



2Q FY19 Financial Results

5 April 2019

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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 2019 in the SGXNET announcement.

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Key Highlights

2Q FY19 Financial performance:

- Net property income increased **8.5%** y-o-y
- **5.38%** Distribution Yield, based on closing price of \$1.030 on 28 February 19
- Q2 FY19 DPU was **1.41 cents**, an increase of 0.7% year-on-year
- **30.1%** Low Gearing
- Figtree Grove Shopping Centre – expected to be yield accretive acquisition

Operational performance:

- **99.2%** Committed Occupancy
- **8.4%** Rental reversion

2Q FY19 financial performance

	2Q FY19 ^(a) S\$'000	2Q FY18 S\$'000	Change %
Gross revenue	58,123	53,592	8.5
Property expenses	(12,268)	(11,324)	8.3
Net property income (NPI)	45,855	42,268	8.5
Income available for distribution	37,018	36,099	2.5
Distribution to Unitholders ^(b)	36,440	35,947	1.4
Distribution per unit (DPU) (cents)	1.41	1.40	0.7

Note:

(a) Included the contributions from The Rail Mall (acquired on 28 June 2018) and Figtree Grove Shopping Centre (acquired on 21 December 2018).

1H FY19 financial performance

	1H FY19 ^(a) S\$'000	1H FY18 S\$'000	Change %
Gross revenue	111,928	107,071	4.5
Property expenses	(24,287)	(22,613)	7.4
Net property income (NPI)	87,641	84,458	3.8
Income available for distribution	72,874	72,639	0.3
Distribution to Unitholders ^(b)	71,042	70,327	1.0
Distribution per unit (DPU) (cents)	2.75	2.74	0.4

Note:

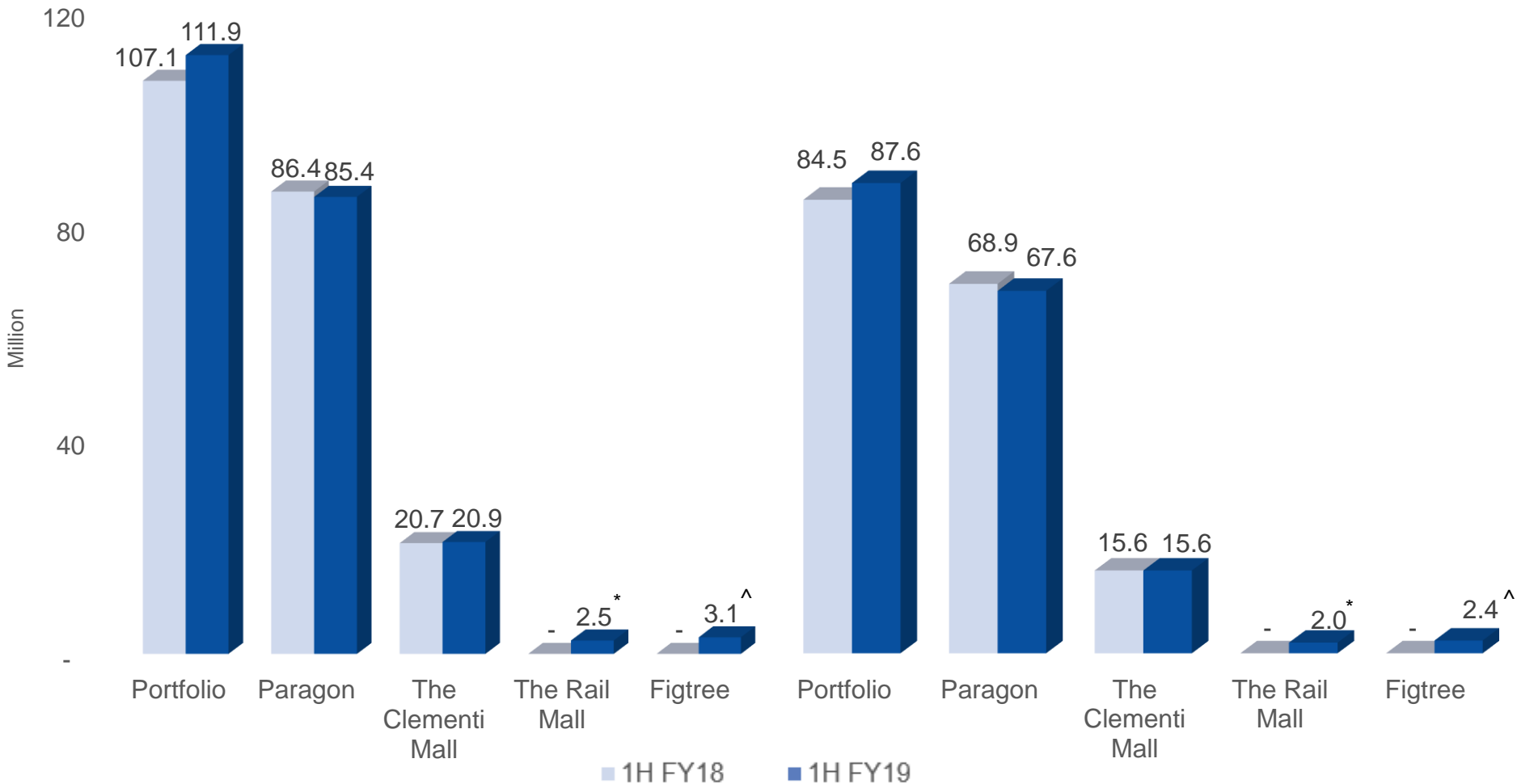
(a) Included the contributions from The Rail Mall (acquired on 28 June 2018) and Figtree Grove Shopping Centre (acquired on 21 December 2018).

(b) For 1HFY19, the distribution to unitholders was 97.5% of income available for distribution.

Property performance

Gross Revenue

Net Property Income

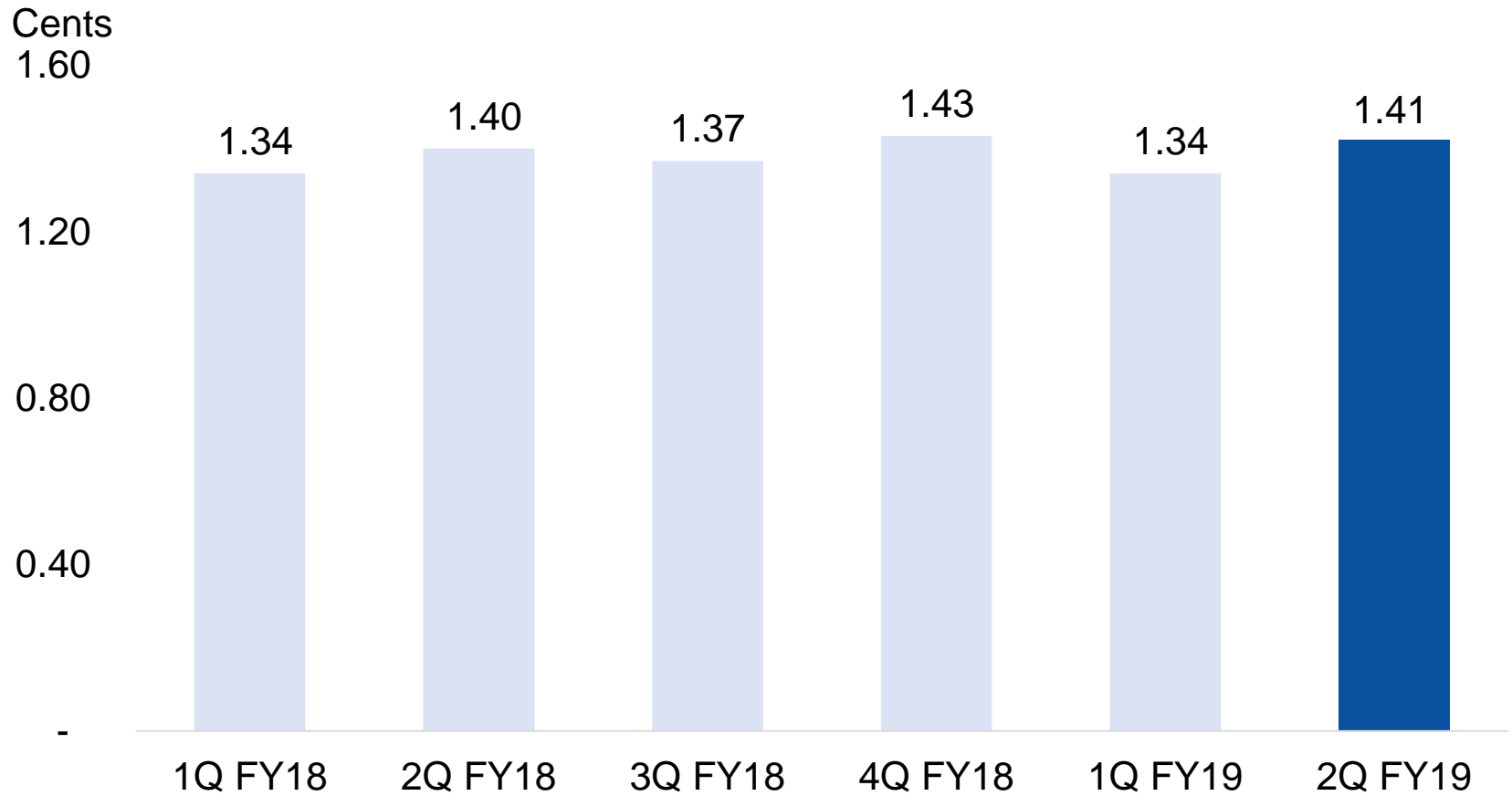


Note:

* Included the contribution from The Rail Mall (acquired on 28 June 2018)

^ Included the contribution from Figtree Grove Shopping Centre (acquired on 21 December 2018)

Steady distribution





Balance sheet



Financial position

	As at 28 February 2019 ^(a) S\$'000	As at 31 August 2018 S\$'000
Total assets	3,619,663	3,408,034
Total liabilities	1,178,078	969,087
Net assets attributable to unitholders	2,426,611	2,438,947
Net asset value per unit	S\$0.94	S\$0.95
Gearing ^(b)	30.1%	26.3%

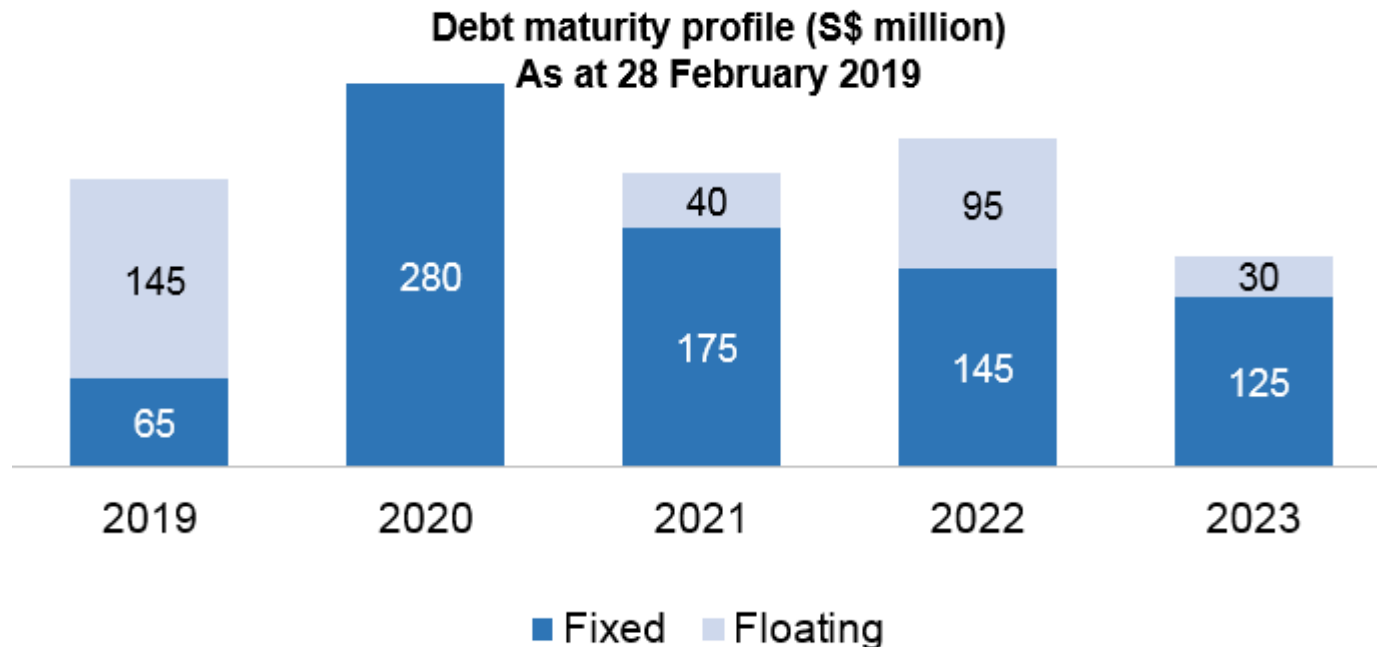
Note:

(a) Included the contributions from The Rail Mall (acquired on 28 June 2018) and Figtree Grove Shopping Centre (acquired on 21 December 2018).

(b) Gearing is computed based on total debt/ total assets (Includes SPH REIT's proportionate share of borrowings in accordance to the Property Funds Appendix).

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 30.1% and average cost of debt of 2.88% p.a. as at 28 February 2019.
- Weighted average term to maturity: 2.1 years
- New loans were taken up in December 2018 to finance the acquisition of Figtree Grove Shopping Centre.





Operational performance



Operational performance

- SPH REIT maintained high occupancy of 99.2%.
- Paragon recorded positive rental reversion of 8.6% for new and renewed leases cumulatively for 1H FY19. This represented 15.2% of Paragon's net lettable area.
- The Clementi Mall and The Rail Mall recorded positive rental reversion of 5.0% and 6.2% respectively for 1H FY19.
- The overall portfolio registered a positive rental reversion of 8.4%.
- Tenant sales have continued to register growth.
- 1H FY19 visitor traffic was higher by 3.4% compared to 1H FY18.

Rental reversion

	Number of renewals / new leases ^(a)	NLA renewed / new leases (sqft)	As a % of properties' NLA	Change compared to preceding rental rates ^(c)
Paragon	61	109,336	15.2%	8.6%
The Clementi Mall	4	2,029	1.0%	5.0%
The Rail Mall	6	6,950	14.0%	6.2%
SPH REIT Portfolio	71	118,315	12.3% ^(b)	8.4% ^(d)

Notes:

(a) For expiries in 2Q FY19, excluding newly created and reconfigured units

(b) As a % of SPH REIT portfolio's (excluding Figtree Grove Shopping Centre) total Net Lettable Area ("NLA") of 961,993 sqft as at 28 February 2019.

(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.

13 (e) No new leases or leases due for renewals for Figtree Grove Shopping Centre in 2Q FY19.

Staggered portfolio lease renewal

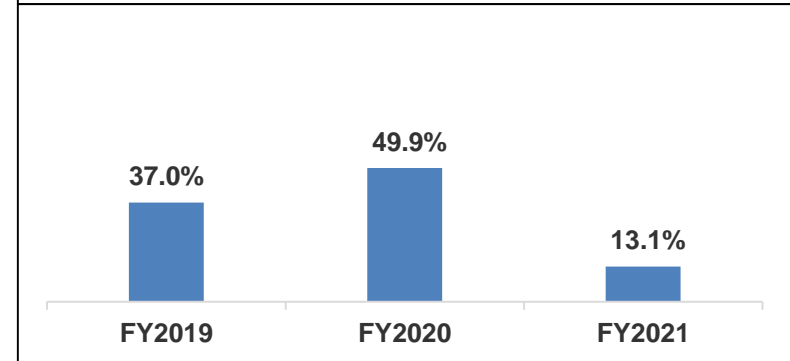
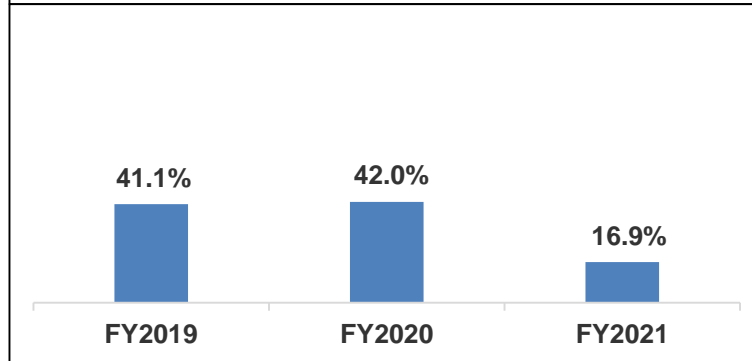
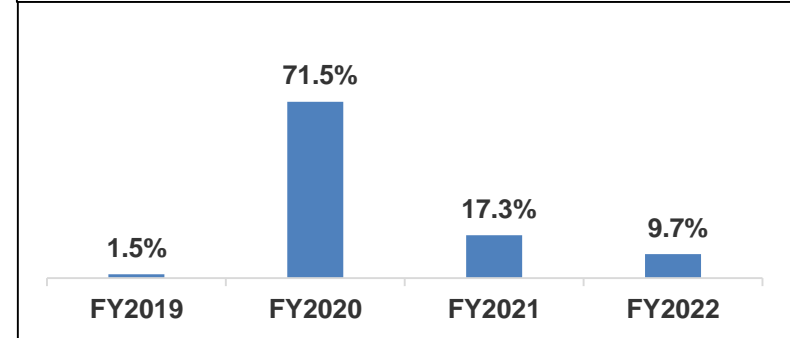
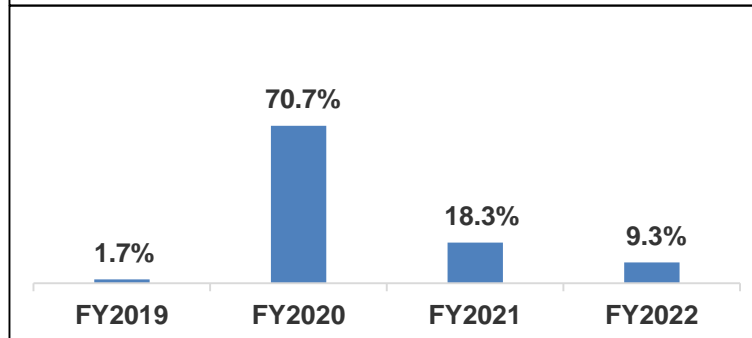
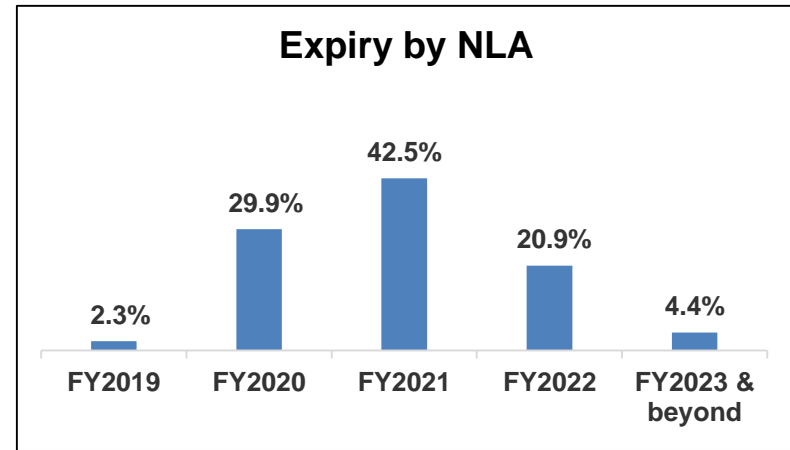
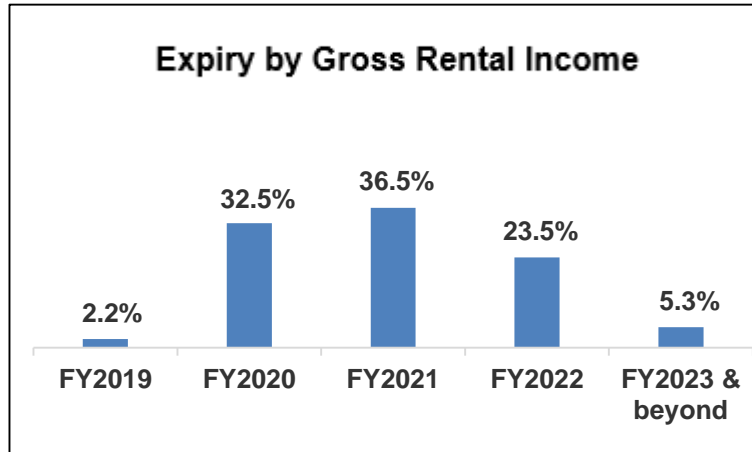
Weighted Average Lease Expiry (WALE) as at 28 February 2019

	Singapore Portfolio	Australia Portfolio
By NLA	1.8 years	7.7 years
By Gross Rental Income	1.9 years	5.4 years

Lease expiry as at 28 February 2019

	FY2019	FY2020	FY2021	FY2022	FY2023 and beyond
Expiries as a % of total NLA	5.6%	32.2%	29.8%	17.3%	15.1%
Expiries as a % of Gross rental income	10.2%	23.6%	20.1%	18.6%	27.4%

Lease expiries by Singapore property



PARAGON

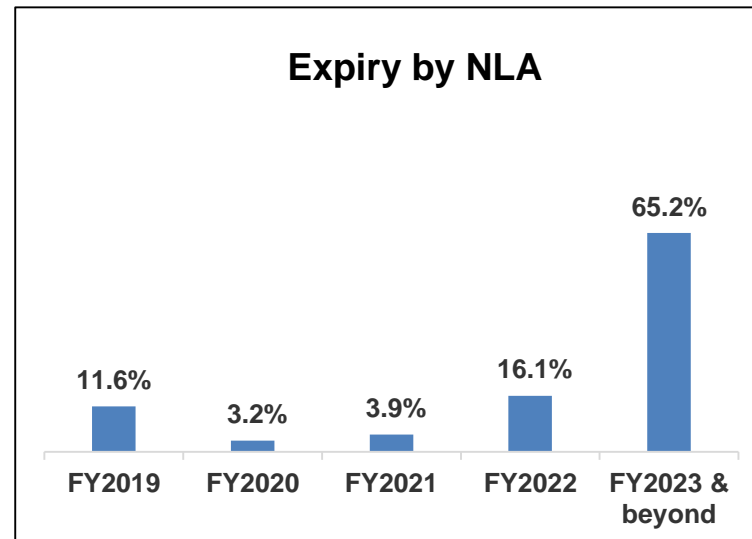
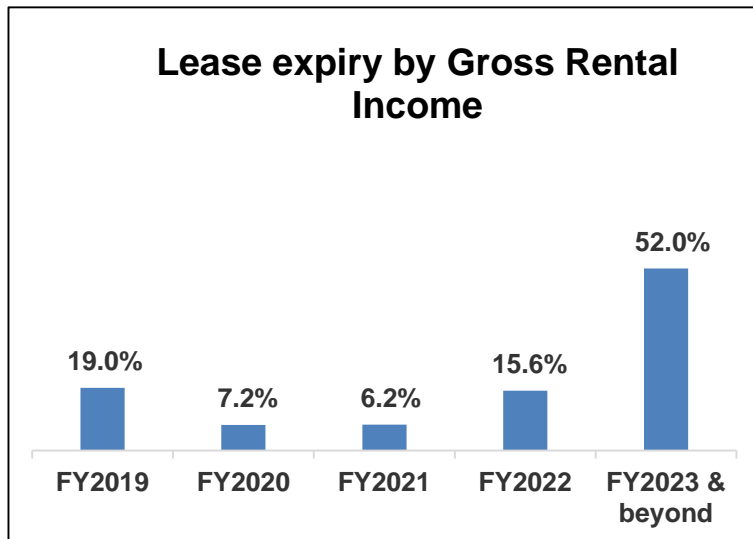
THE CLEMENTI mall

The Rail Mall

Figtree Grove Shopping Centre

Figtree Grove Shopping Centre - Completed Acquisition of 85% stake on 21 December 2018

- Established sub-regional mall located in Wollongong, New South Wales, Australia.
- Purchase consideration at A\$206.0 million (for 100% stake).
- Freehold tenure with approximately 236k sq ft gross lettable area.
- Major anchor tenants include a 24-hour Kmart, Coles and Woolworths supermarkets.
- 99.3% Committed occupancy.





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
 - 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

Refresh F&B tenancies at Paragon Basement 1



Michelin – Starred Ramen : Hototogisu Ramen



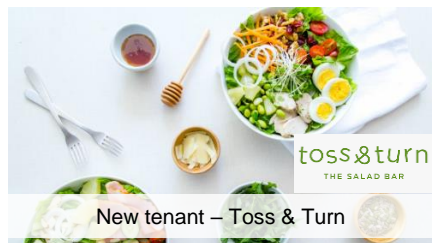
Colonial club - Singapore's rich culinary heritage



First outlet in Orchard which serve new Brown Sugar pudding milk



Honey Mills – World's first honey store to offer honey drinks perfected by a robot



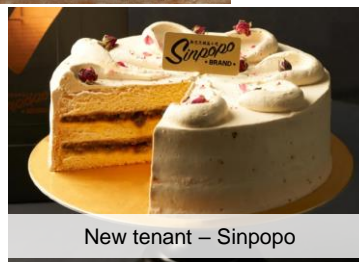
New tenant – Toss & Turn



New tenant – Tokyo Milk Cheese Factory



New Concept – MALA MALA



New tenant – Sinpopo

Enhance lifestyle cluster at Paragon



Bose Flagship store with ultimate audio experience



New tenant – XZQT portfolio, a Premiere furniture retailer



Singapore market outlook

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

- According to the Ministry of Trade and Industry (“MTI”), the Singapore economy grew by 3.2% year-on-year basis in 2018.
- Uncertainties and downside risks in the global economy have increased since three months ago. Against the backdrop of slightly weaker external economic outlook, 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%”.

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

- In 2018, international visitor arrivals grew by 6.2% y-o-y.
- Tourism receipts for the first three quarters of 2018 grew 1.1% to S\$20.6billion.

- **Decline in retail sales**

- The retail sales index (excluding motor vehicles) declined by 0.4% y-o-y in Q4 2018, a turnaround from the increase of 0.7% y-o-y in Q3 2018 and 0.5% in Q2 2018.

Australia Market outlook

- **Outlook for Australia economic growth is expected to moderate**
 - 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 3.0% in 2019 and 2.75% in 2020.
- **Growth in international visitor arrivals and tourism receipts**
 - 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.

Distribution details and timetable

Distribution period	2Q FY19 (1 December 2018 – 28 February 2019)
Distribution per unit	1.41 cents per unit
Ex-date	12 April 2019
Record date	15 April 2019
Payment date	17 May 2019



Thank You

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