



# 1Q FY19 Financial Results

4 January 2019

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This presentation shall be read in conjunction with SPH REIT’s financial results for the first quarter and year-to-date ended 30 November 2018 in the SGXNET announcement.

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# Key Highlights

## 1Q FY19 Financial performance:

- Net property income declined **1.0%** y-o-y
- **5.37%** Distribution Yield, based on closing price of \$1.00 on 30 November 18
- Q1 FY19 DPU held steady at **1.34 cents**
- **26.3%** Low Gearing

## Operational performance:

- **99.2%** Committed Occupancy
- **9.7%** Rental reversion

## Growth Strategy:

- Figtree Grove Shopping Centre – yield accretive acquisition

# 1Q FY19 financial performance

	1Q FY19 <sup>(a)</sup> S\$'000	1Q FY18 S\$'000	Change %
Gross revenue	53,805	53,479	0.6
Property expenses	(12,019)	(11,289)	6.5
Net property income (NPI)	41,786	42,190	(1.0)
Income available for distribution	35,856	36,540	(1.9)
Distribution to Unitholders <sup>(b)</sup>	34,602	34,380	0.6
Distribution per unit (DPU) (cents)	1.34	1.34	-

Note:

(a) Included the contribution from The Rail Mall (acquisition was completed on 28 June 2018).

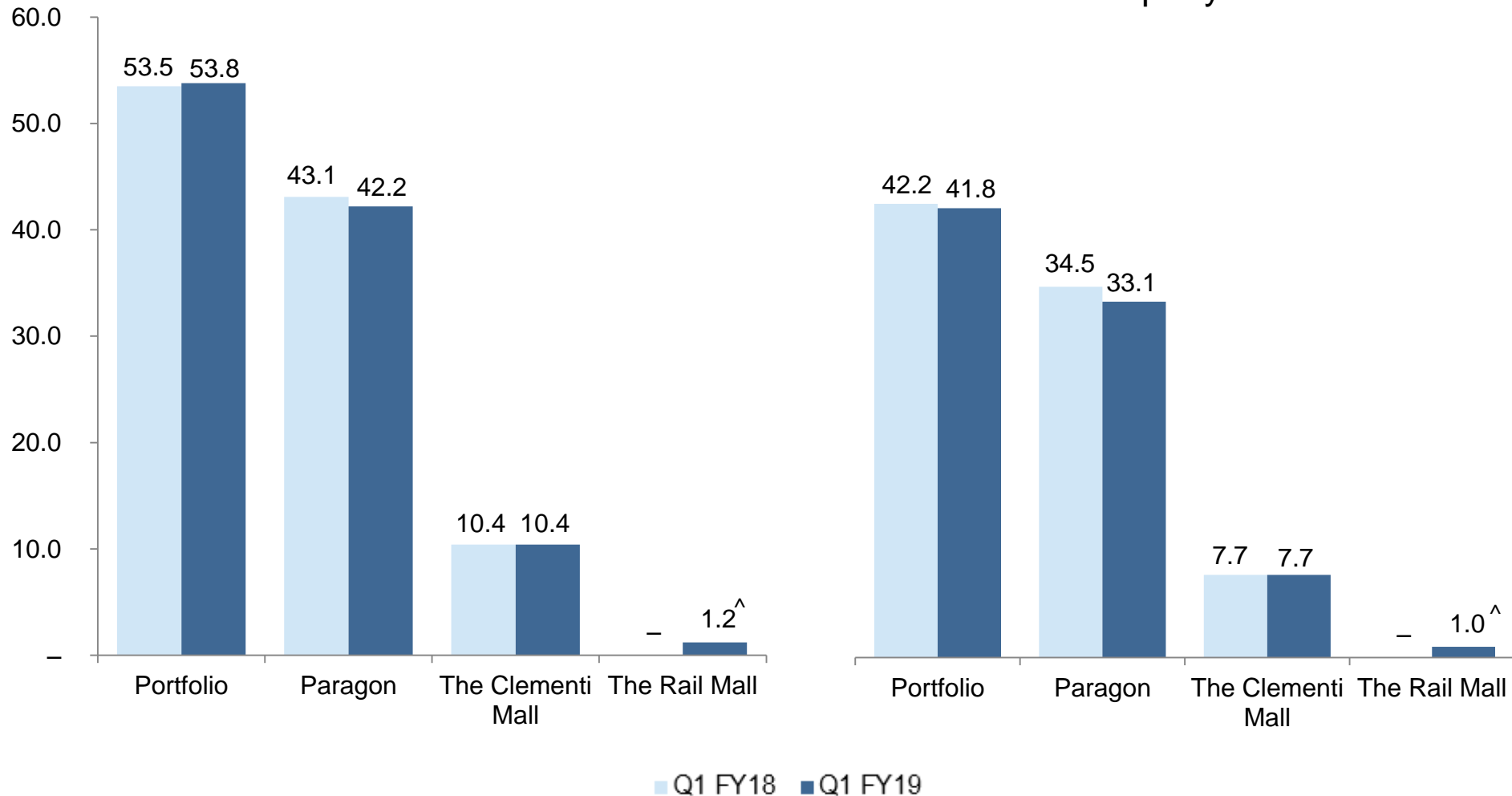
(b) For 1Q FY19, the distribution to unitholders was 96.5% of income available for distribution.

# Property performance

S\$m

## Gross Revenue

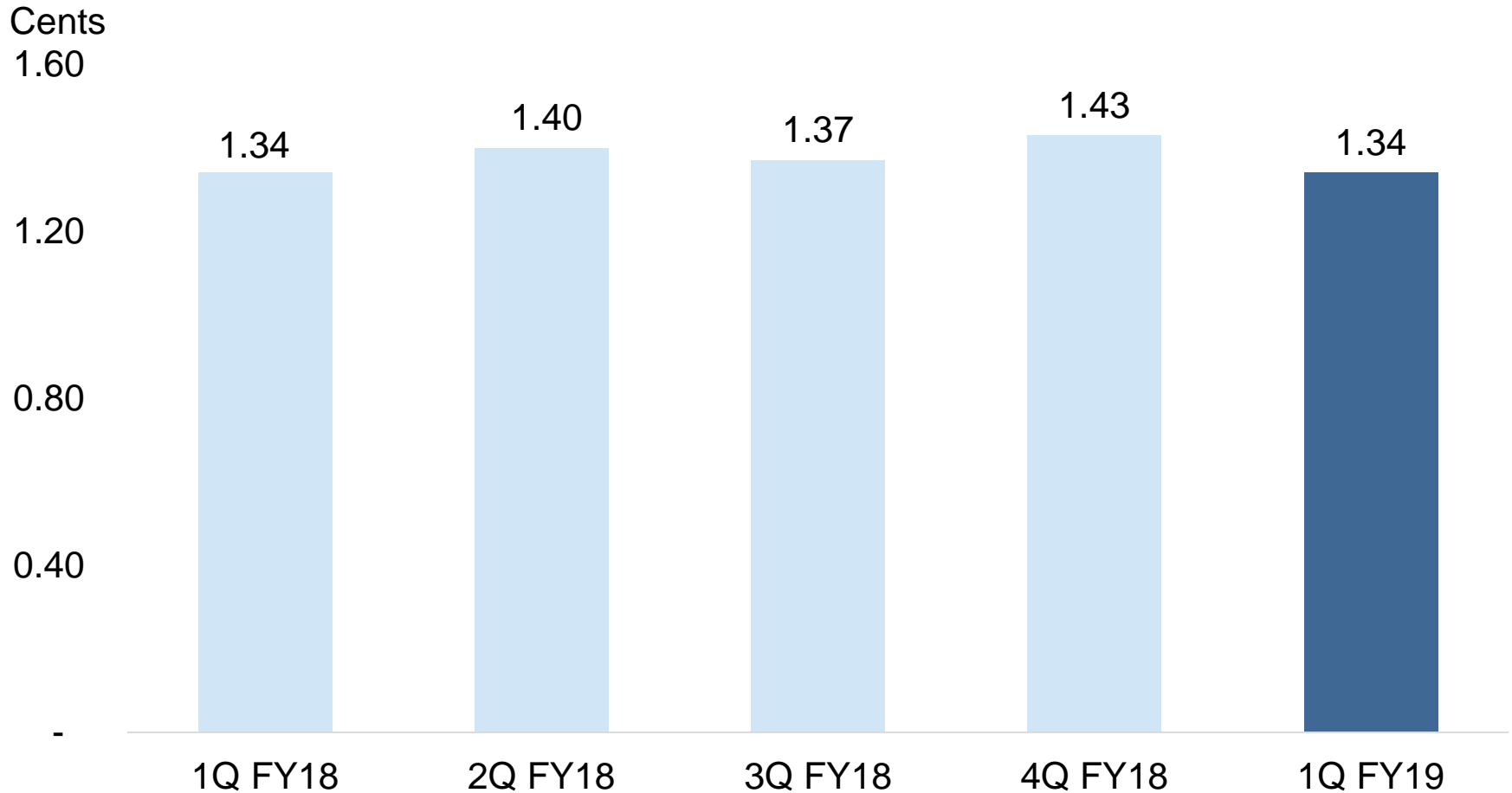
## Net Property Income



Note:

<sup>A</sup> Included the contribution from The Rail Mall (acquisition was completed on 28 June 2018).

# Steady distribution





# Balance sheet





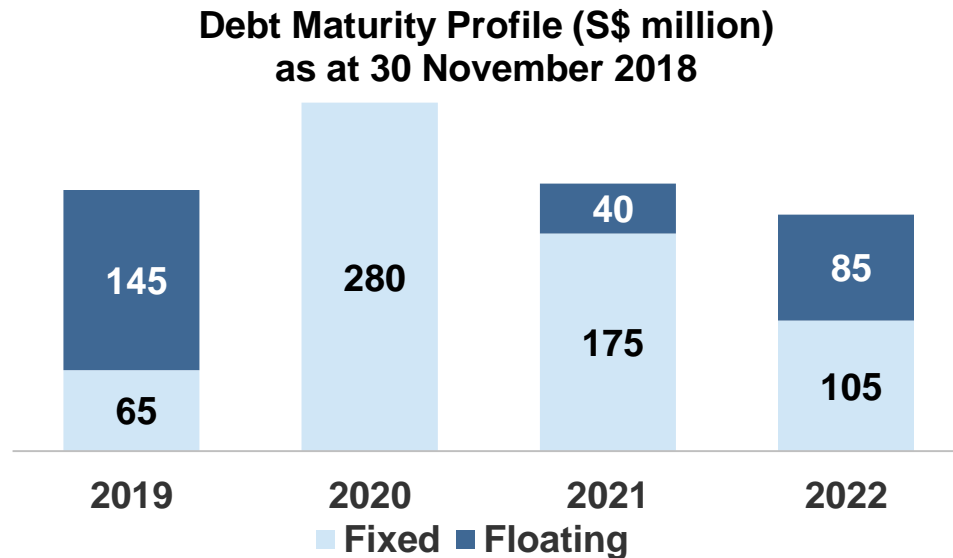
# Financial position

	As at 30 November 2018 S\$'000	As at 31 August 2018 S\$'000
Total assets	3,407,465	3,408,034
Total liabilities	969,307	969,087
Net assets	2,438,158	2,438,947
Net asset value per unit	S\$0.94	S\$0.95
Gearing <sup>(a)</sup>	26.3%	26.3%

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

# Low gearing

- SPH REIT maintained a well staggered debt maturity profile without major concentration of debts maturing in any single year.
- Gearing was low at 26.3% and average cost of debt of 2.80% p.a. as at 30 November 2018.
- Weighted average term to maturity: 2.0 years
- New loans were taken up in December 2018 to finance the acquisition of Figtree Grove Shopping Centre. Post-acquisition, gearing ratio was approximately 30%.





# Operational performance





# Operational performance

- SPH REIT maintained high occupancy of 99.2% as at 1Q FY19.
- Paragon recorded positive rental reversion of 10.1% for new and renewed leases for 1Q FY19. This represented 8.4% of Paragon's net lettable area.
- The overall portfolio registered a positive rental reversion of 9.7%.
- Tenant sales have continued to register growth.
- 1Q FY19 visitor traffic was higher by 3.6% compared to 1Q FY18.



# Rental reversion

	Number of renewals / new leases <sup>(a)</sup>	NLA renewed / new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates <sup>(c)</sup>
Paragon	34	60,346	8.4%	10.1%
The Clementi Mall	3	1,803	0.9%	4.5%
The Rail Mall	3	3,530	7.1%	7.9%
SPH REIT Portfolio	40	65,679	6.8% <sup>(b)</sup>	9.7% <sup>(d)</sup>

Notes:

(a) For expiries in 1Q FY19, excluding newly created and reconfigured units

(b) As a % of SPH REIT portfolio's total Net Lettable Area ("NLA") of 961,840 sqft as at 30 November 2018.

(c) 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.

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

# Staggered portfolio lease renewal

## Weighted Average Lease Expiry (WALE) as at 30 November 2018

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By NLA	1.8 years
By Gross Rental Income	1.9 years

## Lease expiry as at 30 November 2018

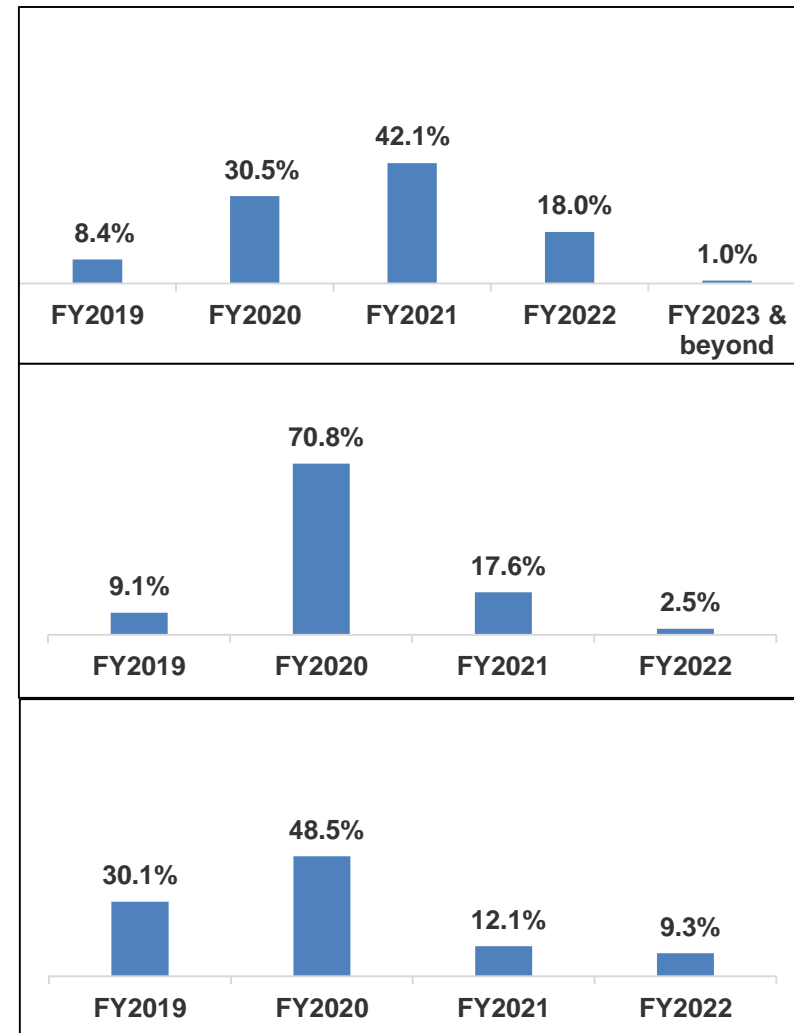
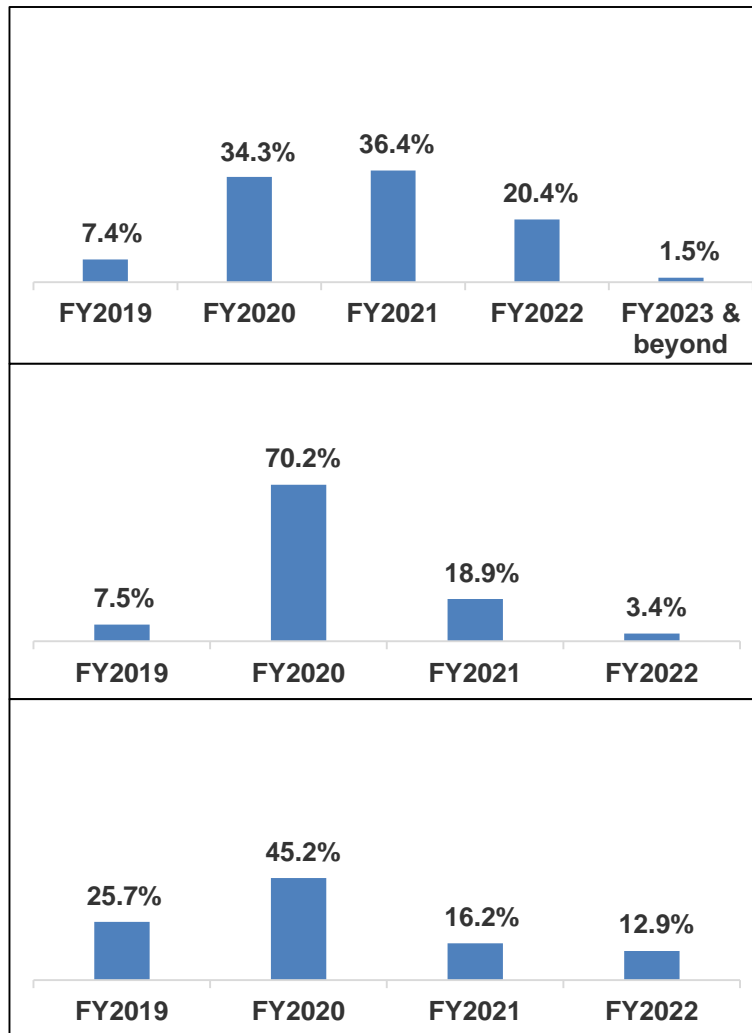
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	FY2019	FY2020	FY2021	FY2022	FY2023 and beyond
Expiries as a % of total NLA	9.7%	39.6%	35.5%	14.5%	0.7%
Expiries as a % of Gross rental income	7.9%	41.2%	32.7%	17.1%	1.1%

# Lease expiries by property

Expiry by Gross Rental Income

Expiry by NLA



PARAGON

THE CLEMENTI mall

The Rail Mall





# Growth strategy and market outlook

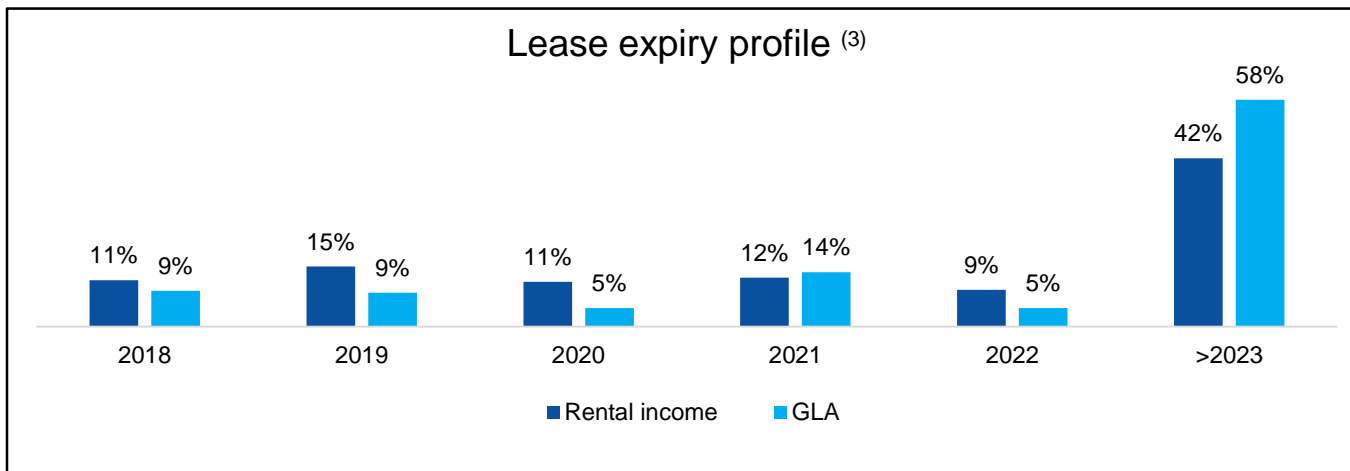




# Figtree Grove Shopping Centre

## Completed Acquisition of 85% interest on 21 December 2018

- Established sub-regional mall located in Wollongong, New South Wales, Australia.
- Purchase consideration at A\$206.0 million
- Freehold tenure with approximately 236k sq ft gross lettable area.
- Tenant sales A\$10,551 psm, approximately 48% above benchmark malls.<sup>(1)</sup>
- Strong and tailored mix of non-discretionary and service-based retailers.<sup>(2)</sup> Major anchor tenants include a 24-hour Kmart, Coles and Woolworths supermarkets
- Figtree Grove serves a total trade area of approximately 207k residents which is expected to grow 1.0% p.a to 229k. <sup>(1)</sup>
- The main trade area has a household income of A\$87k, which is 11.0% above non-metro New South Wales benchmark. <sup>(1)</sup>



# 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<sup>(1)</sup> for retail purposes in Asia Pacific
  - Currently one applicable ROFR property, The Seletar Mall, which has opened on 28 November 2014, and maintained high occupancy rate since its opening.
- 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



MCM's first Southeast Asia flagship store



Paragon Level 3 – open store design and multi-brands concept



Paragon's refresh F&B and Sports cluster



# Market outlook

- **Outlook for Singapore economic growth is expected to moderate**

- Based on advance estimates of the Ministry of Trade and Industry (MTI), the Singapore economy grew by 3.3% year-on-year basis in 2018.
- Against the backdrop of slightly weaker external economic outlook, MTI expects the pace of economic growth to moderate to “1.5% to 3.5%” in 2019.

- **Growth in international visitor arrivals and tourism receipts**

- In the first nine months of 2018, international visitor arrivals grew by 7.5% y-o-y to reach 14.0 million visitors.
- Tourism receipts for the first half of 2018 held steady at S\$13.4 billion, due to lower expenditure across some components including shopping, accommodation and food & beverage.

- **Growth in retail sales for five quarters**

- The retail sales index (excluding motor vehicles) grew by 0.8% y-o-y in Q3 2018, 0.5% in Q2 2018 and 1.3% in Q1 2018.



# Distribution details and timetable

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Distribution period	1Q FY19 (1 September 2018 – 30 November 2018)
Distribution per unit	1.34 cents per unit
Ex-date	11 January 2019
Record date	14 January 2019
Payment date	15 February 2019



# Thank You

Please visit [www.sphreit.com.sg](http://www.sphreit.com.sg) for more information.