



SPH REIT FINANCIAL STATEMENT ANNOUNCEMENT * FOR THE PERIOD ENDED 28 FEBRUARY 2019

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 four quality and well located commercial properties in Singapore and Australia:

- * 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.
- * The Rail Mall, a unique cluster of shop units with established F&B offerings along Upper Bukit Timah Road, nestled in an affluent residential catchment.
- * SPH REIT also holds a 85.0% stake in Figtree Grove Shopping Centre, an established sub-regional shopping centre in Wollongong, New South Wales, Australia.

Review by auditors

The financial information as set out in this announcement for the second quarter and half year ended 28 February 2019 has been extracted from the interim financial information for the second quarter and half year ended 28 February 2019, 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 2019

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

| | <u>Group</u> | | | | | |
|---|-----------------------|-----------------------|---------------|-----------------------|-----------------------|---------------|
| | 2Q 2019 S\$'000 | 2Q 2018 S\$'000 | Change % | 1H 2019 S\$'000 | 1H 2018 S\$'000 | Change % |
| Gross revenue | 58,123 | 53,592 | 8.5 | 111,928 | 107,071 | 4.5 |
| Property operating expenses | (12,268) | (11,324) | 8.3 | (24,287) | (22,613) | 7.4 |
| Net property income | 45,855 | 42,268 | 8.5 | 87,641 | 84,458 | 3.8 |
| Income support ¹ | - | (17) | NM | - | - | NM |
| Amortisation of intangible asset | - | 17 | NM | - | - | NM |
| Manager's management fees | (4,471) | (4,149) | 7.8 | (8,694) | (8,342) | 4.2 |
| Investment management fees ² | (148) | - | NM | (148) | - | NM |
| Trust expenses ³ | (464) | (404) | 14.9 | (894) | (807) | 10.8 |
| Finance income | 206 | 198 | 4.0 | 376 | 390 | (3.6) |
| Finance costs | (7,684) | (5,973) | 28.6 | (13,946) | (11,989) | 16.3 |
| Net income | 33,294 | 31,940 | 4.2 | 64,335 | 63,710 | 1.0 |
| Fair value change on investment properties ⁴ | (14,857) | - | NM | (14,857) | - | NM |
| Total return before taxes and distribution | 18,437 | 31,940 | (42.3) | 49,478 | 63,710 | (22.3) |
| Less: income tax ⁵ | (166) | - | NM | (166) | - | NM |
| Total return after taxes and before distribution | 18,271 | 31,940 | (42.8) | 49,312 | 63,710 | (22.6) |
| Attributable to: | | | | | | |
| Unitholders | 19,950 | 31,940 | (37.5) | 50,991 | 63,710 | (20.0) |
| Non-controlling interests | (1,679) | - | NM | (1,679) | - | NM |
| Total return for the period | 18,271 | 31,940 | (42.8) | 49,312 | 63,710 | (22.6) |

NM Not Meaningful

For The Period Ended 28 February 2019

1(a) An income statement together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

1(a)(i) Statement of Total Return (Cont'd)

Notes:

- Income support relates to the top-up payment from the vendors of The Clementi Mall pursuant to the Deed of Income Support. The income support has ended on 23 July 2018, five years from listing date on 24 July 2013.
- This relates to investment management fee paid to the investment manager of SPH REIT Moelis Australia Trust.
- Includes recurring trust expenses such as trustee's fees, valuation fees, audit and tax adviser's fees, legal & others professional fees, cost associated with the preparation of annual reports, and investor communication costs.
- This relates to the acquisition costs incurred from the acquisition of Figtree Grove Shopping Centre.
- This relates to withholding tax payable.

1(a)(ii) Distribution Statement

| | 2Q | | <u>Group</u> | | 1H | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Total return for the period attributable to Unitholders | 19,950 | 31,940 | (37.5) | 50,991 | 63,710 | (20.0) |
| Add: Non-tax deductible ¹ | 17,068 | 4,159 | NM | 21,883 | 8,929 | NM |
| Income available for distribution | 37,018 | 36,099 | 2.5 | 72,874 | 72,639 | 0.3 |
| Distribution to Unitholders² | 36,440 | 35,947 | 1.4 | 71,042 | 70,327 | 1.0 |

NM Not Meaningful

Notes:

- Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, straight-line rental adjustments, amortisation of income support, amortisation of debt issuance costs, fair value change on investment properties and net income from subsidiary.
- 1H 2019, the distribution to unitholders was 97.5% of income available for distribution.

For The Period Ended 28 February 2019

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

Statements of Financial Position

| | <u>Group</u> | | <u>Trust</u> | |
|---|--|--|--|--|
| | <u>As at 28 Feb 19 S\$'000</u> | <u>As at 31 Aug 18 S\$'000</u> | <u>As at 28 Feb 19 S\$'000</u> | <u>As at 31 Aug 18 S\$'000</u> |
| Non-current assets | | | | |
| Plant and equipment | 609 | 682 | 609 | 682 |
| Investment properties | 3,566,490 | 3,368,300 | 3,369,570 | 3,368,300 |
| Investment in subsidiary | - | - | 981 | - |
| Trade and other receivables | - | - | 97,156 | - |
| Derivative financial instruments ¹ | 1,063 | - | 1,063 | - |
| | <u>3,568,162</u> | <u>3,368,982</u> | <u>3,469,379</u> | <u>3,368,982</u> |
| Current assets | | | | |
| Trade and other receivables ² | 6,508 | 3,087 | 4,046 | 3,087 |
| Cash and cash equivalents | 44,993 | 35,965 | 38,951 | 35,965 |
| | <u>51,501</u> | <u>39,052</u> | <u>42,997</u> | <u>39,052</u> |
| Total assets | <u>3,619,663</u> | <u>3,408,034</u> | <u>3,512,376</u> | <u>3,408,034</u> |
| Non-current liabilities | | | | |
| Borrowings | 883,756 | 683,261 | 783,447 | 683,261 |
| Derivative financial instruments ¹ | 1,894 | 2,814 | 1,894 | 2,814 |
| Trade and other payables ³ | 28,157 | 32,622 | 28,157 | 32,622 |
| | <u>913,807</u> | <u>718,697</u> | <u>813,498</u> | <u>718,697</u> |
| Current liabilities | | | | |
| Borrowings | 209,917 | 209,813 | 209,917 | 209,813 |
| Trade and other payables ³ | 54,354 | 40,577 | 49,971 | 40,577 |
| | <u>264,271</u> | <u>250,390</u> | <u>259,888</u> | <u>250,390</u> |
| Total liabilities | <u>1,178,078</u> | <u>969,087</u> | <u>1,073,386</u> | <u>969,087</u> |
| Net assets | <u>2,441,585</u> | <u>2,438,947</u> | <u>2,438,990</u> | <u>2,438,947</u> |
| Represented by: | | | | |
| Unitholders' fund | 2,426,611 | 2,438,947 | 2,438,990 | 2,438,947 |
| Non-controlling interests | 14,974 | - | - | - |
| Total Equity | <u>2,441,585</u> | <u>2,438,947</u> | <u>2,438,990</u> | <u>2,438,947</u> |

Notes:

1. Derivative financial instruments represent the fair value of the interest rate swap and cross currency interest rate swap contracts.
2. Trade and other receivables comprised mainly rental receivable and trade amount due from related parties.
3. Trade and other payables comprised mainly rental deposit, accrued interest and other payables.

For The Period Ended 28 February 2019

(b)(ii) Borrowing

Secured borrowing

| | <u>Group</u> | | <u>Trust</u> | |
|-------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | As at 28 Feb 19 S\$'000 | As at 31 Aug 18 S\$'000 | As at 28 Feb 19 S\$'000 | As at 31 Aug 18 S\$'000 |
| Amount repayable within one year | 209,917 | 209,813 | 209,917 | 209,813 |
| Amount repayable after one year | 883,756 | 683,261 | 783,447 | 683,261 |
| Total | 1,093,673 | 893,074 | 993,364 | 893,074 |

Details of collateral

The Group's secured term loan amounted to S\$1.1 billion. This consist of a term loan of S\$995 million secured by way of a first legal mortgage on Paragon and a term loan of A\$105 million secured by way of mortgage on Figtree Grove Shopping Centre.

For The Period Ended 28 February 2019

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

| | <u>Group</u> | | | |
|---|------------------|-----------------|------------------|-----------------|
| | 2Q 2019 | 2Q 2018 | 1H 2019 | 1H 2018 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash flows from operating activities | | | | |
| Net income | 18,271 | 31,940 | 49,312 | 63,710 |
| Adjustments for: | | | | |
| Fair value change on investment properties | 14,857 | - | 14,857 | - |
| Manager's fee paid/payable in units | 4,471 | 4,149 | 8,694 | 8,342 |
| Depreciation of plant and equipment | 45 | 56 | 95 | 111 |
| Finance income | (206) | (198) | (376) | (390) |
| Finance costs | 7,684 | 5,973 | 13,946 | 11,989 |
| Amortisation of intangible asset | - | (17) | - | - |
| Straight-line rental adjustments | (242) | (529) | (51) | (529) |
| Operating cash flow before working capital changes | 44,880 | 41,374 | 86,477 | 83,233 |
| Changes in operating assets and liabilities | | | | |
| Trade and other receivables | (3,505) | (73) | (3,363) | (372) |
| Trade and other payables | 1,191 | 773 | 1,908 | (3,641) |
| Net cash from operating activities | 42,566 | 42,074 | 85,022 | 79,220 |
| Cash flows from investing activities | | | | |
| Acquisition of investment properties | (207,670) | - | (207,670) | - |
| Additions to investment properties | (436) | (1,503) | (966) | (1,741) |
| Purchase of plant and equipment | (21) | (11) | (22) | (11) |
| Interest received | 176 | 192 | 359 | 393 |
| Net cash used in investing activities | (207,951) | (1,322) | (208,299) | (1,359) |
| Cash flows from financing activities | | | | |
| Proceeds from issue of units to non-controlling interest | 16,834 | - | 16,834 | - |
| Proceeds from bank loan (net of transaction costs) ¹ | 200,115 | - | 200,115 | - |
| Distribution to unitholders | (34,602) | (34,380) | (71,380) | (70,677) |
| Interest paid | (7,203) | (5,714) | (13,264) | (11,389) |
| Net cash from/(used in) financing activities | 175,144 | (40,094) | 132,305 | (82,066) |

For The Period Ended 28 February 2019

1(c) A cash flow statement together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Statement of Cash Flows (Cont'd)

| | <u>Group</u> | | | |
|---|---------------|---------------|---------------|----------------|
| | 2Q 2019 | 2Q 2018 | 1H 2019 | 1H 2018 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Net increase/(decrease) in cash and cash equivalents | 9,759 | 658 | 9,028 | (4,205) |
| Cash and cash equivalents at beginning of the period | 35,234 | 58,142 | 35,965 | 63,005 |
| Cash and cash equivalents at end of the period | 44,993 | 58,800 | 44,993 | 58,800 |

Notes:

- The net proceeds from bank loan had been used to acquire Figtree Grove Shopping Centre and the acquisition was completed on 21 December 2018.

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

| | <u>Group</u> | | | |
|--|------------------|------------------|------------------|------------------|
| | 2Q 2019 | 2Q 2018 | 1H 2019 | 1H 2018 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at beginning of period | 2,438,158 | 2,422,571 | 2,438,947 | 2,421,060 |
| <u>Operations</u> | | | | |
| Total return for the period / net increase in assets resulting from operations | 19,950 | 31,940 | 50,991 | 63,710 |
| <u>Hedging reserve</u> | | | | |
| Effective portion of changes in fair value of cash flow hedges ¹ | (973) | 2,661 | (248) | 4,506 |
| Translation differences from financial statements of foreign entities | (393) | - | (393) | - |
| <u>Unitholders' transactions</u> | | | | |
| Distribution to unitholders | (34,602) | (34,380) | (71,380) | (70,677) |
| Manager's fee paid/payable in units | 4,471 | 4,149 | 8,694 | 8,342 |
| | (30,131) | (30,231) | (62,686) | (62,335) |
| Unitholders' funds as at end of period | 2,426,611 | 2,426,941 | 2,426,611 | 2,426,941 |

Note:

- This relates to interest rate swap and cross currency interest rate swap arrangements.

For The Period Ended 28 February 2019

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

| | <u>Trust</u> | | | |
|--|------------------|------------------|------------------|------------------|
| | 2Q 2019 | 2Q 2018 | 1H 2019 | 1H 2018 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at beginning of period | 2,438,158 | 2,422,571 | 2,438,947 | 2,421,060 |
| <u>Operations</u> | | | | |
| Total return for the period / net increase in assets resulting from operations | 31,936 | 31,940 | 62,977 | 63,710 |
| <u>Hedging reserve</u> | | | | |
| Effective portion of changes in fair value of cash flow hedges ¹ | (973) | 2,661 | (248) | 4,506 |
| <u>Unitholders' transactions</u> | | | | |
| Distribution to unitholders | (34,602) | (34,380) | (71,380) | (70,677) |
| Manager's fee paid/payable in units | 4,471 | 4,149 | 8,694 | 8,342 |
| | (30,131) | (30,231) | (62,686) | (62,335) |
| Unitholders' funds as at end of period | 2,438,990 | 2,426,941 | 2,438,990 | 2,426,941 |

Note:

- This relates to interest rate swap and cross currency interest rate swap arrangements.

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

| | <u>Group and Trust</u> | | | |
|--|------------------------|----------------------|----------------------|----------------------|
| | 2Q 2019 | 2Q 2018 | 1H 2019 | 1H 2018 |
| | No. of units '000 | No. of units '000 | No. of units '000 | No. of units '000 |
| Issued units as at beginning of period | 2,582,226 | 2,565,653 | 2,571,845 | 2,556,106 |
| Manager's fee paid in units ^{1,3} | 2,138 | 2,007 | 12,519 | 11,554 |
| | 2,584,364 | 2,567,660 | 2,584,364 | 2,567,660 |
| Issuable units: | | | | |
| Manager's fee payable in units ^{2,3} | 6,494 | 6,204 | 6,494 | 6,204 |
| Total issued and issuable units as at end of period | 2,590,858 | 2,573,864 | 2,590,858 | 2,573,864 |

For The Period Ended 28 February 2019

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

Notes:

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 paid on an annual basis, after Board's approval of the audited annual accounts.

1. For 2Q 2019 and 2Q 2018, the issued units relate to base management fee for Q1 2019 and Q1 2018 respectively.

For 1H 2019, the issued units relate to performance management fees for FY2018 and base management fee for Q4 2018 and Q1 2019. For 1H 2018, the issued units relate to performance management fees for FY2017, partial satisfaction of base management fee for Q4 2017 and base management fee for Q1 2018.

2. The units issuable to the REIT Manager were in full satisfaction of management fee for respective quarters.
3. 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.

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 2019, SPH REIT had 2,584,364,566 units (31 August 2018: 2,571,845,315 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 2019 as set out in this announcement has been extracted from the interim financial information for the second quarter and half year ended 28 February 2019, 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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 August 2018.

For The Period Ended 28 February 2019

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 Group has adopted new Financial Reporting Standards in Singapore (“FRSs”) and interpretations effective for the financial period beginning 1 September 2018 as follows:

(i) FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

There is no significant impact to the financial statements of the Group for the current and comparative financial period arising from the adoption of FRS 115.

(ii) FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting.

There is no change in measurement basis arising from the adoption of the new classification and measurement model. In assessing for impairment losses on financial assets, the Group has adopted the simplified approach by applying lifetime expected credit losses on its loans and receivables (if applicable). There is no significant impact to the financial statements of the Trust for the current and comparative financial period arising from the adoption of FRS 109.

The Group’s existing hedges that are designated in effective hedging relationships continue to qualify for hedge accounting under FRS 109.

6. **Earnings per unit (“EPU”) and Distribution per unit (“DPU”)**

| | <u>Group</u> | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2Q 2019 | 2Q 2018 | 1H 2019 | 1H 2018 |
| <u>Earnings per unit</u> | | | | |
| Weighted average number of units ¹ ('000) | 2,586,526 | 2,569,739 | 2,584,376 | 2,567,695 |
| Total return for the period after tax attributable to unitholders (S\$'000) | 32,900 | 31,940 | 63,941 | 63,710 |
| EPU (basic and diluted) (cents), excluding fair value change | 1.27 | 1.24 | 2.47 | 2.48 |

For The Period Ended 28 February 2019

6. Earnings per unit (“EPU”) and Distribution per unit (“DPU”) (Cont’d)

| | <u>Group</u> | | | |
|--|--------------|------------|------------|------------|
| | 2Q 2019 | 2Q 2018 | 1H 2019 | 1H 2018 |
| <u>Distribution per unit</u> | | | | |
| Total number of units in issue at end of period ('000) | 2,584,364 | 2,567,660 | 2,584,364 | 2,567,660 |
| Distribution to Unitholders ² (S\$'000) | 36,440 | 35,947 | 71,042 | 70,327 |
| DPU ³ (cents) | 1.41 | 1.40 | 2.75 | 2.74 |

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.

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

| | <u>Group</u> | | <u>Trust</u> | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | As at 28 Feb 19 | As at 31 Aug 18 | As at 28 Feb 19 | As at 31 Aug 18 |
| NAV / NTA per unit ¹ (S\$) | 0.94 | 0.95 | 0.94 | 0.95 |

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 2019 (“2Q 2019”) compared with the Second Quarter ended 28 February 2018 (“2Q 2018”)

Gross revenue for 2Q 2019 grew by S\$4.5 million (8.5%) to S\$58.1 million. The increase was mainly due to contributions from The Rail Mail and Figtree Grove Shopping Centre which was acquired on 28 June 2018 and 21 December 2018 respectively.

Property operating expenses increased S\$0.9 million (8.3%) to S\$12.3 million for 2Q 2019 largely contributed by both acquisitions.

For The Period Ended 28 February 2019

8. Review of Performance (Cont'd)

Review of Results for the Second Quarter ended 28 February 2019 ("2Q 2019") compared with the Second Quarter ended 28 February 2018 ("2Q 2018") (Cont'd)

Net property income ("NPI") of S\$45.8 million for 2Q 2019 was S\$3.6 million (8.5%) higher than 2Q 2018.

Income available for distribution for the quarter was S\$37.0 million, which was S\$0.9 million (2.5%) higher as compared to 2Q 2018.

Review of Results for Half Year ended 28 February 2019 ("1H 2019") compared with the Half Year ended 28 February 2018 ("1H 2018")

Gross revenue for 1H 2019 was S\$111.9 million, an increase of S\$4.9 million (4.5%) from 1H 2018. The increase was mainly due to contributions from acquisitions of The Rail Mail and Figtree Grove Shopping Centre which was completed on 28 June 2018 and 21 December 2018 respectively. The increase was partially offset by lower rental income from Paragon.

Property operating expenses were S\$24.3 million, an increase of S\$1.7 million (7.4%) from 1H 2018 mainly due to property operating expenses from the acquisitions.

NPI of S\$87.6 million for 1H 2019, was higher by S\$3.2 million (3.8%) against the corresponding period last year.

Finance cost increased by S\$2.0 million (16.3%) to S\$13.9 million for 1H 2019. This was mainly due to additional interest expense from the new loans to finance the acquisition of Figtree Grove Shopping Centre. The average cost of debt was 2.88% p.a. for 1H 2019.

Fair value loss of S\$14.9 million relates to the acquisition costs from Figtree Grove Shopping Centre and has no impact on the income available for distribution. The total return for 1H 2019 was S\$49.5 million.

Income available for distribution for 1H 2019 was S\$72.9 million, an increase of S\$0.2 million (0.3%) compared to 1H 2018.

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 grew by 3.2% on a year-on-year basis ("y-o-y") in 2018. Uncertainties and downside risks in the global economy have increased since three months ago. Against this backdrop, MTI expects the economic growth forecast in 2019 to come in slightly below the mid-point of the forecast range of "1.5% to 3.5%".

For The Period Ended 28 February 2019

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 (Cont'd)

Based on figures released by the Singapore Department of Statistics (DOS), the retail sales index (excluding motor vehicles) declined by 0.4% year-on-year in Q4 2018, a turnaround from the increase of 0.7% in Q3 2018 and 0.5% in Q2 2018.

Singapore Tourism Board (STB) reported a 6.2% y-o-y increase in international visitor arrivals in 2018. Tourism receipts grew by 1.1% to S\$20.6 billion in the first three quarters of 2018.

SPH REIT has a portfolio of four quality and well-positioned retail properties in Singapore and Australia. In Singapore, supported by the increase in international visitor arrivals and improvement in consumer sentiments, tenant sales from Paragon and The Clementi Mall continued to register growth. The Rail Mall is a unique cluster of shop units, with opportunity for SPH REIT to further strengthen its current F&B mix and create a differentiated positioning for the asset.

According to the Reserve Bank of Australia (RBA), the Australian economy grew by 2.75% in 2018. On the back of uncertainties and downside risks in the global economy, the RBA expects GDP growth to be around 3% in 2019 and 2.75% in 2020.

Based on figures released by the Australian Bureau of Statistics (ABS), the seasonally adjusted retail turnover rose by 0.1% in Jan 2019 following a fall of 0.4% in Dec 2018 and a rise of 0.5% in Nov 2018.

SPH REIT acquired 85% stake in Figtree Grove Shopping Centre on 21 December 2018. In line with the Manager's strategy of acquiring yield-accretive retail properties, the acquisition is a strategic fit with SPH REIT's portfolio of quality assets and provides SPH REIT with the opportunity to further create value for unitholders.

The Manager will continue to proactively manage the properties so as to deliver long term returns for unitholders.

For The Period Ended 28 February 2019

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 2018 to 28 February 2019 |
| Distribution Type: | Taxable Income |
| Distribution rate per unit (cents): | 1.41 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 December 2025.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> |

For The Period Ended 28 February 2019

11. Distribution (cont'd)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year? Yes

| | |
|-------------------------------------|--|
| Name of distribution: | Distribution for the period from 1 December 2017 to 28 February 2018 |
| Distribution Type: | Taxable Income |
| Distribution rate per unit (cents): | 1.40 cents per unit |
| Par value of units: | Not applicable. |
| Tax rate: | Taxable Income Distribution: 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. 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. All other investors will receive their distributions after deduction of tax at the rate of 17%. |

(c) Date payable

The date the distribution is payable: 17 May 2019.

(d) Record date

The Transfer Books and Register of Unitholders of SPH REIT will be closed at 5.00pm on 15 April 2019 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 2019

13. Segment Results

| | <u>Group</u> | | | | | |
|-----------------------------------|--------------|---------|--------|---------|---------|--------|
| | 2Q | 2Q | Change | 1H | 1H | Change |
| | 2019 | 2018 | | 2019 | 2018 | |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| <u>Gross Revenue</u> | | | | | | |
| <u>Singapore</u> | | | | | | |
| Paragon | 43,262 | 43,254 | - | 85,414 | 86,397 | (1.1) |
| The Clementi Mall | 10,458 | 10,338 | 1.2 | 20,882 | 20,674 | 1.0 |
| The Rail Mall | 1,253 | - | NM | 2,482 | - | NM |
| | 54,973 | 53,592 | 2.6 | 108,778 | 107,071 | 1.6 |
| <u>Australia</u> | | | | | | |
| Figtree Grove Shopping Centre | 3,150 | - | NM | 3,150 | - | NM |
| Total | 58,123 | 53,592 | 8.5 | 111,928 | 107,071 | 4.5 |
| <u>Net Property Income</u> | | | | | | |
| <u>Singapore</u> | | | | | | |
| Paragon | 34,563 | 34,461 | 0.3 | 67,644 | 68,918 | (1.8) |
| The Clementi Mall | 7,881 | 7,807 | 0.9 | 15,621 | 15,540 | 0.5 |
| The Rail Mall | 1,002 | - | NM | 1,967 | - | NM |
| | 43,446 | 42,268 | 2.8 | 85,232 | 84,458 | 0.9 |
| <u>Australia</u> | | | | | | |
| Figtree Grove Shopping Centre | 2,409 | - | NM | 2,409 | - | NM |
| Total | 45,855 | 42,268 | 8.5 | 87,641 | 84,458 | 3.8 |

NM Not Meaningful

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.

For The Period Ended 28 February 2019

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,
5 April 2019



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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 Group and the Trust (comprising the statement of financial position, 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 2019, to be false or misleading in any material respect.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Leong'.

LEONG HORN KEE
Chairman

A handwritten signature in blue ink, appearing to read 'Ginney'.

GINNEY LIM MAY LING
Director

Singapore,
5 April 2019



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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 2019

We have reviewed the accompanying Interim Financial Information of SPH REIT (the "Trust") and its subsidiaries (collectively the "Group") for the second quarter and half year ended 28 February 2019. The Interim Financial Information consists of the following:

- Statements of financial position of the Group and the Trust as at 28 February 2019;
- Portfolio statements of the Group and Trust as at 28 February 2019;
- Statement of total return of the Group for the second quarter and half year ended 28 February 2019;
- Distribution statement of the Group for the second quarter and half year ended 28 February 2019;
- Statement of movements in unitholders' funds of the Group and the Trust for the second quarter and half year ended 28 February 2019;
- Statement of cash flows of the Group for the second quarter and half year ended 28 February 2019; and
- Certain explanatory notes to the above financial information.

The Manager of the Trust is responsible for the preparation and fair presentation of this Interim Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants. Our responsibility is to express a conclusion on these Interim Financial Statements 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 accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the provisions of RAP 7 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 black ink, appearing to read 'KPMG LLP', with a stylized flourish at the end.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 April 2019