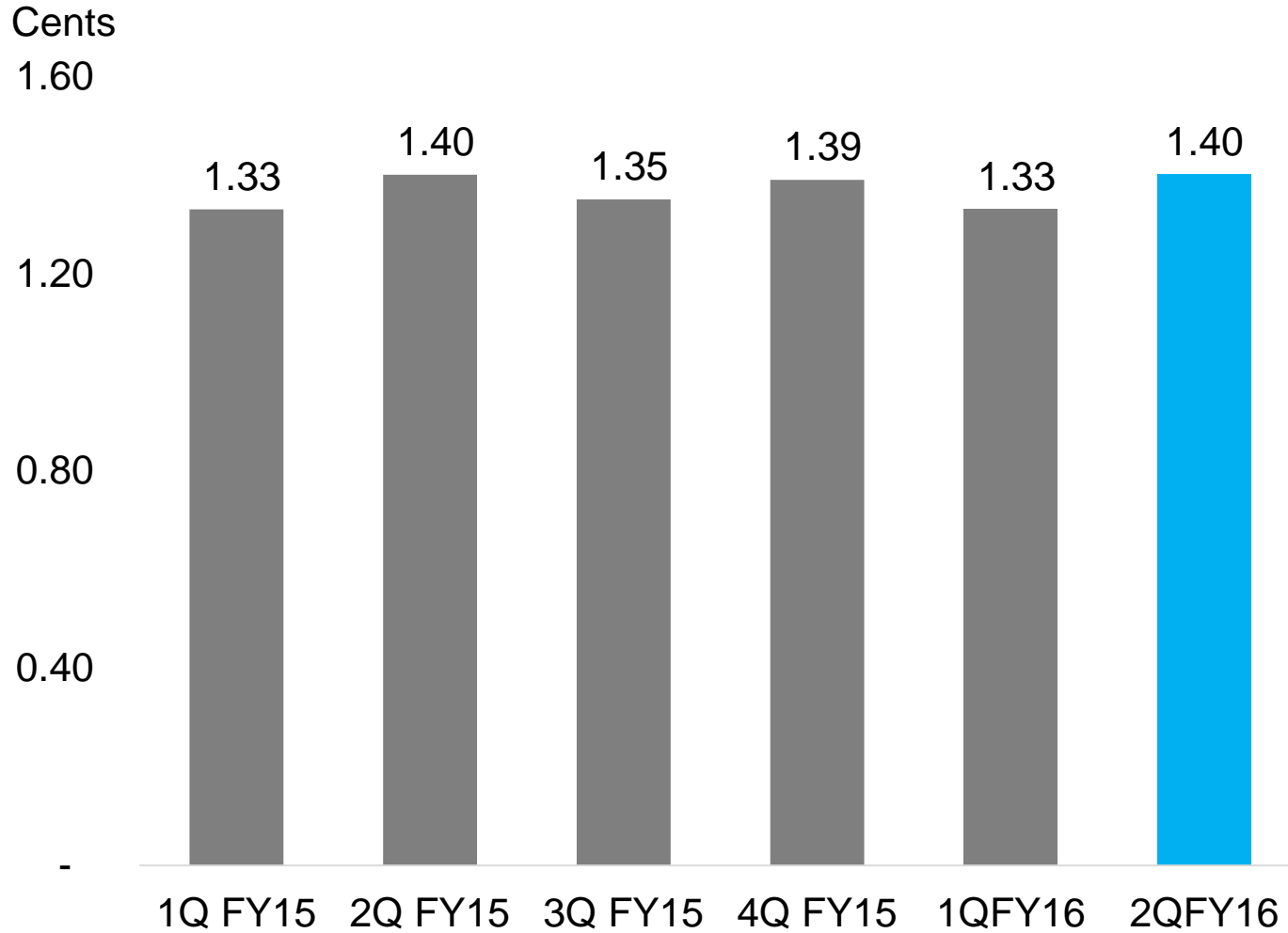
Note:

(a) For 1H 2016, the distribution to unitholders was 96.5% of taxable income available for distribution.

Higher gross revenue and NPI



Stable and regular DPU



Balance sheet



Financial position

	As at 29 February 2016 S\$'000	As at 31 August 2015 S\$'000
Total assets	3,306,789	3,309,621
Total liabilities	915,076	911,811
Net assets	2,391,713	2,397,810
Net asset value per unit	S\$0.94	S\$0.95
Gearing ^(a)	25.7%	25.7%

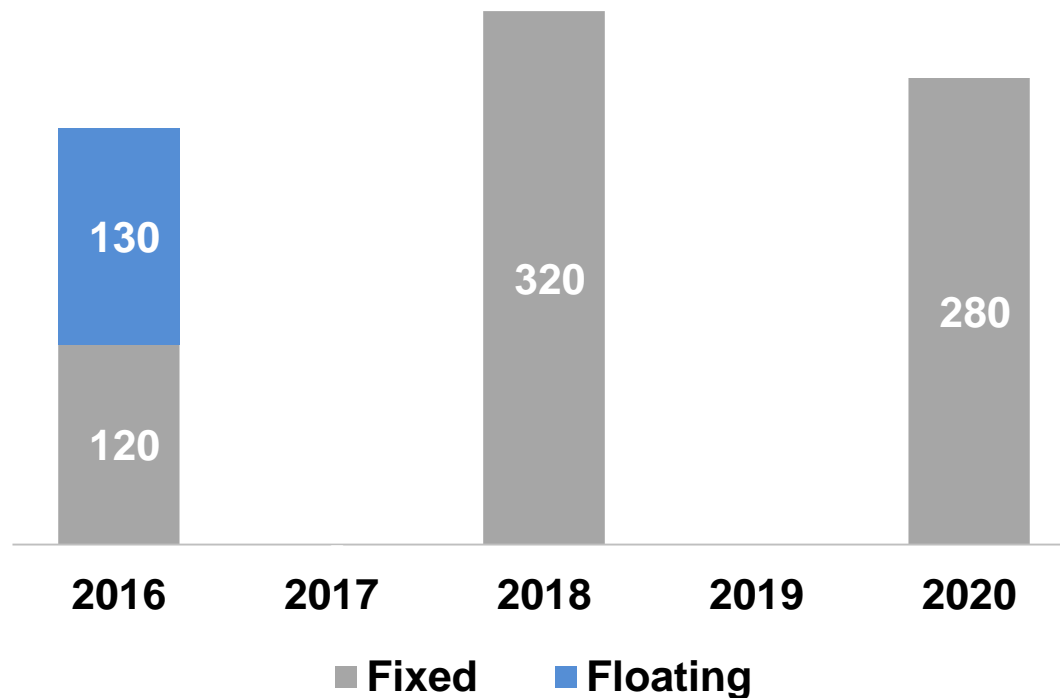
Note:

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

Low gearing and 85% of debt fixed

- Proactive capital management with 84.7% of the S\$850m debt facility on a fixed rate basis
- Average cost of debt: 2.84%
- Weighted average term to maturity: 2.4 years

Debt maturity profile (S\$m)



Market value of properties

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

Notes:

(a) Valuations as at 31 August 2015 and 31 August 2014 were conducted by DTZ.

(b) The Clementi Mall's valuation excludes income support. The guaranteed Net Property Income (NPI) per year is S\$31 million and the aggregate top up NPI shall not exceed \$20 million over five years from 24 July 2013 (Listing date).



Operational performance



Resilient operating performance

- Paragon's occupancy was 99.9% as at 29 February 2016.
- Notwithstanding the prevailing weak retail sentiment, Paragon achieved a moderate rental uplift of 4.3% for new and renewed leases in 1H 2016
- The Clementi Mall remained fully leased, with positive rental reversion of 3.1% in 1H 2016.
- 1H FY16 visitor traffic held steady year-on-year
- Staggered portfolio lease renewal

Rental reversion up 4.3% for the portfolio

	Number of renewals / new leases ^(a)	NLA renewed / new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates ^(c)
Paragon	64	160,683	22.5%	4.3%
The Clementi Mall	6	2,131	1.1%	3.1%
SPH REIT Portfolio	70	162,814	18.0% ^(b)	4.3%

Notes:

(a) For expiries in 1H FY16.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 905,260sqft as at 29 February 2016.

(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.

Staggered portfolio lease renewal

Weighted Average Lease Expiry (WALE) as at 29 February 2016

By NLA 2.0 years

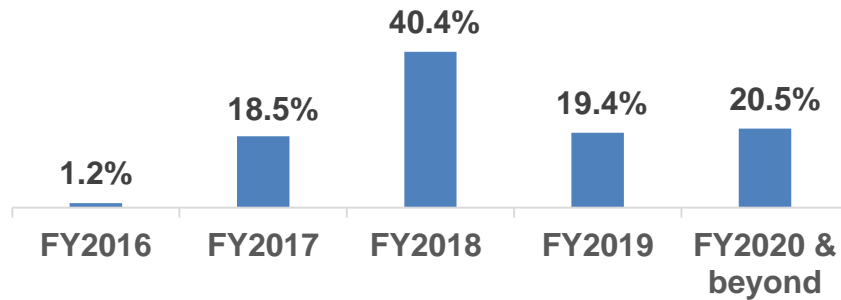
By Gross Rental Income 2.3 years

Lease expiry as at 29 February 2016

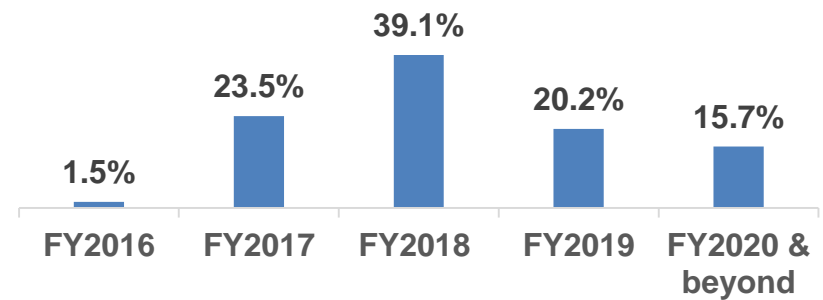
	FY2016	FY2017	FY2018	FY2019	FY2020 and beyond
Expiries as a % of total NLA	1.2%	36.4%	32.0%	17.9%	12.5%
Expiries as a % of Gross rental income	1.0%	30.5%	34.4%	17.2%	16.9%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income

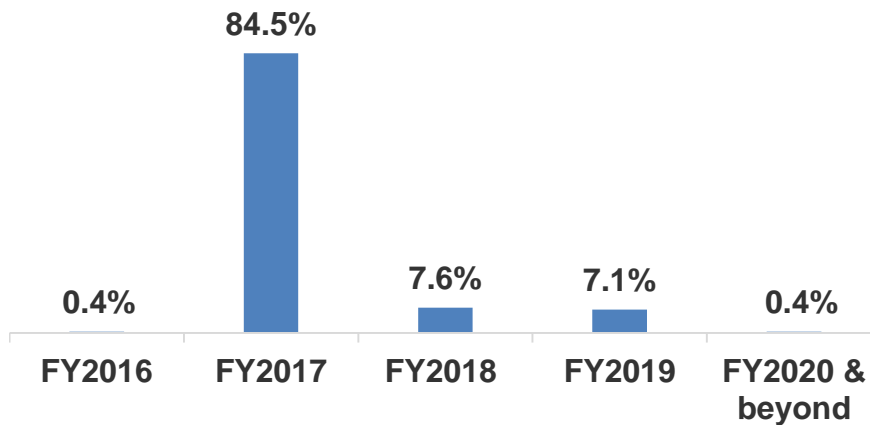


Expiry by NLA

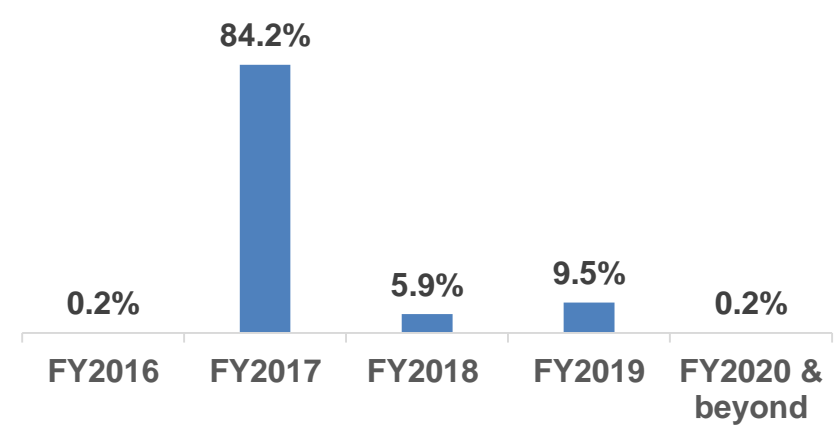


The Clementi Mall (a) : tenant retention rate of more than 90% for first renewal cycle

Expiry by Gross Rental Income



Expiry by NLA



Note:

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



Growth strategy and market outlook



Multi-pronged growth strategy to ensure growth

Proactive asset management and asset enhancement strategy

- Ensure that interests of all stakeholders, including tenants, shoppers and unitholders are protected while keeping its properties at the forefront of evolving retail mall trends and relevant to changing demands of consumers
- Continually optimise tenant mix of its properties
- Deliver high quality service to tenants and become the landlord of choice in the Singapore retail real estate space
- Implement asset enhancement initiatives and implement proactive marketing plans

Investments and acquisition growth strategy

- ROFR on the Sponsor's future income-producing properties used primarily⁽¹⁾ for retail purposes in Asia Pacific
 - Currently one applicable ROFR property, The Seletar Mall, which has opened on 28 November 2014, achieved 100% committed occupancy rate since December 2014.
 - Explore acquisition opportunities that will add value to SPH REIT's portfolio and improve returns to unitholders

Note:

- (1) 'primarily' means more than 50.0% of net lettable area or (in the case of a property where the concept of net lettable area is not applicable) gross floor area.

Strategy to revitalise tenant mix

Strategy to continually revitalise tenant mix to strengthen our product offering to our shoppers.

DIESEL

GOCCO

Optic Butler

寶
treasures

by
Imperial Treasure

一点心
Yi Dian Xin



銀座串勝

GINZA KUSHI-KATSU



Dutch Baby Cafe

Duffy Geymoh Sandaka

sphReit

Continual asset enhancement

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

- Replace aging AHUs with fan coil unit (“FCU”) and convert about 7,000 sqft back-of-house space into revenue generating net lettable area (“NLA”) at retail levels.
- Multi-phased approach from September 2015 to mid 2018 to minimise disruption to tenants.
- Progressing on schedule.
- Emporio Armani has pre-committed to take up part of the reconfigured space at level 1.
- Reconfigure space at level 3 to create a bigger Marks & Spencer and more specialty units for wider range of offering.

Market outlook

- **Outlook for Singapore economy remains modest**

- According to the Ministry of Trade and Industry (MTI), the Singapore economy grew by 2.0% in 2015, slower than the 3.3% in 2014.
- The Singapore economy is expected to grow at a modest pace of between 1.0% and 3.0% in 2016.
- Manpower constraints continue to weigh on the growth of labour-intensive services sectors such as food services.

- **STB expects modest growth in 2016 amidst global uncertainties and increasing regional competition**

- International visitor arrivals (IVA) grew y-o-y by 0.9% to 15.2 million in 2015.
- Tourism receipts fell by 6.8% to S\$22.0 billion in 2015, largely due to decline in business travel segment.

- **Retail environment remains challenging**

- The retail sales index (excluding motor vehicles) declined y-o-y by 3.7% in Q4 2015, reversing the growth of 0.5% in Q3 2015.
- The decline in sales in Q4 2015 was marginal for supermarkets and department stores, while larger decline was registered in other segments such as wearing apparel and footwear (2.6%), watches and jewellery (3.7%), food and beverage (11.5%).

Distribution details and timetable

Distribution period	2Q FY16 (1 December 2015 – 29 February 2016)
Distribution per unit	1.40 cents per unit
Ex-date	08 April 2016
Record date	12 April 2016
Payment date	13 May 2016

Thank You

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