



2Q FY17 Financial Results

10 April 2017

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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.

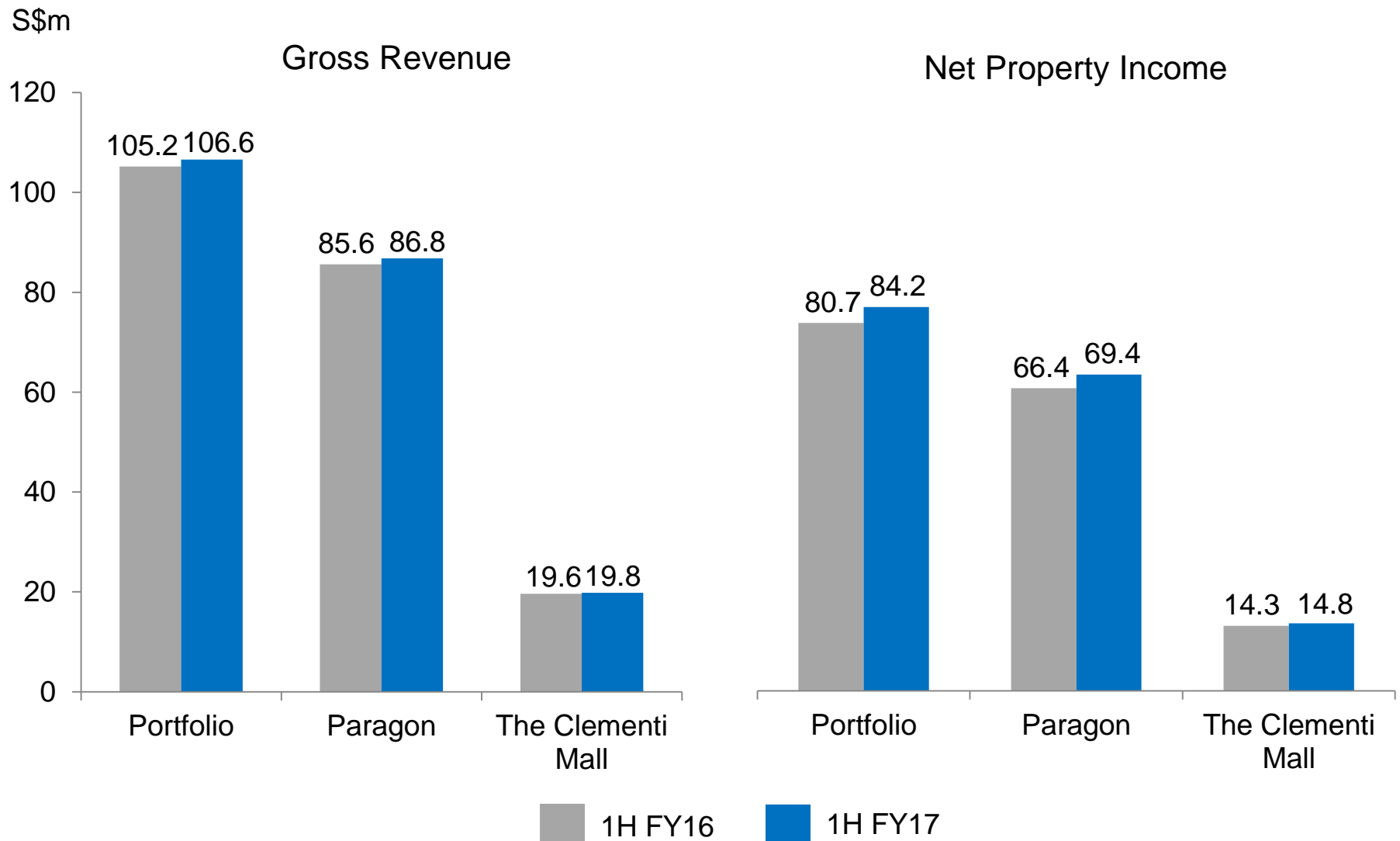
Resilient performance

	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

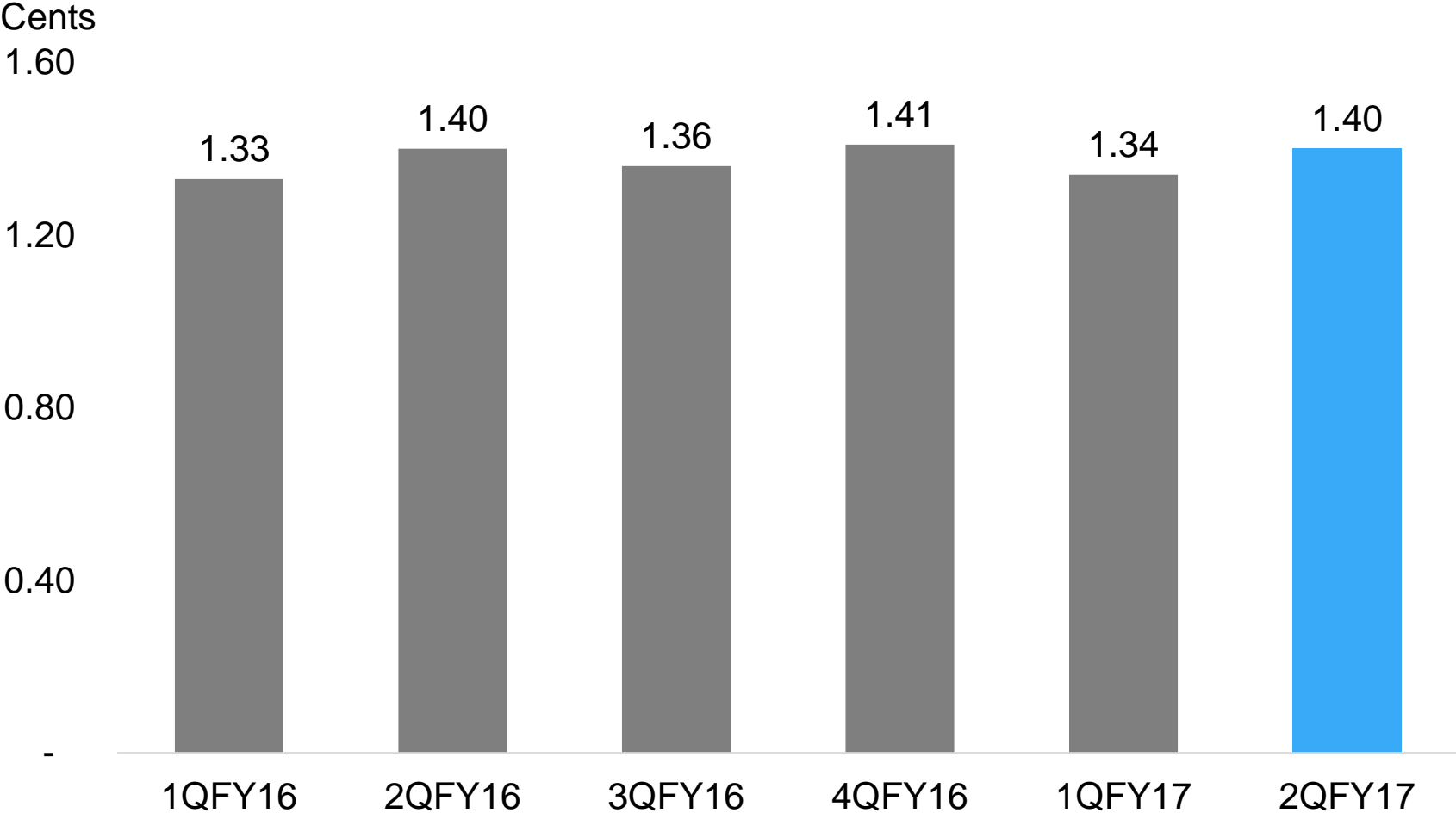
Notes:

(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%

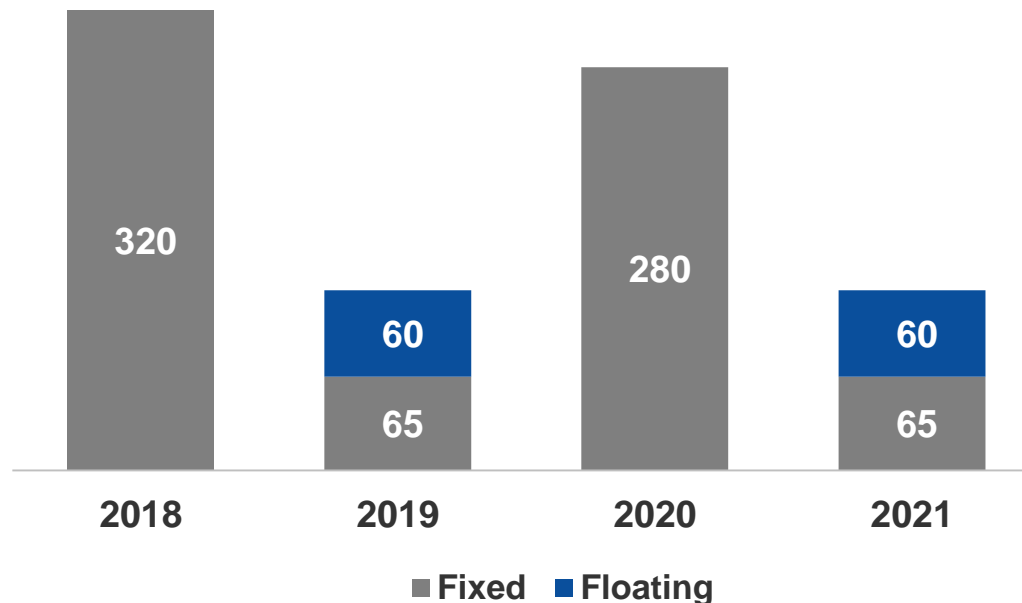
Note:

(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

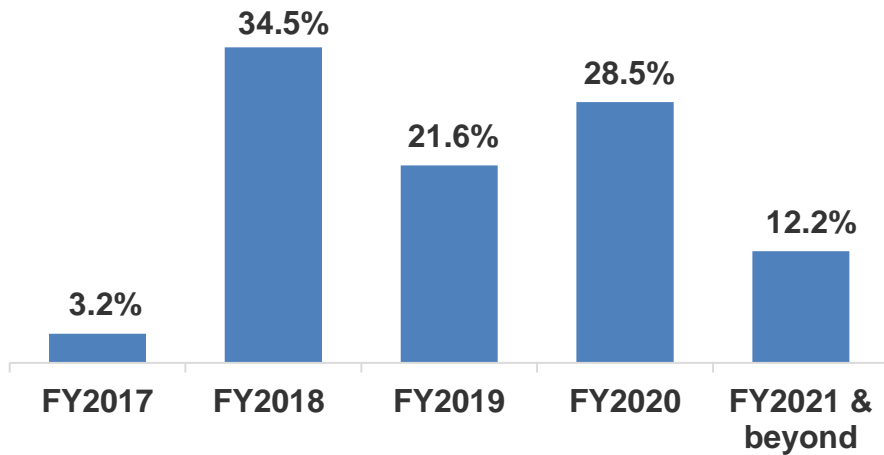
By NLA	2.4 years
By Gross Rental Income	2.2 years

Lease expiry as at 28 February 2017

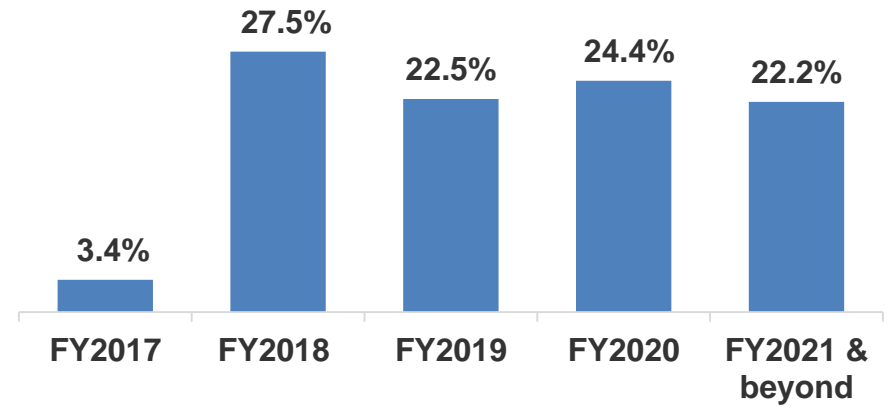
	FY2017	FY2018	FY2019	FY2020	FY2021 and beyond
Expiries as a % of total NLA	7.1%	22.8%	20.7%	30.9%	18.5%
Expiries as a % of Gross rental income	4.7%	29.5%	20.7%	34.0%	11.1%

Paragon: Staggered lease expiry

Expiry by Gross Rental Income

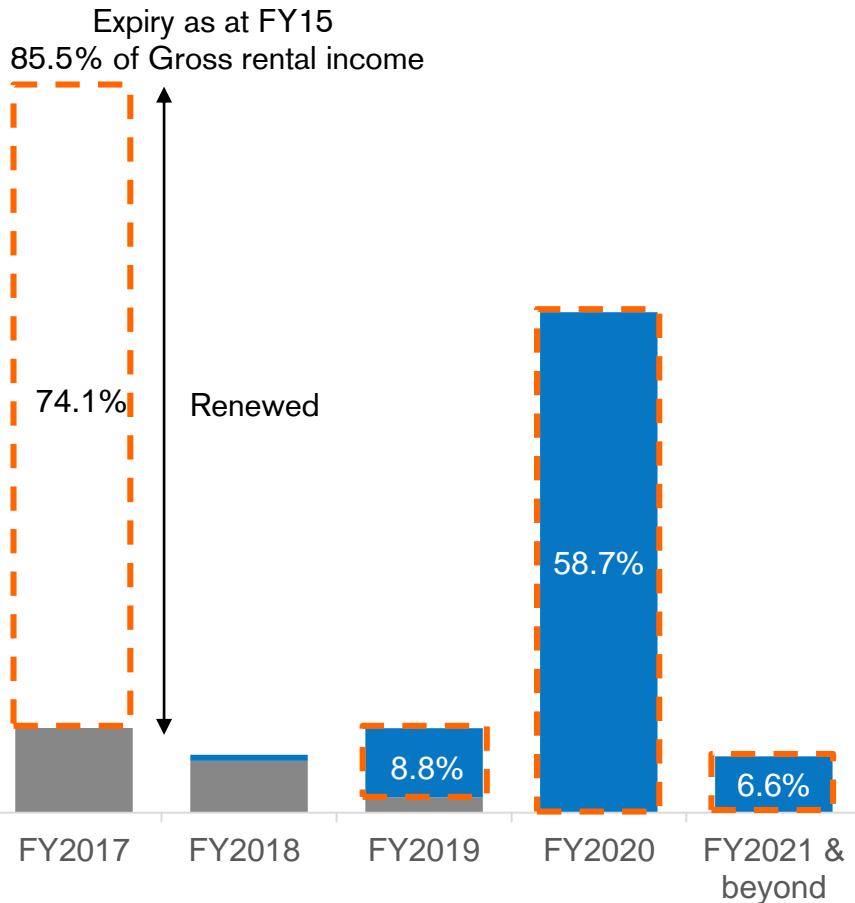


Expiry by NLA

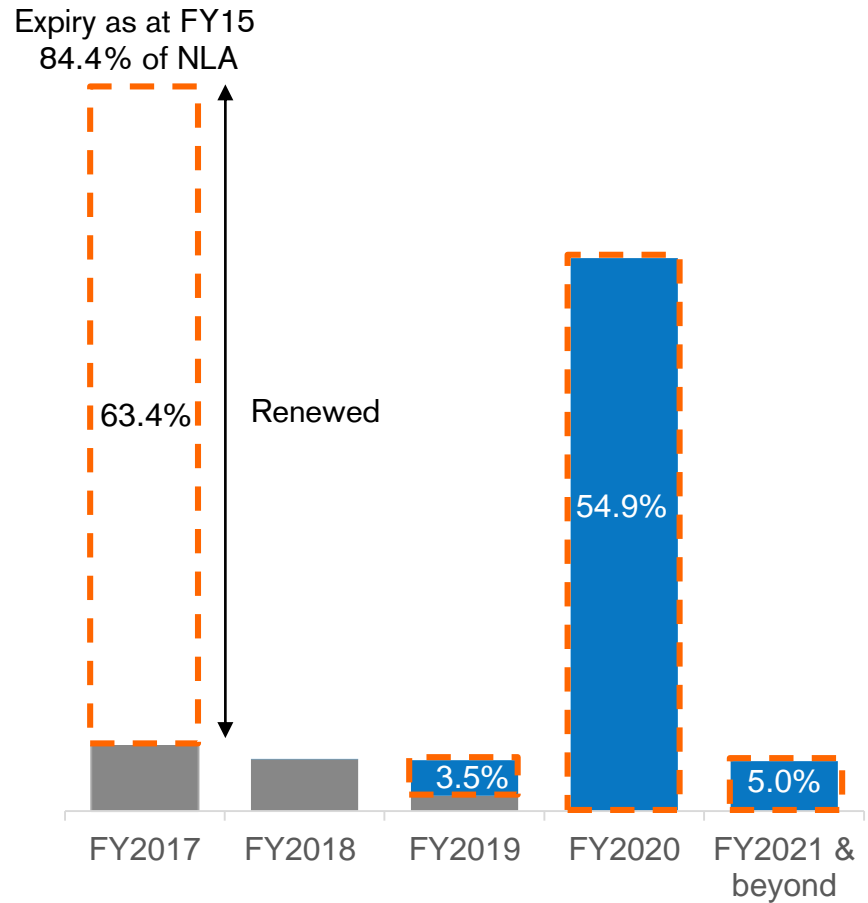


The Clementi Mall : Second renewal cycle

Expiry by Gross Rental Income



Expiry by 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.

