



1Q FY15 Financial Results

12 January 2015



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 Ended 30 November 2014 in the SGXNET announcement.

Contents

Results **Slide 3**

Balance sheet **Slide 7**

Operational performance **Slide 11**

Growth strategy and market outlook **Slide 17**

Distribution details and timetable **Slide 20**

Credit Suisse (Singapore) Limited was the sole global coordinator and issue manager for the initial public offering of SPH REIT (the “Offering”). Credit Suisse (Singapore) Limited, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited were the joint bookrunners and underwriters of the Offering (collectively, the “Joint Bookrunners”).

The Joint Bookrunners for the Offering assume no responsibility for the contents of this announcement.

Key highlights

- 1Q FY15 DPU increased 2.3% year-on-year
- Annualised distribution yield of 5.03% (based on closing price of \$1.060 per unit on 28 November 2014)
- Healthy rental reversion of 12.4%
- Strong balance sheet, with gearing at 26.0%

1Q FY15 DPU increased 2.3% year-on-year

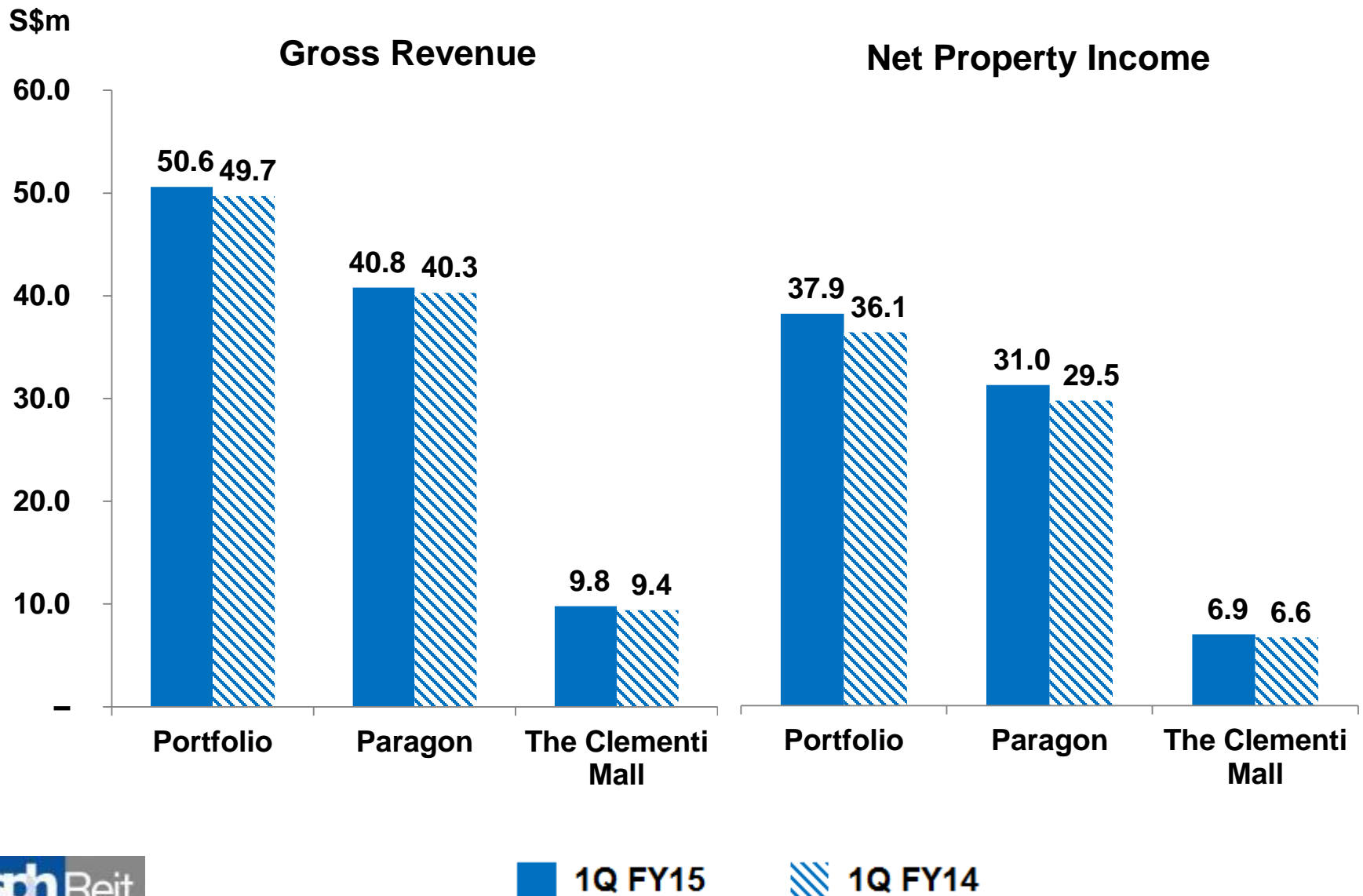
	1Q FY15 S\$'000	1Q FY14 ^(a) S\$'000	Change %
Gross revenue	50,635	49,718	1.8%
Property expenses	(12,762)	(13,607)	(6.2%)
Net property income (NPI)	37,873	36,111	4.9%
Income available for distribution	34,031	32,545	4.6%
Distribution to Unitholders ^(b)	33,489	32,545	2.9%
Distribution per unit (DPU) (cents)	1.33	1.30	2.3%

Note:

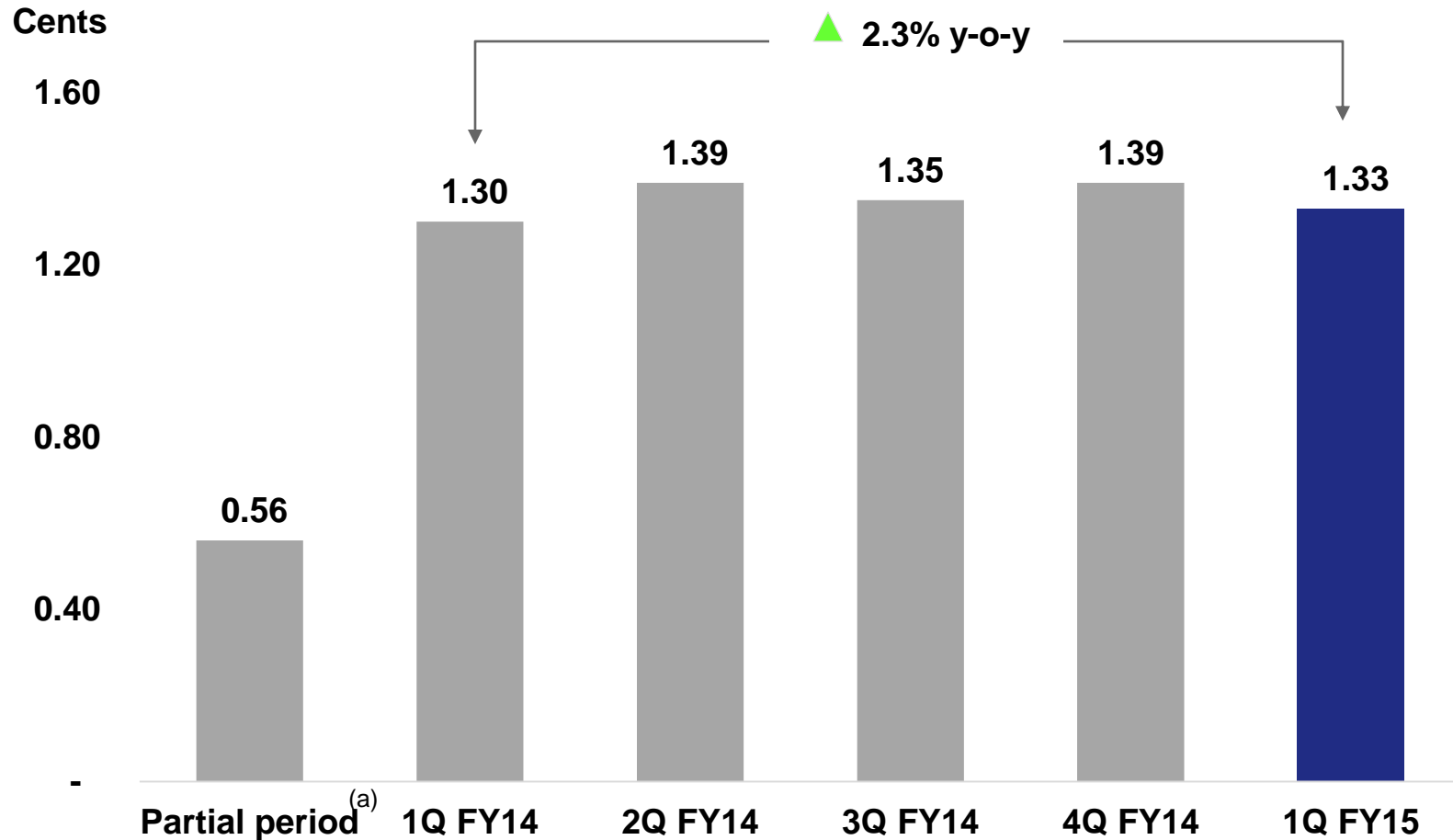
(a) The comparative figures "1Q FY14" is for the quarter from 1 September 2013 to 30 November 2013.

(b) For 1Q 2015, SPH REIT had retained S\$0.5 million of taxable income available for distribution to unitholders for distribution in FY2015.

Higher Gross Revenue and NPI



Stable and regular DPU



Note:

(a) For the period from 24 July 2013 (listing date) to 31 August 2013.

Balance sheet



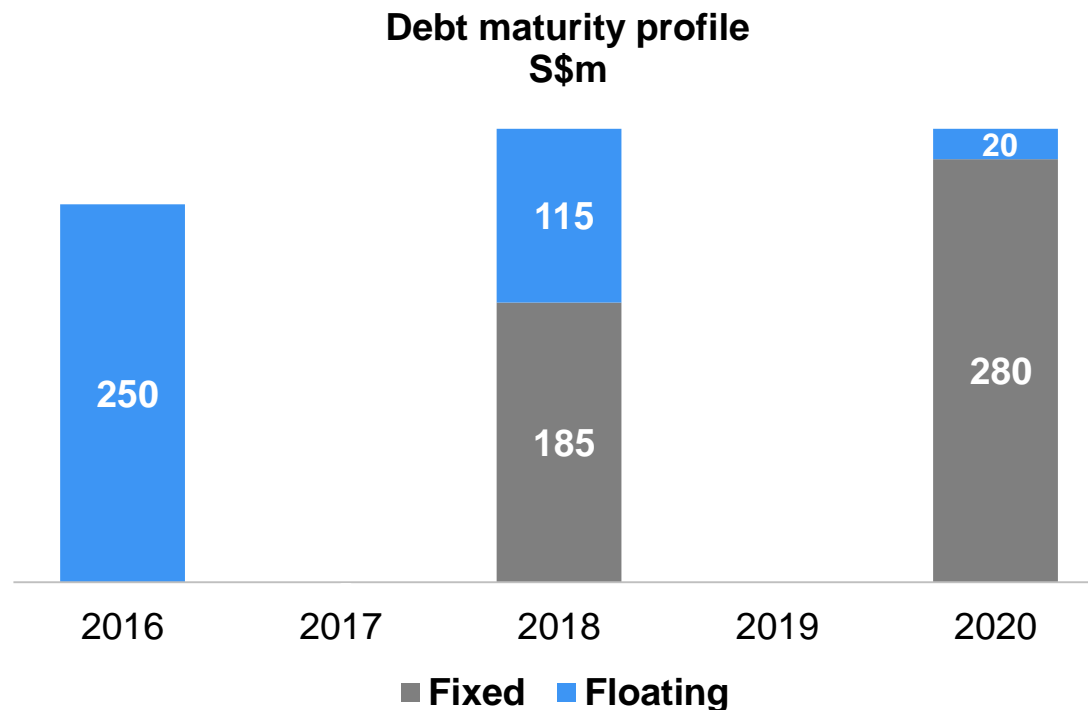
Financial position

	As at 30 Nov 2014 S\$'000	As at 31 Aug 2014 S\$'000
Total assets	3,267,565	3,269,033
Total liabilities	918,032	915,967
Net assets	2,349,533	2,353,066
Net asset value per unit	S\$0.93	S\$0.93
Gearing ^(a)	26.0%	26.0%

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

No refinancing required till 2016

- 54.7% of the S\$850m debt facility on a fixed rate basis
- Average cost of debt: 2.35%
- Weighted average term to maturity: 3.8 years



Valuation of properties about S\$3.16b

	Valuation as at 31 Aug 2014 S\$m ^(a)	Capitalisation rate
Paragon	2,588.0	4.85% - Retail 4.25% - Medical Suite/Office
The Clementi Mall ^(b)	571.0	5.00%
SPH REIT Portfolio	3,159.0	

Notes

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

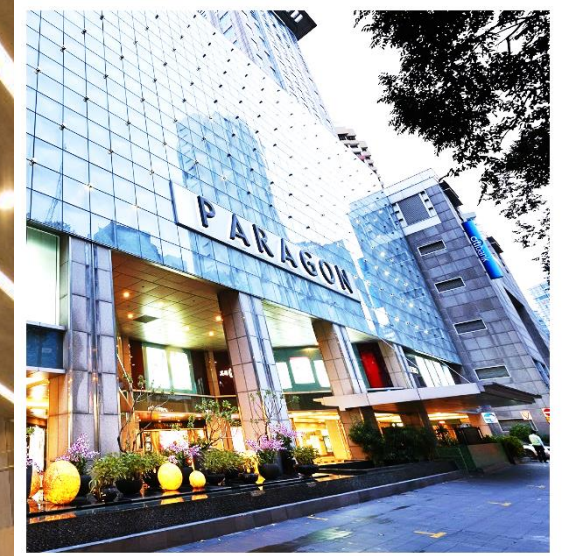
(b) The Clementi Mall's valuation excludes income support. The guaranteed Net Property Income (NPI) per year is S\$31 million and the aggregate top up NPI shall not exceed \$20 million over five years.

Operational performance



Steady and resilient performance

- Track record of 100% occupancy
- Healthy rental reversions
- 1Q FY15 visitor traffic held steady year-on-year



Rental reversions up 12.4% for the portfolio

	Number of renewals / new leases ^(a)	NLA renewed / new leases (sf)	As a % of properties' NLA	Change compared to preceding rental rates ^(c)
Paragon	24	42,637	6.0%	12.5%
The Clementi Mall	1	1,130	0.6%	2.3%
SPH REIT Portfolio	25	43,767	4.9% ^(b)	12.4%

Notes:

(a) For expiries in the quarter from 1 September 2014 to 30 November 2014.

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 900,075sf as at 30 November 2014.

(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 are typically committed three years ago.

Well-staggered portfolio lease renewal

Weighted Average Lease Expiry (WALE) as at 30 November 2014

By NLA 2.0 years

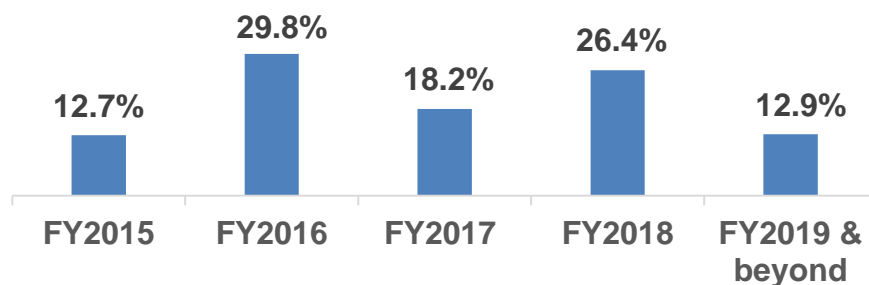
By Gross Rental Income 2.3 years

Lease expiry as at 30 November 2014

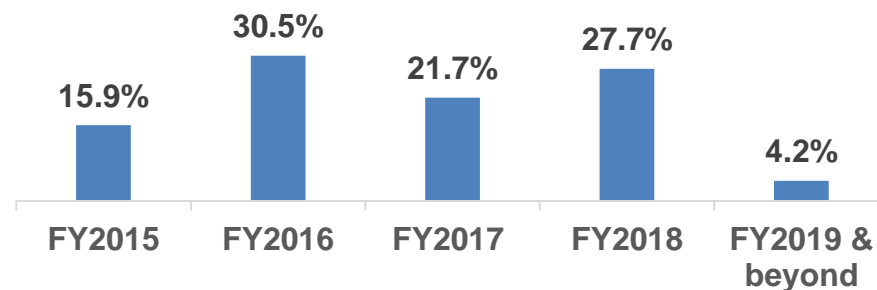
	FY2015	FY2016	FY2017	FY2018	FY2019 and beyond
Expiries as a % of total NLA	13.5%	26.0%	35.1%	22.1%	3.3%
Expiries as a % of Gross rental income	11.6%	25.7%	30.6%	21.6%	10.5%

Paragon: well staggered lease expiry

Expiry by Gross Rental Income

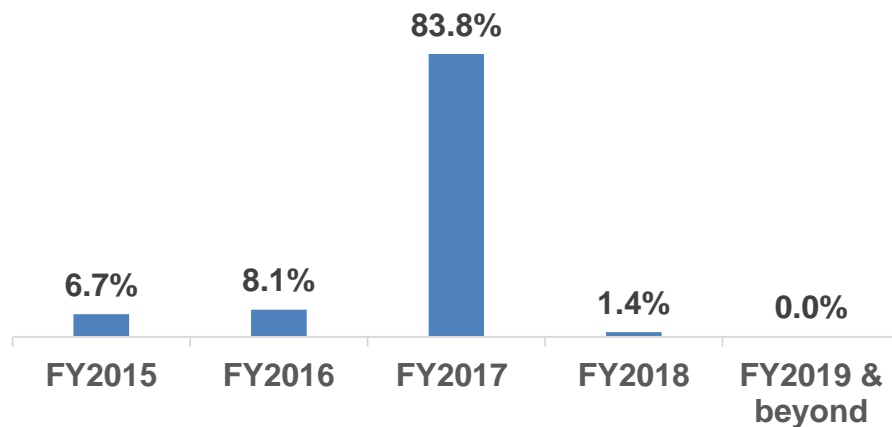


Expiry by NLA

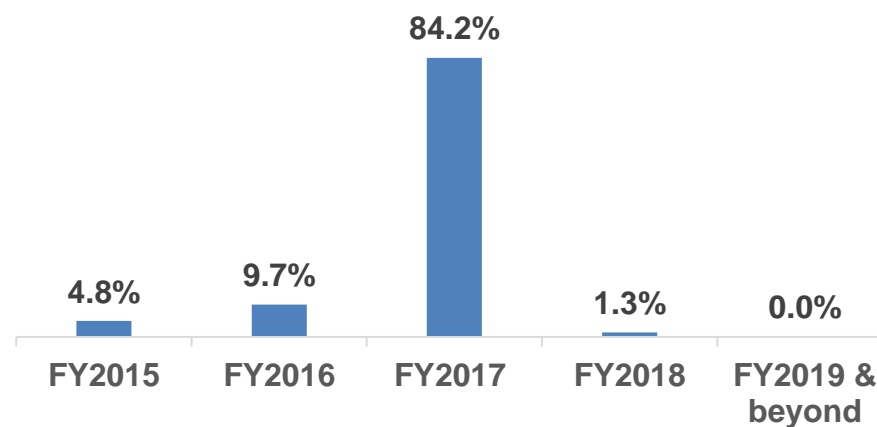


The Clementi Mall (a) :
tenant retention rate of more than 90% for first renewal cycle

Expiry by Gross Rental Income



Expiry by NLA



Notes

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

Key Events

Orchard Road Business Association Best Dressed Building Contest 2014 Overall Winner - Judges Choice



Photograph by The Straits Times



Pedestrian Night on Orchard Road October 2014 – March 2015

Photograph from Singapore Tourism Board



Photograph from Orchard Road Business Association

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 pro-active 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 with 99.6% committed occupancy rate.
 - 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.

Continual asset enhancement in progress

- **Chiller decanting project**

- Creation of approximately 5,000sf of net lettable area.
- Works are expected to complete by FY 2016.
- The tenancies for the new space have been committed and will contribute close to S\$1m of rental income annually.

- **Other two asset enhancement projects**

- To generate a combined net lettable area of 5,000sf, to be phased in from FY 2016.
- Projects are still at the planning stage.
- More details will be announced in due course.

Market outlook

- **Outlook for Singapore economy remains modest**

- Based on advance estimates of the Ministry of Trade and Industry (MTI), the Singapore economy grew by 2.8% in 2014.
- The outlook for Singapore economy remains modest with the MTI's growth forecast of 2.0% to 4.0% for 2015.
- Growth in labour intensive segments such as retail and food services may be weighed down by manpower constraints.

- **Visitor arrivals declined**

- For the period from January to October 2014, visitor arrivals declined year-on-year by 3.3% to 12.6 million.
- Tourism receipts for 1H 2014 registered a 2% year-on-year increase to S\$11.8 billion. Declines in spending on shopping (13%) and food and beverage (2%) were observed.

- **Retail sales softening**

- In the past few months between March 2014 and October 2014, the monthly retail sales Index (excluding motor vehicles) fell year-on-year by between 0.4% to 2.0%. The exceptions were a marginal increase of 0.4% in May 2014, 0.6% in September 2014 and 1.9% in October 2014.

Distribution details and timetable

Distribution period	1Q FY15 (1 September 2014 – 30 November 2014)
Distribution per unit	1.33 cents per unit
Ex-date	16 January 2015
Record date	20 January 2015
Payment date	13 February 2015

Thank You

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