

Financial Statements and Related Announcement::Second Quarter and/ or 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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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	28/02/2017
Attachments	SPH REIT - SGX Announcement Q2FY17.pdf SPH REIT - Press Release Q2FY17.pdf SPH REIT - Results Presentation Slides Q2FY17.pdf Total size =5879K



SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT * FOR THE PERIOD ENDED 28 FEBRUARY 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 second quarter and half year ended 28 February 2017 has been extracted from the interim financial information for the second quarter and half year ended 28 February 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 Period Ended 28 February 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

	2Q 2017	2Q 2016	Change	1H 2017	1H 2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	54,009	53,090	1.7	106,588	105,185	1.3
Property operating expenses ¹	(11,272)	(12,481)	(9.7)	(22,429)	(24,472)	(8.3)
Net property income	42,737	40,609	5.2	84,159	80,713	4.3
Income support ²	134	478	(72.0)	741	1,222	(39.3)
Amortisation of intangible asset	(134)	(478)	(72.0)	(741)	(1,222)	(39.3)
Manager's management fees	(4,179)	(4,086)	2.3	(8,314)	(8,145)	2.1
Trust expenses	(458)	(469)	(2.3)	(901)	(939)	(4.0)
Finance income ³	171	235	(27.2)	357	476	(25.0)
Finance costs	(5,823)	(6,041)	(3.6)	(11,778)	(12,028)	(2.1)
Total return before taxes and distribution	32,448	30,248	7.3	63,523	60,077	5.7
Less: income tax	-	-	NM	-	-	NM
Total return after taxes and before distribution	32,448	30,248	7.3	63,523	60,077	5.7

Notes:

1. The expenses for 2Q 2016 included additional one-off provision for prior years' property tax of S\$0.9 million based on the assessment received.
2. Income support relates to the top-up payment from the vendors of The Clementi Mall pursuant to the Deed of Income Support.
3. Finance income represent the interest income from bank deposit.

NM Not Meaningful

For The Period Ended 28 February 2017

1(a)(ii) Distribution Statement

	2Q 2017 S\$'000	2Q 2016 S\$'000	Change %	1H 2017 S\$'000	1H 2016 S\$'000	Change %
Total return after taxes and before distribution	32,448	30,248	7.3	63,523	60,077	5.7
Add: Non-tax deductible items ¹	4,864	6,177	(21.3)	10,163	11,656	(12.8)
Income available for distribution	37,312	36,425	2.4	73,686	71,733	2.7
Distribution to Unitholders²	35,743	35,531	0.6	69,926	69,227	1.0

Notes:

1. Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, amortisation of income support, amortisation of debt issuance costs. 2Q 2016 included adjustment for additional property tax provision that relates to prior years.
2. For 2Q 2017 and 1H 2017, the distribution to unitholders were 95.8% and 94.9% respectively of taxable income available for distribution.

For The Period Ended 28 February 2017

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

Balance Sheet	As at 28 Feb 17	As at 31 Aug 16
	S\$'000	S\$'000
Non-current assets		
Plant and equipment	861	950
Investment properties	3,234,201	3,230,000
Intangible asset ¹	6,294	7,035
	3,241,356	3,237,985
Current assets		
Trade and other receivables ²	4,990	5,888
Cash and cash equivalents	66,664	67,382
	71,654	73,270
Total assets	3,313,010	3,311,255
Non-current liabilities		
Borrowing	846,651	845,887
Derivative financial instruments ³	6,346	9,890
Trade and other payables	33,248	32,763
	886,245	888,540
Current liabilities		
Trade and other payables	32,943	34,183
	32,943	34,183
Total liabilities	919,188	922,723
Net assets attributable to Unitholders	2,393,822	2,388,532

Notes:

1. Intangible asset relates to income support provided by the vendors of The Clementi Mall.
2. Trade and other receivables comprised mainly rental receivable and trade amount due from related parties.
3. Derivative financial instruments represent the fair value as at balance sheet date of the interest rate swap contracts to swap floating rates for fixed interest rates.

(b)(ii) Borrowing

Secured borrowing

	As at 28 Feb 17 S\$'000	As at 31 Aug 16 S\$'000
Amount repayable after one year	846,651	845,887
Total	846,651	845,887

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\$846.7 million represented the loan stated at amortised cost.

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 Period Ended 28 February 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

	2Q 2017	2Q 2016	1H 2017	1H 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total return for the period	32,448	30,248	63,523	60,077
Adjustments for:				
Manager's fee paid/payable in units	4,179	4,086	8,314	8,145
Depreciation of plant and equipment	52	52	105	99
Finance income	(171)	(235)	(357)	(476)
Finance costs	5,823	6,041	11,778	12,028
Amortisation of intangible asset	134	478	741	1,222
Operating cash flow before working capital changes	42,465	40,670	84,104	81,095
Changes in operating assets and liabilities				
Trade and other receivables	96	518	852	70
Trade and other payables	(1,529)	2,381	(890)	192
Net cash from operating activities	41,032	43,569	84,066	81,357
Cash flows from investing activities				
Additions to investment properties	(2,383)	(2,142)	(3,778)	(3,444)
Purchase of plant and equipment	(8)	(72)	(11)	(82)
Interest received	283	203	395	455
Net cash used in investing activities	(2,108)	(2,011)	(3,394)	(3,071)
Cash flows from financing activities				
Distribution to unitholders	(34,182)	(33,696)	(70,091)	(68,854)
Interest paid	(5,669)	(5,201)	(11,299)	(11,215)
Net cash used in financing activities	(39,851)	(38,897)	(81,390)	(80,069)
Net increase/(decrease) in cash and cash equivalents	(927)	2,661	(718)	(1,783)
Cash and cash equivalents at beginning of the period	67,591	72,911	67,382	77,355
Cash and cash equivalents at end of the period	66,664	75,572	66,664	75,572

For The Period Ended 28 February 2017

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

	2Q 2017	2Q 2016	1H 2017	1H 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at beginning of period	2,391,452	2,393,399	2,388,532	2,397,810
<u>Operations</u>				
Total return for the period / net increase in assets resulting from operations	32,448	30,248	63,523	60,077
<u>Hedging reserve</u>				
Effective portion of changes in fair value of cash flow hedges ¹	(75)	(2,324)	3,544	(5,465)
<u>Unitholders' transactions</u>				
Distribution to unitholders	(34,182)	(33,696)	(70,091)	(68,854)
Manager's fee paid/payable in units	4,179	4,086	8,314	8,145
	(30,003)	(29,610)	(61,777)	(60,709)
Balance as at end of period	2,393,822	2,391,713	2,393,822	2,391,713

Note:

1. This relates to interest rate swap arrangements.

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

	2Q 2017	2Q 2016	1H 2017	1H 2016
	No. of units	No. of units	No. of units	No. of units
Issued units as at beginning of period	2,550,918,917	2,533,520,750	2,546,703,310	2,529,309,302
Manager's fee paid in units ^{1,2}	2,180,185	4,392,146	6,395,792	8,603,594
Issuable units:				
Manager's fee payable in units ^{1,2,3}	6,501,635	4,397,231	6,501,635	4,397,231
Total issued and issuable units as at end of period	2,559,600,737	2,542,310,127	2,559,600,737	2,542,310,127

For The Period Ended 28 February 2017

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

Notes:

1. The units were issued/issuable to the REIT Manager in full satisfaction of management fees for 1H 2017 and 1H 2016. During the quarter, the REIT Manager has elected for partial payment in cash for 3Q 2017, a base management fee comprising of S\$1.2 million in cash with the balance in SPH REIT units. The performance fee will continue to be received in SPH REIT units.
2. 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.
3. 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 2Q 2017 and 1H 2017, the issuable units relates to performance management fees for 1H 2017 and base management fees for 2Q 2017.
 - For 2Q 2016 and 1H 2016, the issuable units relates to base and performance management fees for 2Q 2016.

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 2017, SPH REIT had 2,553,099,102 units (31 August 2016: 2,546,703,310 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 2017 as set out in this announcement has been extracted from the interim financial information for the second quarter and half year ended 28 February 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 Period Ended 28 February 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”)**

	2Q 2017	2Q 2016	1H 2017	1H 2016
<u>Earnings per unit</u>				
Weighted average number of units ¹	2,555,334,001	2,537,960,692	2,553,126,459	2,535,752,852
Total return for the period after tax (S\$’000)	32,448	30,248	63,523	60,077
EPU (basic and diluted) (cents)	1.27	1.19	2.49	2.37
<u>Distribution per unit</u>				
Total number of units in issue at end of period	2,553,099,102	2,537,912,896	2,553,099,102	2,537,912,896
Distribution to Unitholders ² (S\$’000)	35,743	35,531	69,926	69,227
DPU ³ (cents)	1.40	1.40	2.74	2.73

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 2017

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

	As at 28 Feb 17	As at 31 Aug 16
NAV per unit ¹ (S\$)	0.94	0.94
NTA per unit ¹ (S\$)	0.94	0.94

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 2017 (“2Q 2017”) compared with the Second Quarter ended 29 February 2016 (“2Q 2016”)

Gross revenue for 2Q 2017 grew by S\$0.9 million (1.7%) to S\$54.0 million, on the back of higher rental income achieved by both Paragon and The Clementi Mall.

Property operating expenses of S\$11.3 million was S\$1.2 million (9.7%) lower than 2Q 2016, mainly due to proactive management of utility contract and additional one-off provision for prior years' property tax in 2Q 2016.

Consequently, net property income (“NPI”) of S\$42.7 million for 2Q 2017 was S\$2.1 million (5.2%) above 2Q 2016. Excluding the effect of additional one-off provision for prior years' property tax, NPI increase was S\$1.2 million (2.9%).

Total return for Q2 2017 increased by S\$2.2 million (7.3%) to S\$32.4 million against the same quarter last year, mainly attributable to higher NPI.

Income available for distribution of S\$37.3 million for 2Q 2017 was higher by S\$0.9 million (2.4%) compared to 2Q 2016.

Review of Results for the Half Year ended 28 February 2017 (“1H 2017”) compared with the Half Year ended 29 February 2016 (“1H 2016”)

Gross revenue for 1H 2017 was up S\$1.4 million (1.3%) to S\$106.6 million. The positive results were driven by good progress in leasing activities. The portfolio average rental reversion was 6.2% for the new and renewed leases in 1H FY2017.

Property operating expenses was S\$22.4 million, S\$2.0 million (8.3%) lower against 1H 2016. Savings in utilities, lower maintenance and property tax were partially offset by higher marketing expenses.

Consequently, NPI of S\$84.2 million for 1H 2017, was S\$3.4 million (4.3%) above the same period last year. NPI margin of 79.0% was achieved, better than 1H 2016 of 76.7%.

8. Review of Performance (Con't)

Total return increased by S\$3.4 million (5.7%) to S\$63.5 million for 1H 2017. This was mainly attributable to higher NPI. The average cost of debt was 2.79% p.a. for 1H 2017.

Income available for distribution of S\$73.7 million for 1H 2017 was S\$2.0 million (2.7%) higher compared to 1H 2016.

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 expanded by 2.0% in 2016, similar to the 1.9% growth in 2015. While global growth is projected to pick up slightly in 2017, political risks and economic uncertainties have risen. These uncertainties may in turn weigh on business and consumer confidence. Against this global backdrop, MTI has maintained the economic growth forecast at 1.0% to 3.0% in 2017.

While Singapore Tourism Board (STB) has reported growth in the tourism receipts in 2016, the retail environment remains challenging. Based on figures released by the Singapore Department of Statistics (DOS), the retail sales index (excluding motor vehicles) declined by 3.7% in Q2 2016, 4.3% in Q3 2016 and 1.7% in Q4 2016. Most of the segments registered decline in sales, in particular watches and jewellery (5.9%), wearing apparel and footwear (3.5%), food and beverage (2.8%) in Q4 2016.

SPH REIT has a portfolio of two high quality and well-positioned retail properties in prime locations. Paragon had remained resilient and turned in a steady performance through previous economic cycles. The Clementi's Mall second renewal cycle in 2017 is progressing well. With about 85% of leases expiring in 2017, about 74% by gross rental income have been renewed ahead of time. 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 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>

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 December 2015 to 29 February 2016
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: 22 May 2017.

(d) Record date

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 19 April 2017 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 2017

13. Segment Results

	2Q 2017	2Q 2016	Change	1H 2017	1H 2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Gross Revenue</u>						
Paragon	43,944	43,224	1.7	86,763	85,553	1.4
The Clementi Mall	10,065	9,866	2.0	19,825	19,632	1.0
Total	54,009	53,090	1.7	106,588	105,185	1.3
<u>Net Property Income</u>						
Paragon	35,121	33,337	5.4	69,400	66,436	4.5
The Clementi Mall	7,616	7,272	4.7	14,759	14,277	3.4
Total	42,737	40,609	5.2	84,159	80,713	4.3

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,
10 April 2017



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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 2017, to be false or misleading in any material respect.

On behalf of the Directors

LEONG HORN KEE
Chairman

ANTHONY MALLEK
Director

Singapore,
10 April 2017



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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 2017

We have reviewed the accompanying Statement of Financial Position and Portfolio Statement of SPH REIT (the "Trust") as at 28 February 2017, 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 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 'K. M. W.' or similar, written in a cursive style.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
10 April 2017



SPH REIT achieved steady performance

- 2Q 2017 DPU was 1.40 cents
- Maintained 100% committed occupancy

SINGAPORE, April 10, 2017 – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that gross revenue for the second quarter ended 28 February 2017 (“2Q 2017”) grew S\$0.9 million (1.7%) to S\$54.0 million, on the back of higher rental income. Net property income (“NPI”) of S\$42.7 million was S\$2.1 million (5.2%) higher in 2Q 2017 compared to the same quarter last year (“2Q 2016”), mainly due to proactive management of utility contract and lower property tax as last year’s result included one-off provision for prior years’ property tax. Excluding the effect of the property tax provision, NPI increase was S\$1.2 million (2.9%) compared to 2Q 2016.

Income available for distribution to unitholders increased by S\$0.9 million (2.4%) to S\$37.3 million for 2Q 2017. Distribution per unit (“DPU”) for 2Q 2017 was maintained at 1.40 cents, same as 2Q 2016. The aggregate DPU was 2.74 cents for the half year ended 28 February 2017 (“1H 2017”). The 2Q 2017 distribution will be paid to unitholders on 22 May 2017.

Resilient operational performance

Both properties continued to demonstrate resilience, with positive rental reversion and full occupancy. Paragon achieved a moderate rental uplift of 4.3% for new and renewed leases in 1H 2017.

The Clementi Mall’s second renewal cycle in 2017 is progressing well. With about 85% of leases expiring in 2017, about 74% by gross rental income have been renewed ahead of time. The Clementi Mall recorded a positive rental reversion of 8.3% for the leases

expiring in 1H 2017 representing 30% of the second renewal cycle. The Clementi Mall received strong endorsement by tenants with an estimated retention rate of 90% by NLA and management also took the opportunity to curate fresh F&B concepts to continually excite the shoppers.

Capital Management

SPH REIT has a well-staggered debt maturity profile, with weighted average term to maturity of 2.6 years and gearing level of 25.7% as at 28 February 2017. It registered an average cost of debt of 2.79% p.a. for 1H 2017. To mitigate exposure to interest rate risk, 85.9% of the total borrowing was on fixed rate basis.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd. said: “SPH REIT has continued to deliver resilient financial and operating performance despite the prevailing economic headwinds and weak consumer sentiment. Working in close partnership with our tenants, both malls maintained its track record of 100% committed occupancy. We continue to curate a tenancy mix that will strengthen the positioning of each mall. Our tenants are the cornerstone of our business. Besides introducing new tenants to the malls, we proactively engage our tenants to rejuvenate their concepts and ambience of their stores. We strive to deliver stable and sustainable returns for Unitholders.”

Summary Results of SPH REIT

	2Q 2017	2Q 2016	Change %
	S\$'000	S\$'000	
Gross revenue	54,009	53,090	1.7%
Net property income ¹	42,737	40,609	5.2%
Income available for distribution	37,312	36,425	2.4%
Distribution to Unitholders ²	35,743	35,531	0.6%
Distribution per unit (cents)	1.40	1.40	-

Notes:

1. NPI for 2Q 2016 included additional one-off provision for prior years' property tax based on the assessment received. Excluding the effect of the property tax provision, the NPI increase was S\$1.2 million (2.9%) compared to 2Q 2016.
2. For 2Q 2017, the distribution to unitholders was 95.8% of taxable income available for distribution.

	1H 2017	1H 2016	Change %
	S\$'000	S\$'000	
Gross revenue	106,588	105,185	1.3%
Net property income	84,159	80,713	4.3%
Income available for distribution	73,686	71,733	2.7%
Distribution to Unitholders ¹	69,926	69,227	1.0%
Distribution per unit (cents)	2.74	2.73	0.4%
Annualised distribution yield (%)	5.70 ²	5.81 ³	(1.9)%

Notes:

1. For 1H 2017, the distribution to unitholders was 94.9% of taxable income available for distribution.
2. Based on S\$0.970 per unit closing price on 28 February 2017.
3. Based on S\$0.945 per unit closing price on 29 February 2016.

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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\$3.23 billion with an aggregate net lettable area of approximately 907,000 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, ranging from print, digital, radio and out-of-home media.

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

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

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

Important Notice

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of SPH REIT Management Pte. Ltd. (as the manager of SPH REIT) on future events.



2Q FY17 Financial Results

10 April 2017

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 year-to-date ended 28 February 2017 in the SGXNET announcement.

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Key Highlights

- Net property income for 2Q FY17 up 5.2% year-on-year
- 2Q FY17 DPU was 1.40 cents
- Annualised distribution yield was 5.70% (based on closing price of \$0.970 per unit on 28 February 2017)
- Strong balance sheet, with low gearing of 25.7% and 85.9% debt on fixed rate

Resilient performance

	2Q FY17 S\$'000	2Q FY16 S\$'000	Change %
Gross revenue	54,009	53,090	▲ 1.7
Property expenses	(11,272)	(12,481)	▼ 9.7
Net property income (NPI) ^(a)	42,737	40,609	▲ 5.2
Income available for distribution	37,312	36,425	▲ 2.4
Distribution to Unitholders ^(b)	35,743	35,531	▲ 0.6
Distribution per unit (DPU) (cents)	1.40	1.40	-

Notes:

(a) NPI for 2Q 2016 included additional one-off provision for prior years' property tax based on the assessment received. Excluding the effect of the property tax provision, the NPI increase was \$1.2 million (2.9%) compared to 2Q 2016.

(b) For 2Q FY17, the distribution to unitholders was 95.8% of taxable income available for distribution.

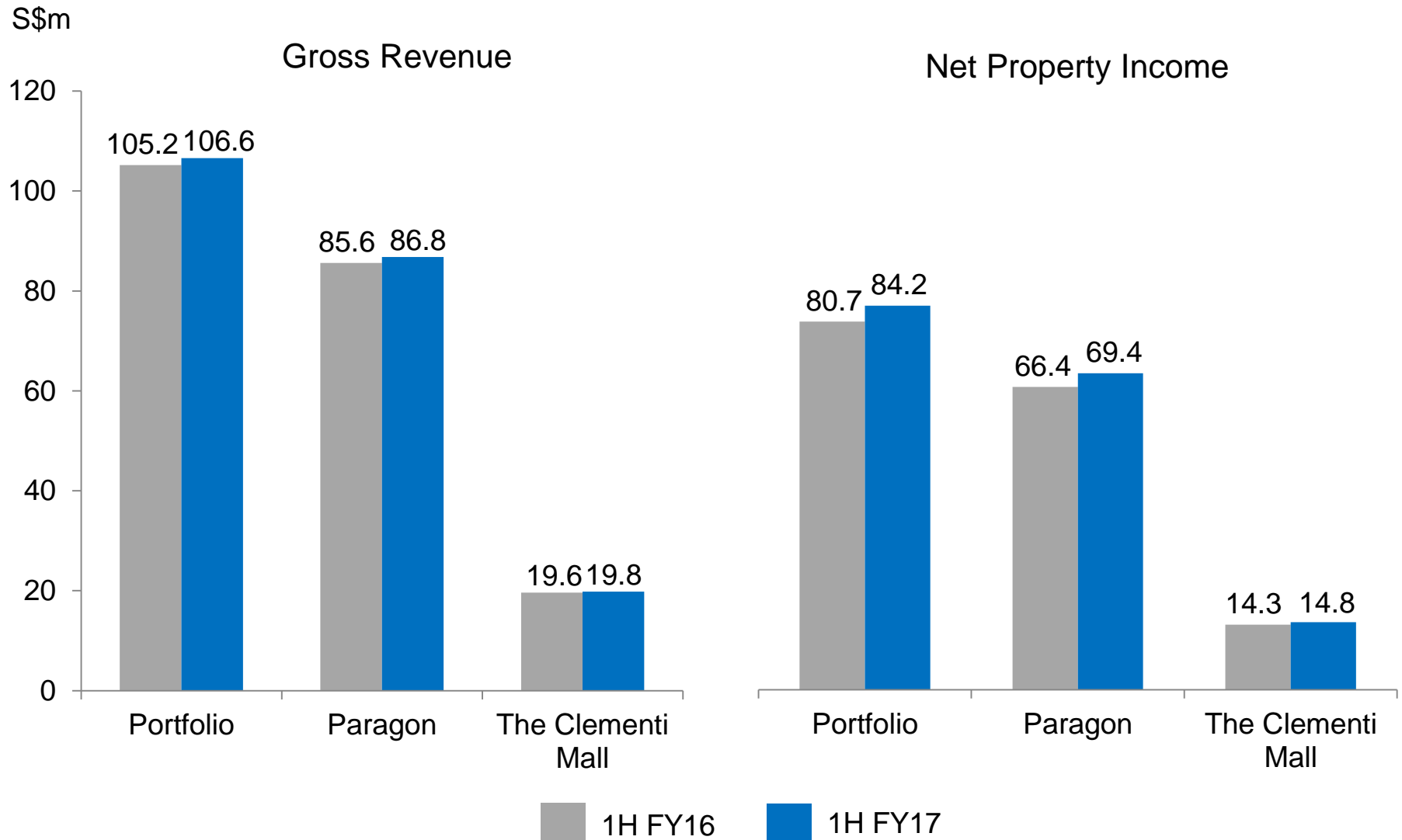
Resilient performance

	1H FY17 S\$'000	1H FY16 S\$'000	Change %
Gross revenue	106,588	105,185	▲ 1.3
Property expenses	(22,429)	(24,472)	▼ 8.3
Net property income (NPI)	84,159	80,713	▲ 4.3
Income available for distribution	73,686	71,733	▲ 2.7
Distribution to Unitholders ^(a)	69,926	69,227	▲ 1.0
Distribution per unit (DPU) (cents)	2.74	2.73	▲ 0.4

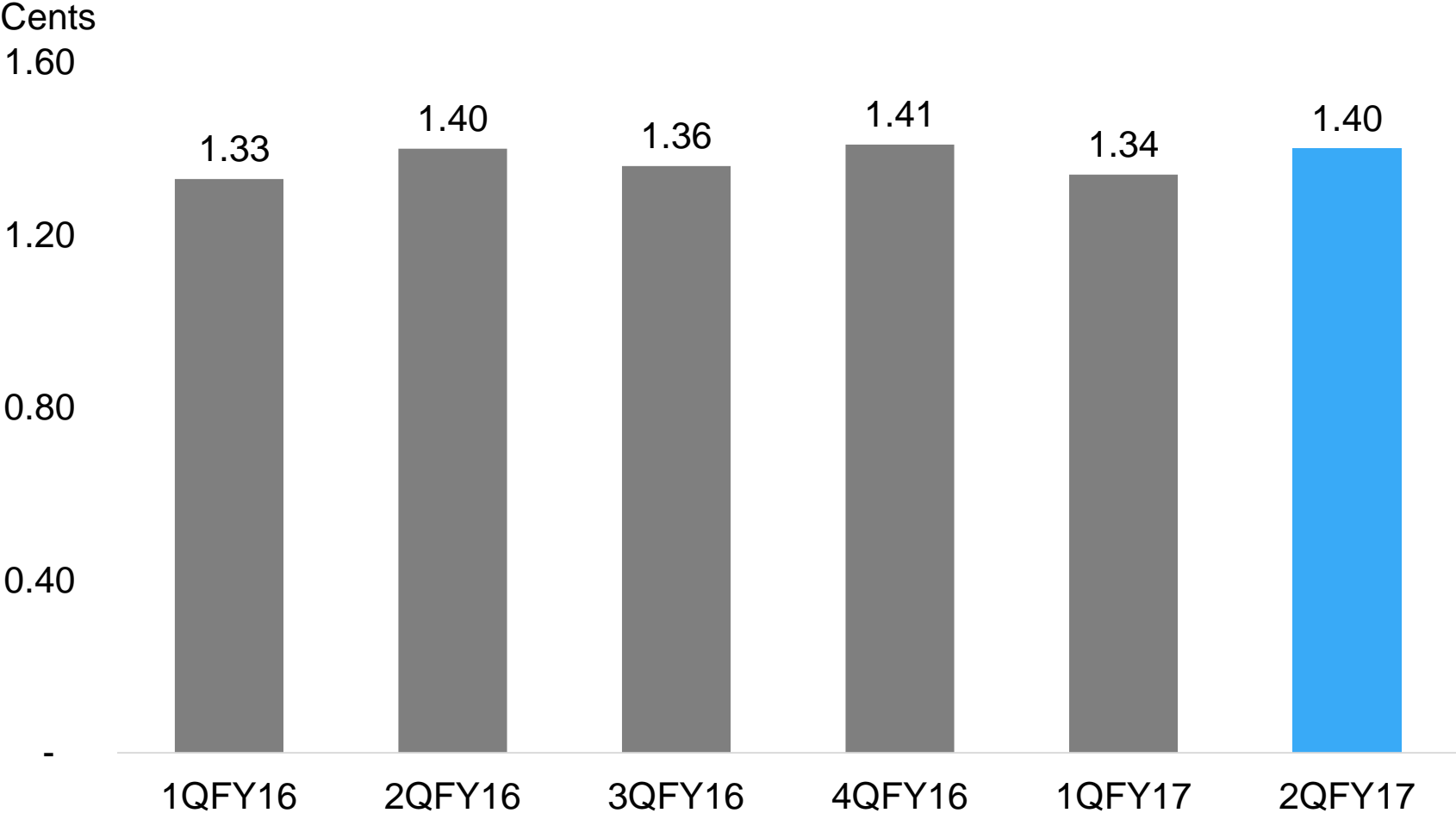
Notes:

(a) For 1H FY17, the distribution to unitholders was 94.9% of taxable income available for distribution.

Higher gross revenue and NPI



Stable and regular DPU



Balance sheet



Financial position

	As at 28 February 2017 S\$'000	As at 31 August 2016 S\$'000
Total assets	3,313,010	3,311,255
Total liabilities	919,188	922,723
Net assets	2,393,822	2,388,532
Net asset value per unit	S\$0.94	S\$0.94
Gearing ^(a)	25.7%	25.7%

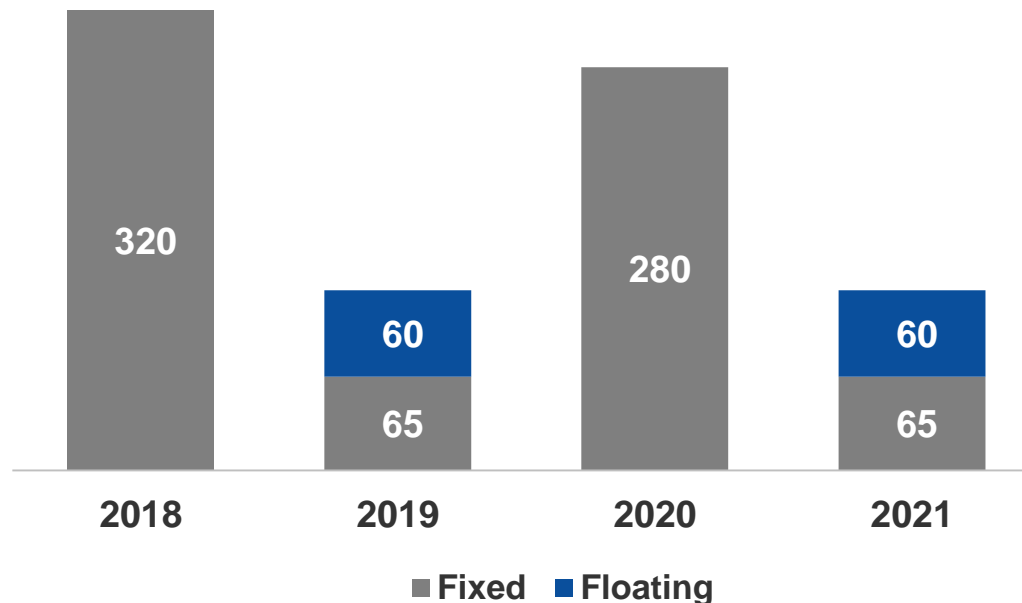
Note:

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

Low gearing and 86% of debt fixed

- Proactive capital management with 85.9% of the S\$850m debt facility on a fixed rate basis
- Gearing level of 25.7% and average cost of debt: 2.79% p.a.
- Weighted average term to maturity: 2.6 years

Debt Maturity Profile (S\$m)



Market value of properties

	Valuation as at 31 August ^(a)		Capitalisation Rate As at 31 August 2016 and 2015
	2016 S\$m	2015 S\$m	
Paragon	2,656.0	2,641.0	4.85% - Retail 4.00% ^(c) - Medical Suite/Office
The Clementi Mall ^(b)	574.0	571.5	5.00%
SPH REIT Portfolio	3,230.0	3,212.5	

Notes:

(a) Valuations as at 31 August 2016 and 31 August 2015 were conducted by JLL and DTZ respectively.

(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).

(c) The capitalisation rate was 4.25% for the valuation as at 31 August 2015



Operational performance



Resilient operating performance

- Both malls achieved 100% committed occupancy
- Paragon achieved a moderate rental uplift of 4.3% for new and renewed leases in 1H FY17
- The Clementi Mall recorded positive rental reversion of 8.3% in 1H FY17
- 1H FY17 visitor traffic remained steady.

Rental reversion up 6.2%

	Number of renewals / new leases ^(a)	NLA renewed / new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates ^(c)
Paragon	27	51,313	7.2%	4.3%
The Clementi Mall	28	44,545	23.1%	8.3%
SPH REIT Portfolio	55	95,858	10.6% ^(b)	6.2% ^(d)

Notes:

(a) For expiries in 1H FY17.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 907,359sqft as at 28 February 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) 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 2017

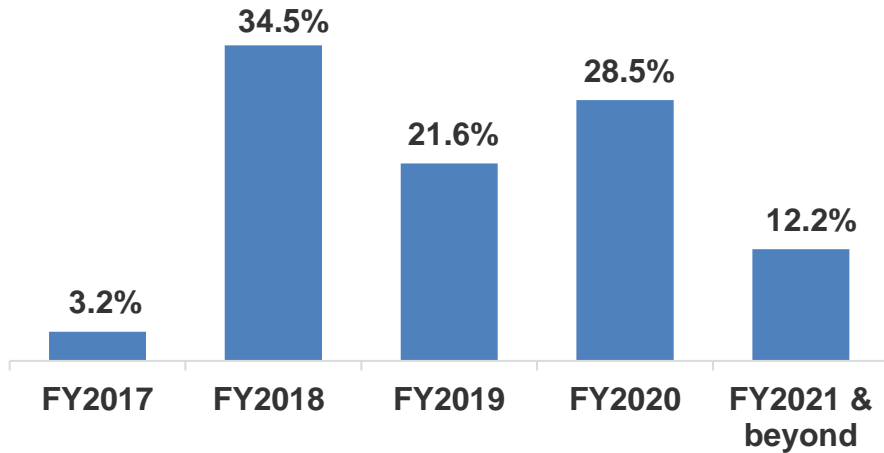
By NLA	2.4 years
By Gross Rental Income	2.2 years

Lease expiry as at 28 February 2017

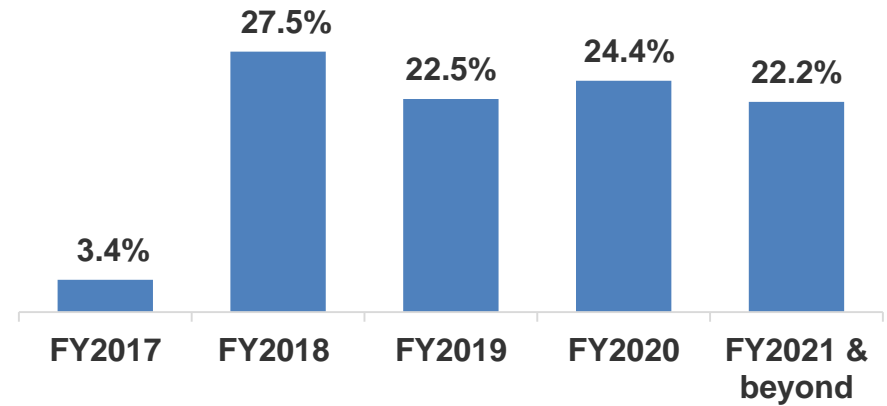
	FY2017	FY2018	FY2019	FY2020	FY2021 and beyond
Expiries as a % of total NLA	7.1%	22.8%	20.7%	30.9%	18.5%
Expiries as a % of Gross rental income	4.7%	29.5%	20.7%	34.0%	11.1%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income



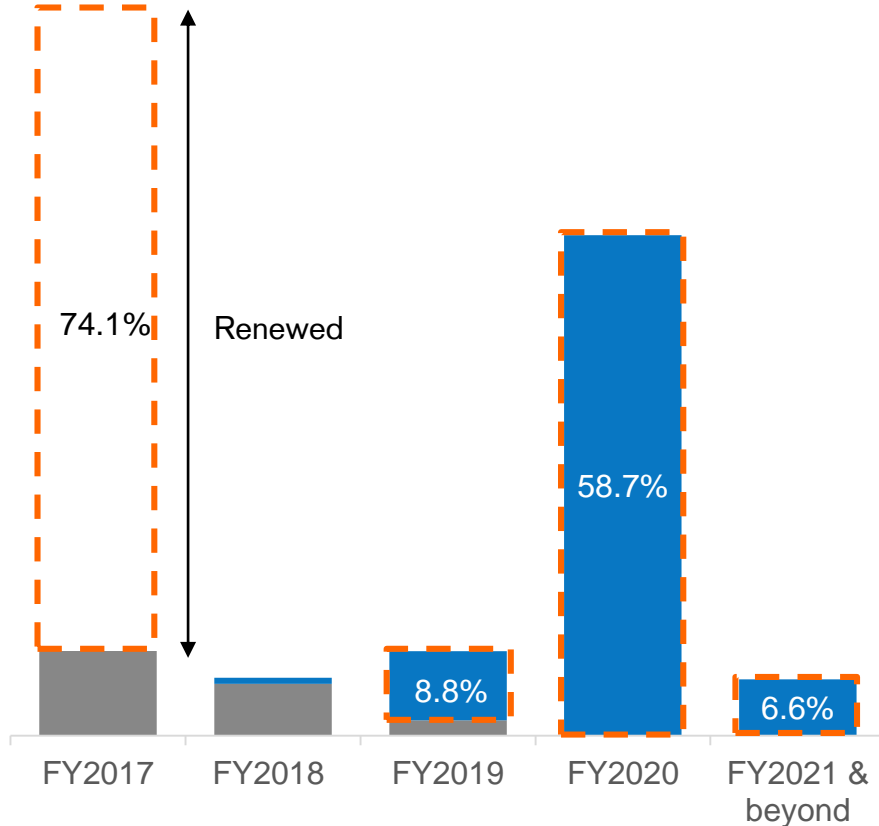
Expiry by NLA



The Clementi Mall : Second renewal cycle

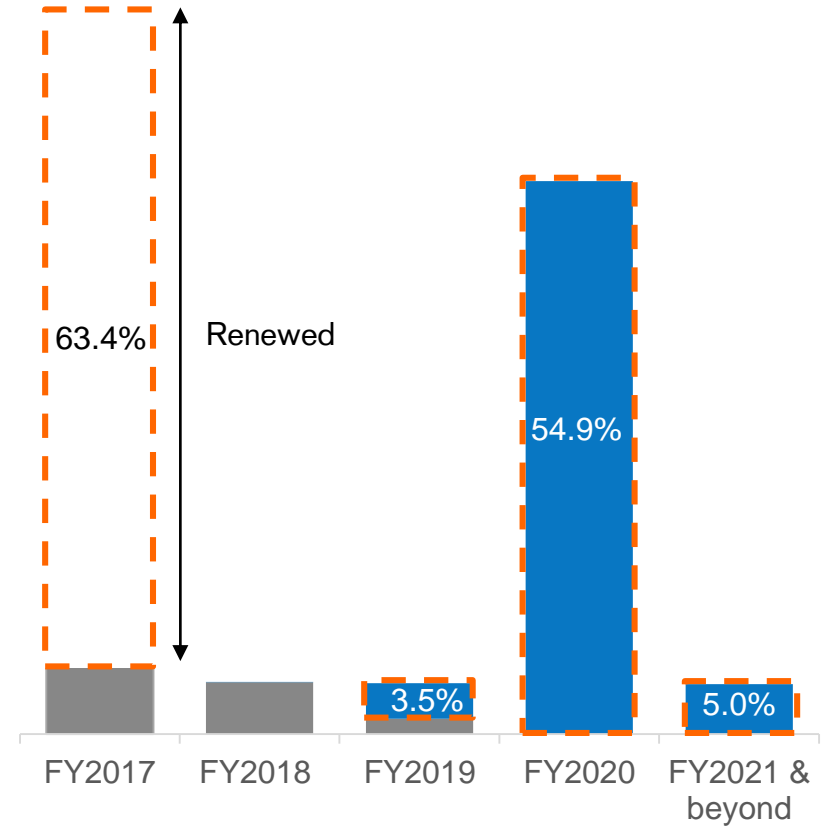
Expiry by Gross Rental Income

Expiry as at FY15
85.5% of Gross rental income



Expiry by NLA

Expiry as at FY15
84.4% of NLA



■ Expiry status as at FY2015 ■ Expiry status as at 1HFY2017

--- New and renewed leases for 2nd renewal cycle

Note:

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





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, 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.

Refresh tenancies to enhance shoppers' experience

PARAGON

New tenant



New tenant



New tenant



Expansion



Market outlook

- **Outlook for Singapore economy remains modest**
 - The Ministry of Trade and Industry (MTI) reported that the Singapore economy expanded by 2.0% in 2016, similar to the 1.9% growth in 2015.
 - MTI has maintained the 2017 growth forecast at 1.0% to 3.0%.
- **Singapore Tourism Board reported growth in international visitor arrivals and tourism receipts in 2016**
- **Despite growth in the tourism sector, the retail environment remains challenging**
 - The retail sales index (excluding motor vehicles) declined by 3.7% in Q2 2016, 4.3% in Q3 2016 and 1.7% in Q4 2016.
 - Most segments registered decline in sales, in particular watches and jewellery (5.9%), wearing apparel and footwear (3.5%), food and beverage (2.8%) in Q4 2016.

Distribution details and timetable

Distribution period	2Q FY17 (1 December 2016 – 28 February 2017)
Distribution per unit	1.40 cents per unit
Ex-date	17 April 2017
Record date	19 April 2017
Payment date	22 May 2017

Thank You

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

