



Acquisition of 50.0% Interest in Westfield Marion Shopping Centre, Adelaide, South Australia

7 November 2019

PARAGON

THE CLEMENTI mall

figtree grove

The Rail Mall

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Table of contents

1. Transaction overview
2. Rationale for acquisition and benefits
3. Summary of acquisition
4. Appendix

Transaction overview



Entrance to fresh food precinct

Overview of Westfield Marion Shopping Centre

- ✓ South Australia's only super regional shopping centre⁽¹⁾ alongside Scentre Group Limited ("Scentre Group"), the largest Australian Retail REIT, owning and operating Westfield in Australia and New Zealand with a network of 41 Westfield Living Centres, and with assets under management valued at A\$54.6bn
- ✓ Total pedestrian foot traffic of 13.5m annual visitors
- ✓ High occupancy of 99.3% by Gross Lettable Area ("GLA")
- ✓ Weighted Average Lease Expiry ("WALE") of 6.7 years by GLA and 4.2 years by income
- ✓ Destination lifestyle mall for the Greater Adelaide region with unique highlights including the largest cinema offering in the whole of South Australia with 26 cinema halls

Overview of major tenants in Westfield Marion



Property	■ Westfield Marion Shopping Centre
Location	■ 293-297 Diagonal Road, Oaklands Park Adelaide, South Australia, 5046
SPH REIT's ownership stake	■ 50.0%
Title	■ Freehold
Land area (sqm)	■ 228,782
GLA (sqm)	■ 136,629
Number of storeys	■ 3 (retail); 5 (office)
Number of car park bays	■ 5,270
Total number of tenants	■ 327
Sales / Moving Annual Turnover (MAT)	■ A\$846m for the year ending 30 June 2019 (+2.35% YoY) ⁽²⁾
Purchase Consideration (100%)	■ A\$1,340m
Implied NPI yield ⁽³⁾	■ 5.6%
Co-owner / property manager	■ Scentre Group

Sources: Colliers International, Urbis.

(1) Based on Colliers International research and data.

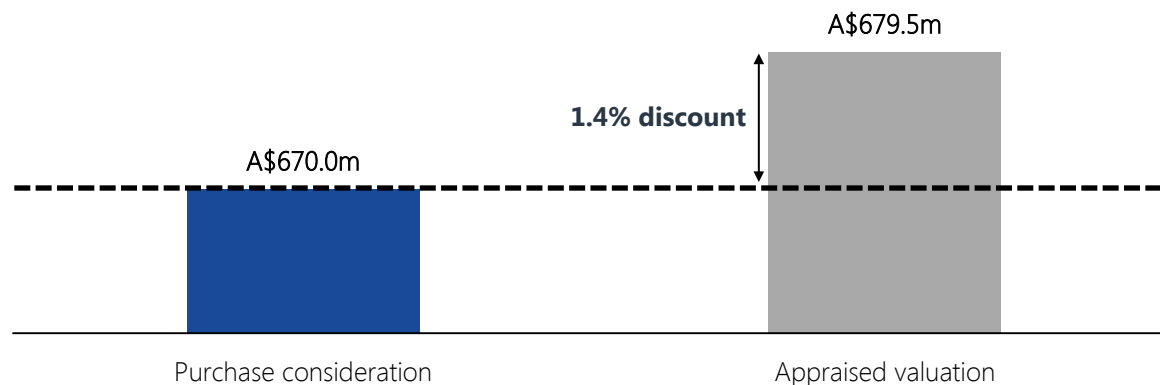
(2) Includes all entertainment and travel categories as well as an estimate for Aldi.

(3) Defined as net property income (A\$75.6m) divided by Purchase Consideration.

Deepening SPH REIT's presence in Australia with acquisition of 50.0% interest in the largest shopping mall in South Australia



Proposed acquisition	<ul style="list-style-type: none"> 50.0% interest in Westfield Marion Shopping Centre ("Westfield Marion"), Adelaide, South Australia⁽¹⁾
Independent valuation ⁽²⁾	<ul style="list-style-type: none"> A\$1,359.0m (100%); A\$679.5m (50%) Conducted by Urbis Valuation Pty Ltd ("Urbis")
Purchase consideration	<ul style="list-style-type: none"> A\$670.0m (50%)
Funding structure	<ul style="list-style-type: none"> Combination of proceeds from the S\$300.0m of perpetual securities issued on 30 August 2019, debt and/or equity fund raising Final decision regarding the timing and proportion of funding will be made by the Manager at the appropriate time taking into account market conditions, with a view to provide overall DPU accretion to Unitholders while maintaining an optimum level of aggregate leverage For purposes of completion certainty, the Manager intends to arrange a bridging loan facility, which can be drawn upon to fully fund the acquisition, if required
Accretive transaction	<ul style="list-style-type: none"> Transaction expected to be DPU and NAV per unit accretive



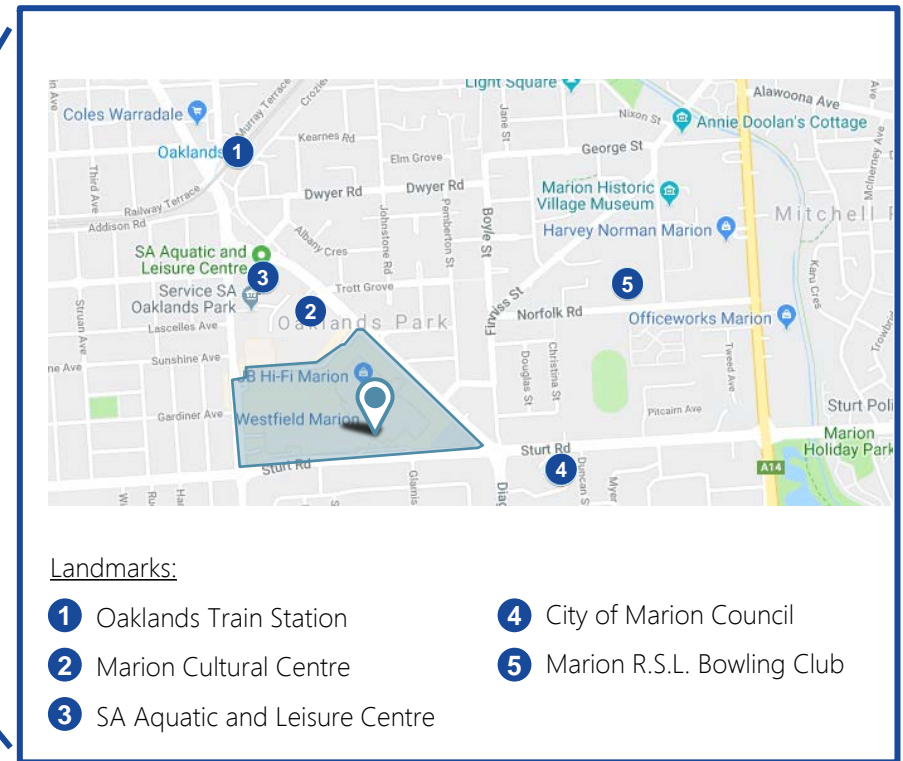
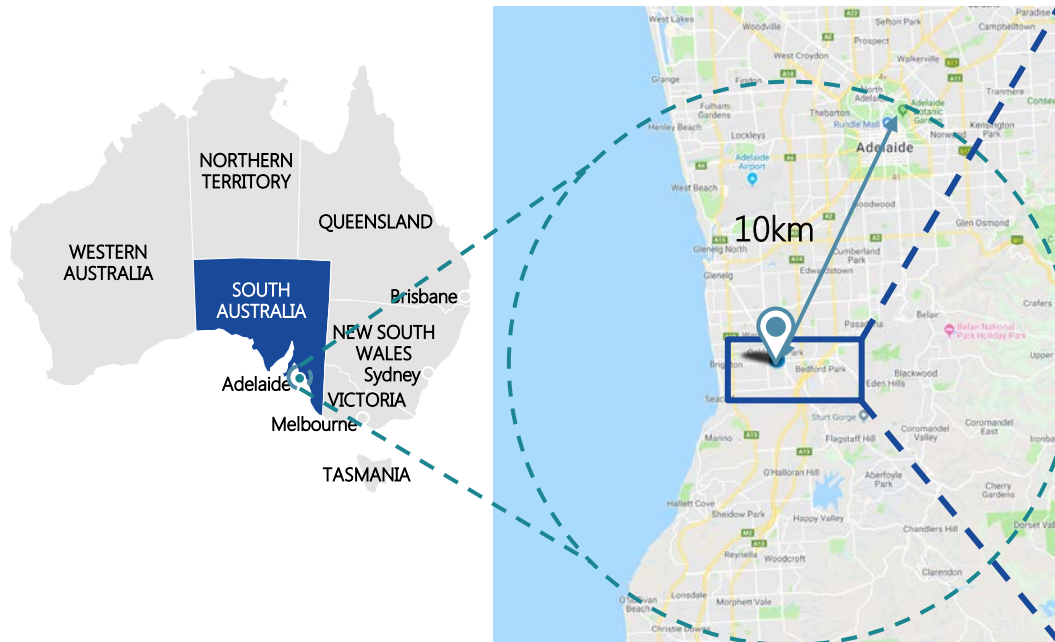
Sources: Company information, Urbis.

(1) Remaining 50.0% interest is owned by Scentre Group.

(2) Valuation as at 6 August 2019.

Strategic, highly accessible location with large residential and commercial catchment area

- ✓ South Australia's only super regional shopping centre strategically located approximately 10km south west of Adelaide's CBD
- ✓ **Highly accessible location:** Bound by three major thoroughfares and arterial roads in Diagonal Road, Sturt Road and Morphett Road, extending greater access to shoppers beyond its usual catchment
- ✓ **Convenient access to train network:** Next to Oaklands Train Station, connecting it with Adelaide's CBD and the southern coastline via multiple train lines
- ✓ **Close proximity to community amenities:** Marion Cultural Centre, the SA Aquatic and Leisure Centre, and the City of Marion Council offices, which are all located along the perimeter of Westfield Marion

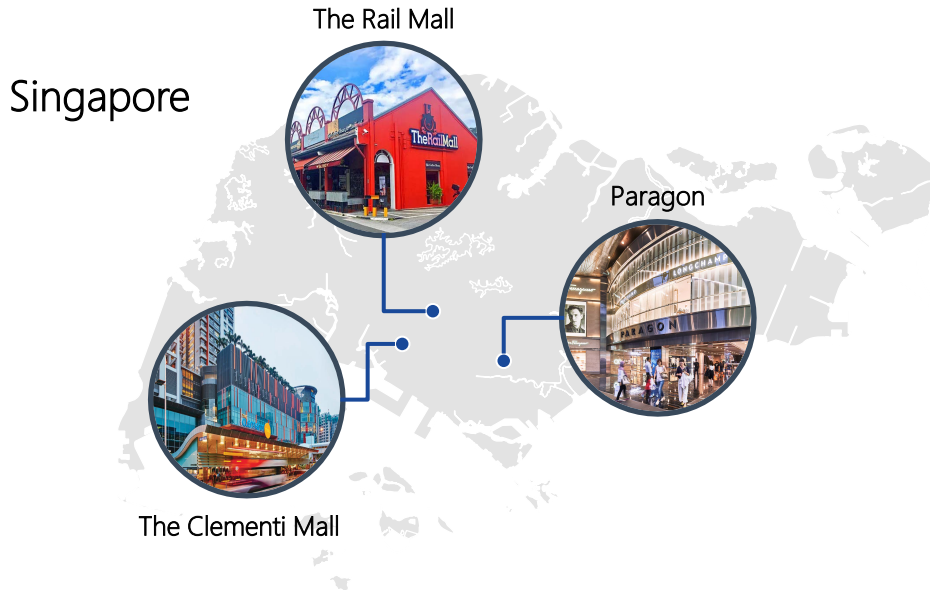
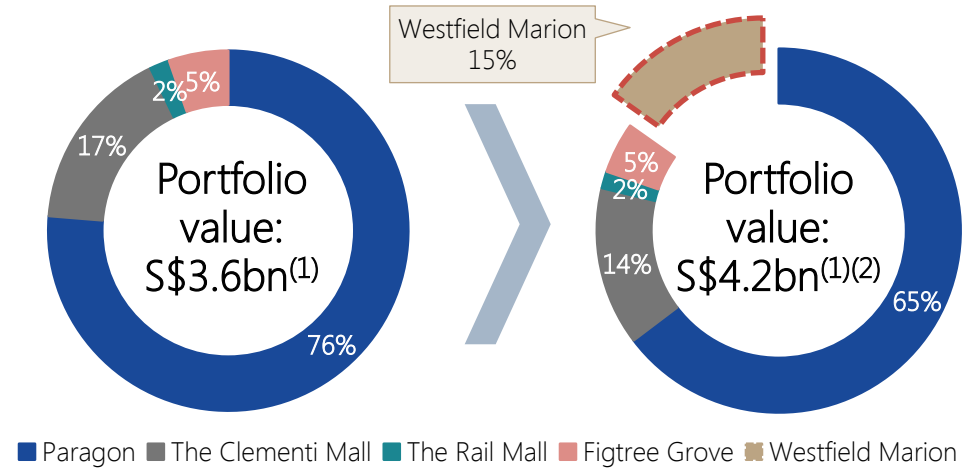
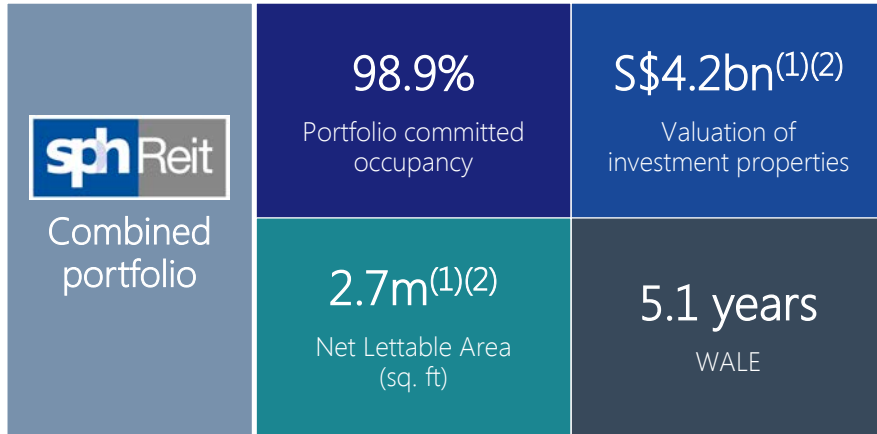


Landmarks:

- 1 Oaklands Train Station
- 2 Marion Cultural Centre
- 3 SA Aquatic and Leisure Centre
- 4 City of Marion Council
- 5 Marion R.S.L. Bowling Club

Overview of SPH REIT post-acquisition

- Post completion of Westfield Marion acquisition, SPH REIT will have a portfolio of 5 assets across Singapore and Australia



Exchange rate: A\$1.00 = S\$0.95

Source: Company information.

(1) As of 31 August 2019, and includes 100% size and valuation of Figtree Grove Shopping Centre. SPH REIT owns 85% of Figtree Grove Shopping Centre.

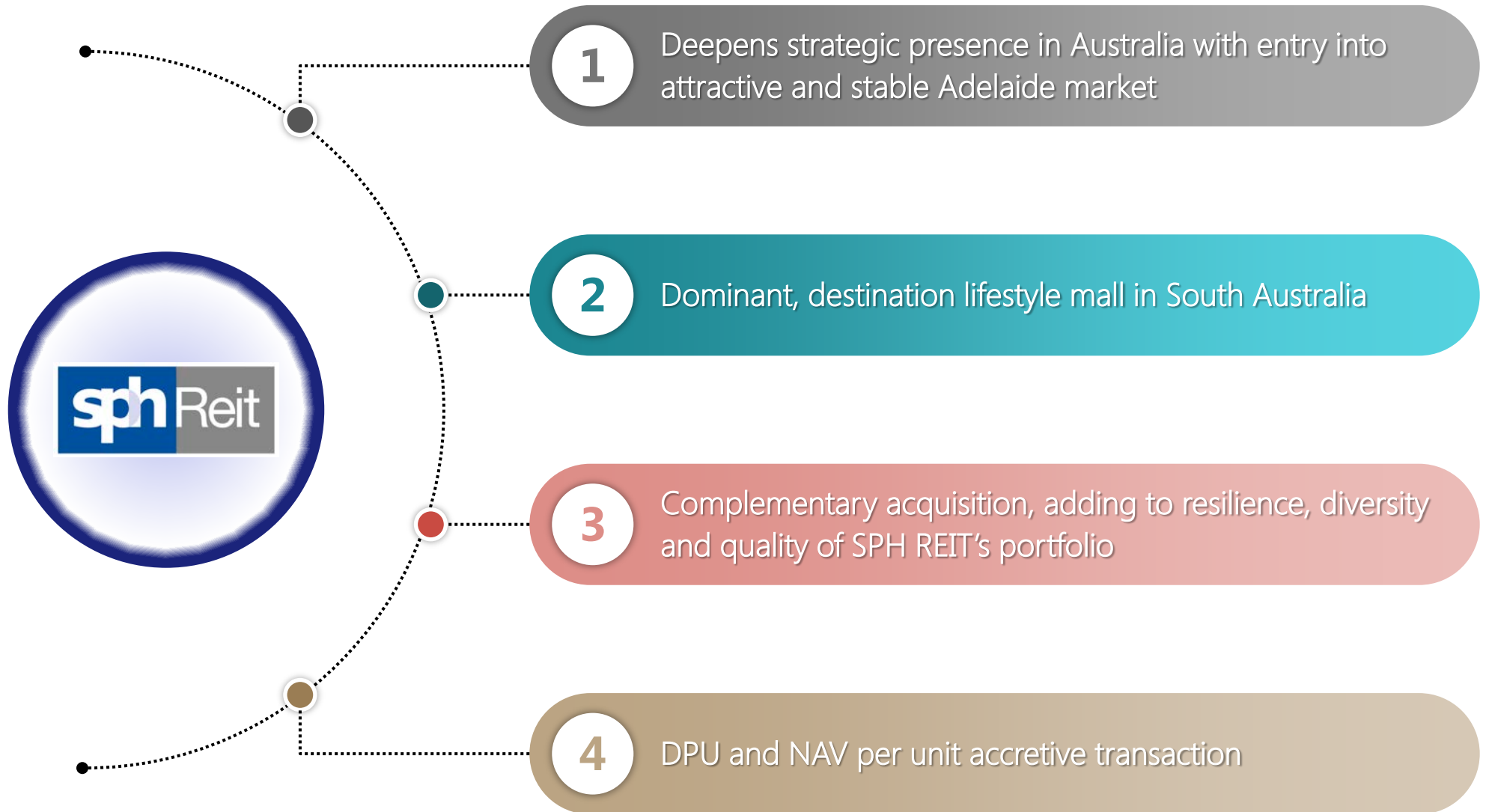
(2) Includes Figtree Grove Shopping Centre, and 50% stake in Westfield Marion which has a valuation of A\$679.5m (c.S\$645.5m).

Rationale for acquisition and benefits



Main shopping podium

Acquisition Rationale and Benefits



1 Deepens strategic presence in Australia with entry into attractive and stable Adelaide market



Greater Adelaide region is a significant population centre

- ✓ Among the top 10 most liveable cities globally⁽¹⁾
- ✓ Home to more than 75% of the South Australian population, making it the most centralised population of any state
- ✓ Population is forecast to grow by 545,000 people from 2015 to 2045, resulting in a population of almost 2 million



Hub status for strategic industries generate employment and drive GSP⁽²⁾ growth

- ✓ A\$90bn has been committed to defence projects in South Australia; an active defence sector presence within Adelaide will provide an additional 10,000 jobs
- ✓ The Government's investment into the Australian Space Agency located in Adelaide expected to create 20,000 long-term, high-wage skilled jobs by 2030
- ✓ A\$3.8bn invested in BioMed City project in Adelaide CBD, expected to be one of the largest health and life sciences clusters in Southern Hemisphere



Positive monetary policies encourage further retail spending

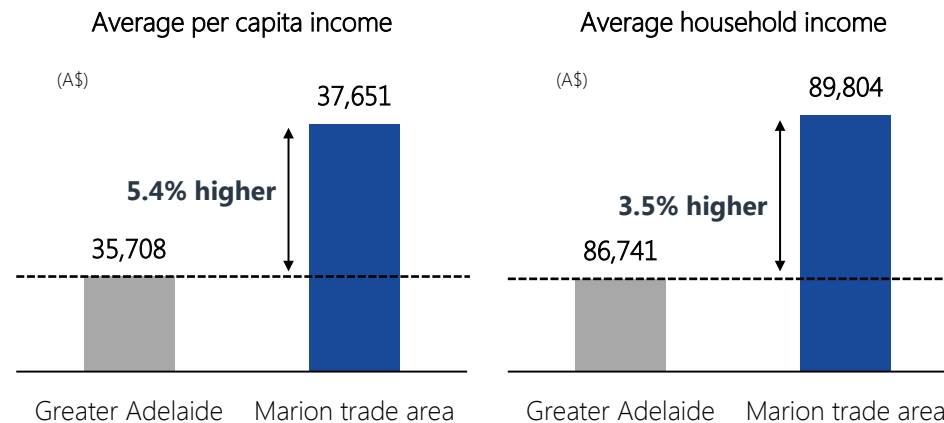
- ✓ Tax cuts, monetary and fiscal stimulus expected to boost consumption in Australia's retail sector, with total retail expenditure to reach A\$11.2bn by 2031



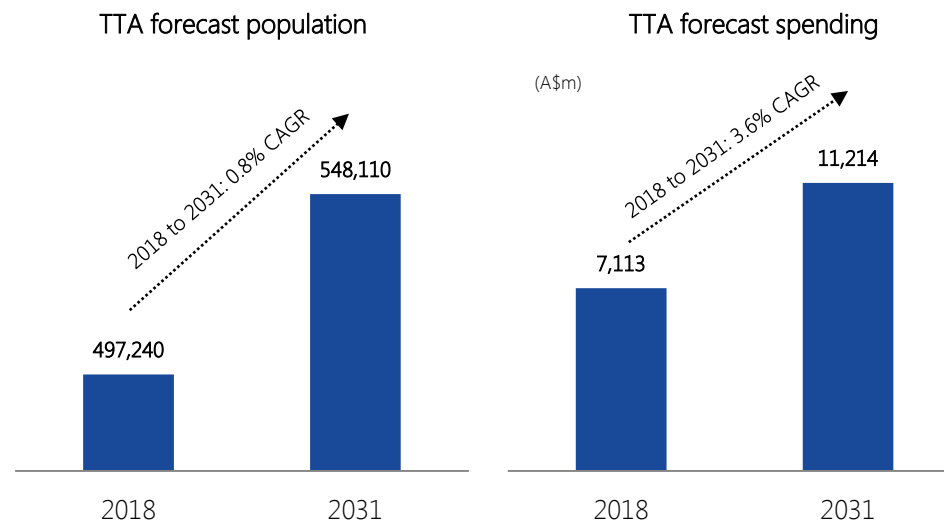
World class educational facilities to attract students

- ✓ International student enrolments in South Australia has grown by 36% since 2012 to 20,700 p.a. as at November 2018

Marion trade area has favourable metrics compared to Adelaide



Population and spending growth in the Total Trade Area ("TTA")⁽³⁾



Sources: Colliers International, Urbis.

(1) Based on Economist Intelligence Unit's 2018 Global Liveability Index.

(2) GSP = Gross State Product.

(3) The TTA extends from West Beach and the Adelaide Airport in the north through to Sellicks Beach in the south.

Dominant, destination lifestyle mall in South Australia

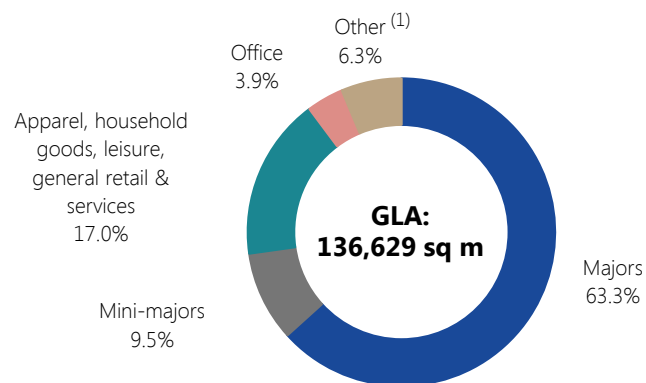
Anchored by high quality and reputable tenant base largely consisting of Australian national retailers

Major tenants	Trade mix	GLA (sq m)	GLA (% total)
David Jones	Department store	13,816	10.1%
Myer	Department store	13,796	10.1%
Event Cinemas	Cinema	11,030	8.1%
Bunnings Warehouse	Household	10,102	7.4%
Big W	Discount store	7,948	5.8%
Target	Discount store	7,413	5.4%
Kmart	Discount store	6,623	4.8%
Woolworths	Supermarket	4,577	3.3%
Coles	Supermarket	4,401	3.2%
Harris Scarfe	Department store	3,387	2.5%
Aldi	Supermarket	1,741	1.3%
Dan Murphy's	Liquor supermarket	1,655	1.2%
Total major tenants		86,489	63.3%

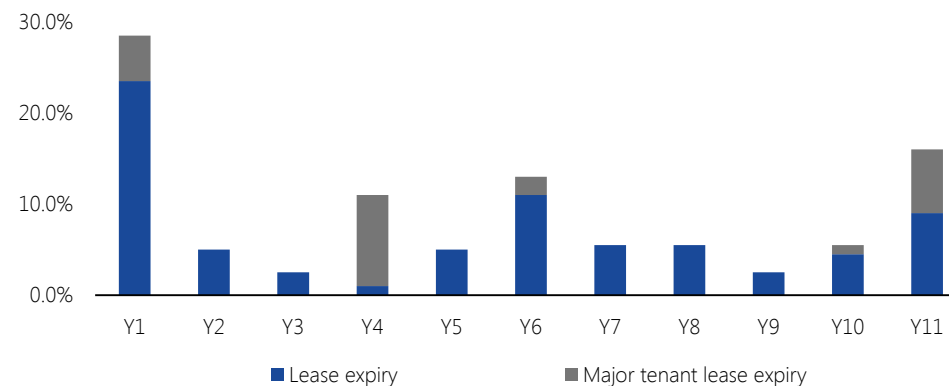
WALE of 6.7 years by GLA and 4.2 years by income

Tenant type	WALE by GLA (years)	WALE by income (years)
Majors	10.4	10.6
Mini-Majors	3.2	3.5
Retail Specialties	2.1	2.1
Non-Retail Specialties	3.0	2.9
Non-Retail (Non-Shopfront)	0.7	0.4
External / Pad Sites	3.6	2.8
Total	6.7	4.2

Diversified tenant base – Breakdown of GLA by tenant type



Well distributed lease expiry profile – Discussions underway for leases expiring in Year 1



Source: Urbis.

(1) Includes Kiosks, ATMs, Freestanding, Food & Liquor, and Food Catering.

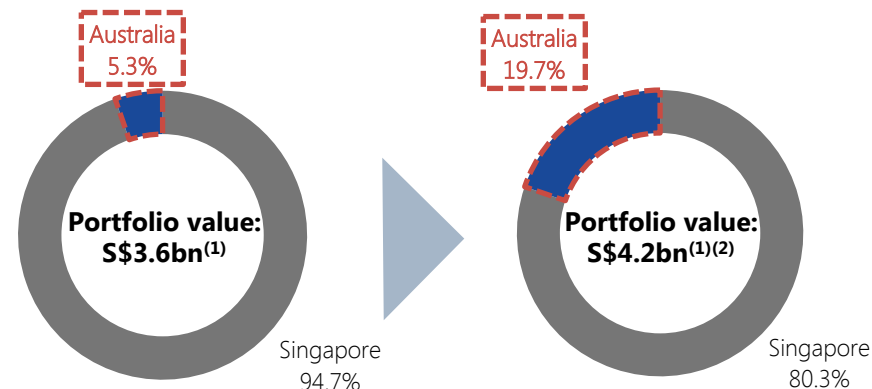
3

Complementary acquisition, adding to resilience, diversity and quality of SPH REIT's portfolio

A more resilient and diversified portfolio post-acquisition

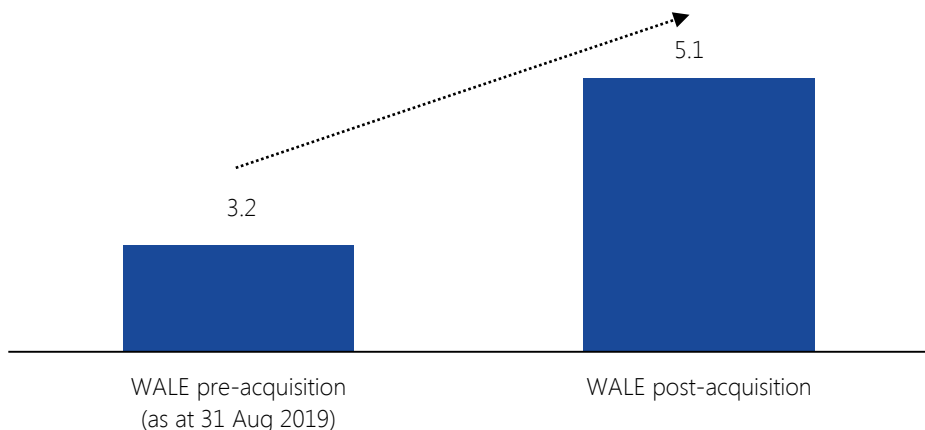
- c.19% of SPH REIT's portfolio by valuation will be derived from Australia post-acquisition, representing a significant increase compared to 5% pre-acquisition
- Post-acquisition, c.19.7% of SPH REIT's portfolio by valuation will comprise freehold assets, compared to 5.3% pre-acquisition
- WALE will increase from 3.2 years to 5.1 years by NLA, post-acquisition
- Majority of specialty tenant leases have predominantly fixed CPI based rent reviews with an additional spread of 2.0% to 2.5% on average (CPI + 2.0% to 2.5%), which improves income growth visibility and opportunity
- Further diversification of its tenant base also enables SPH REIT to reduce its exposure to tenant and asset concentration

Enhanced geographic diversification



Improve SPH REIT's portfolio WALE

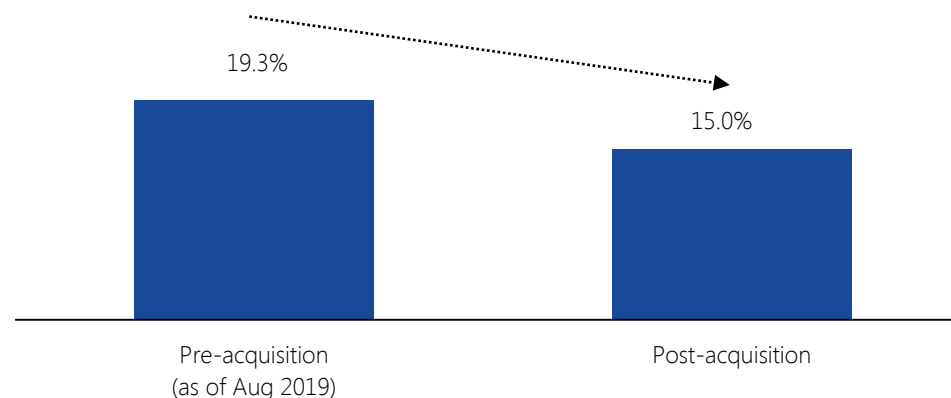
WALE by NLA (years)



Enhance diversification of tenant base

Post-acquisition, no single tenant contributes >3% of SPH REIT's GRI

Top 10 tenants contribution⁽³⁾ (by Gross Rental Income)



Exchange rate: A\$1.00 = S\$0.95

Sources: Company information, Urbis.

(1) As of 31 August 2019, and includes 100% size and valuation of Figtree Grove Shopping Centre. SPH REIT owns 85% of Figtree Grove Shopping Centre.

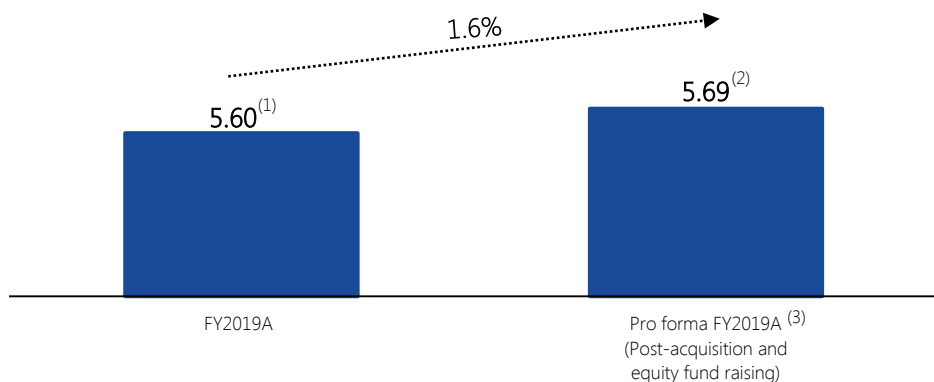
(2) Includes Figtree Grove Shopping Centre, and 50% stake in Westfield Marion which has a valuation of A\$679.5m (c.S\$645.5m).

(3) Top 10 tenants of the portfolio by Gross Rental Income is based on the rental income for the month of August 2019.

Pro forma FY2019 DPU for enlarged portfolio

S\$ cents

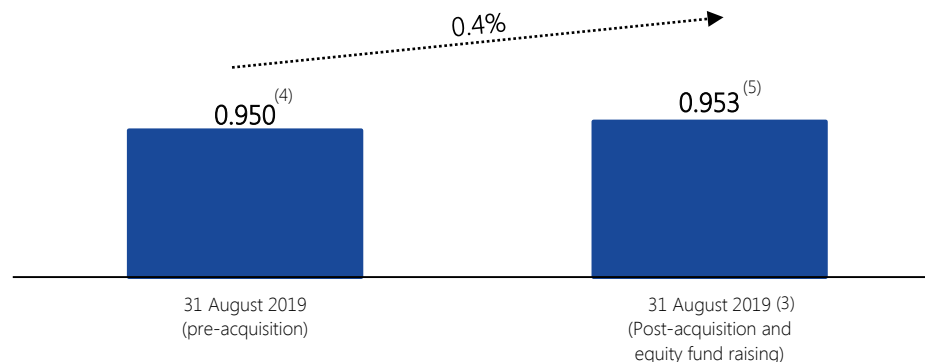
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Pro forma NAV per unit as of 31 August 2019 post-acquisition

S\$

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Based on the proposed method of financing, the acquisition is expected to be DPU and NAV per Unit accretive to Unitholders



In line with Manager's strategy to have a portfolio of quality assets to provide unitholders with regular and stable distributions, sustainable long-term income growth while maintaining a disciplined capital structure

Exchange rate: A\$1.00 = S\$0.95

Source: Company information.

- (1) Based on distributable income / no. of units in issue as of 31 August 2019.
- (2) Based on pro forma distributable income as if acquisition of Westfield Marion was completed on 1 September 2018 and SPH REIT held Westfield Marion through to 31 August 2019 / pro forma no. of units issued and issuable as of 31 August 2019.
- (3) Pro forma assuming acquisition will be funded by debt, net proceeds from the S\$300.0 million perpetual securities issued on 30 August 2019 and approximately S\$6.4 million of acquisition fee payable to the Manager via the issuance of Units as acquisition fee at the illustrative issue price of S\$1.040 per Unit, with the balance to be funded by an estimated equity fund raising amount of approximately S\$161.5 million raised from an illustrative issuance of 155.3 million new Units at an illustrative issue price of S\$1.040 per new Unit and exchange rate of A\$1.000: S\$0.950. The pro forma no. of units issued includes (a) 155.3 million new Units issued from the potential equity fund raising, (b) new Units issuable as payment of the Manager's base and performance fees in respect of Westfield Marion for the period from 1 September 2018 to 31 August 2019, and (c) new Units issuable to the Manager as acquisition fee.

- (4) Based on net assets / no. of units in issue as of 31 August 2019.
- (5) based on pro forma net assets as if acquisition was completed on 31 August 2019 / pro forma no. of units issued and issuable as of 31 August 2019.



Summary of acquisition

Fresh food precinct

Acquisition enhances portfolio strength and resilience



Westfield Marion: Largest shopping mall in South Australia

- ✓ Adelaide is among the top 10 most liveable cities globally and enjoys a growing resident population
- ✓ World class educational facilities will continue to attract student enrolments
- ✓ Hub status for strategic industries expected to generate employment
- ✓ Positive monetary policies expected to boost near-to-medium term consumption in Australia's retail sector

1

Deepens strategic presence in Australia with entry into attractive and stable Adelaide market

2

Dominant, destination lifestyle mall, with Westfield Marion as South Australia's only super-regional shopping centre and enjoying a high quality, reputable and diversified tenant base

3

Complementary acquisition, adding resilience and diversification to SPH REIT's existing portfolio, reducing tenant and asset concentration risks

4

DPU and NAV per unit accretive transaction, in line with the Manager's strategy and investment mandate

Appendix

Economic overview of South Australia and
Adelaide Retail market

Dining and entertainment precinct

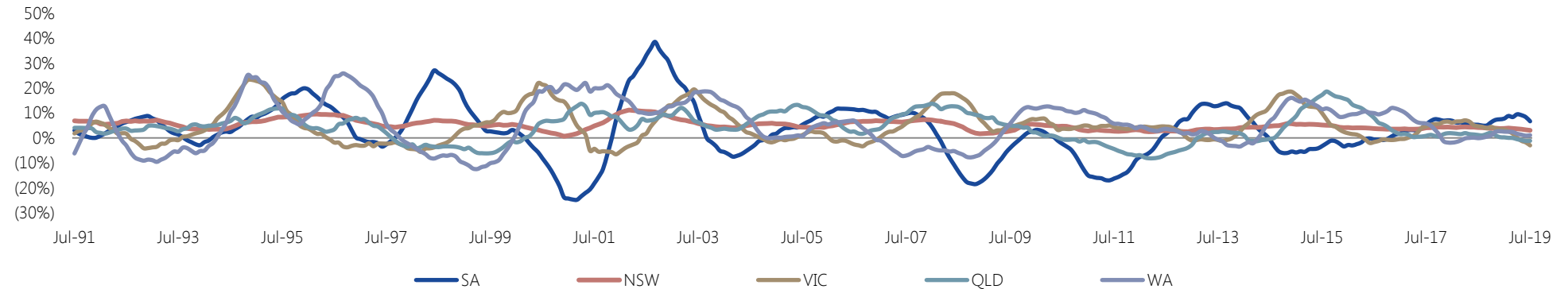
Overview of South Australia Retail market

Positive retail sales growth experienced for the South Australia market

Australia National retail sales y-o-y growth by State

South Australia currently enjoys the highest retail sales growth among all Australian states

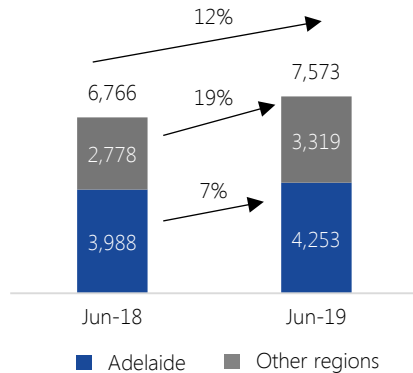
Retail sales y-o-y growth (%)



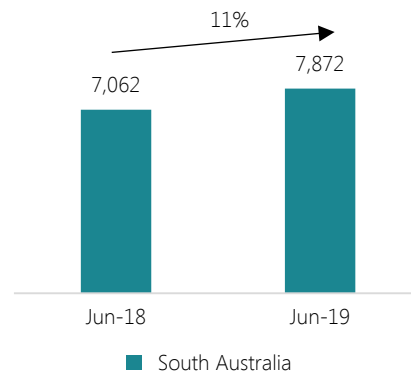
South Australia tourism expenditure and visitor nights

South Australia's tourism expenditure and total visitor nights have increased by 12% and 11% y-o-y respectively

Tourism expenditure (A\$m)



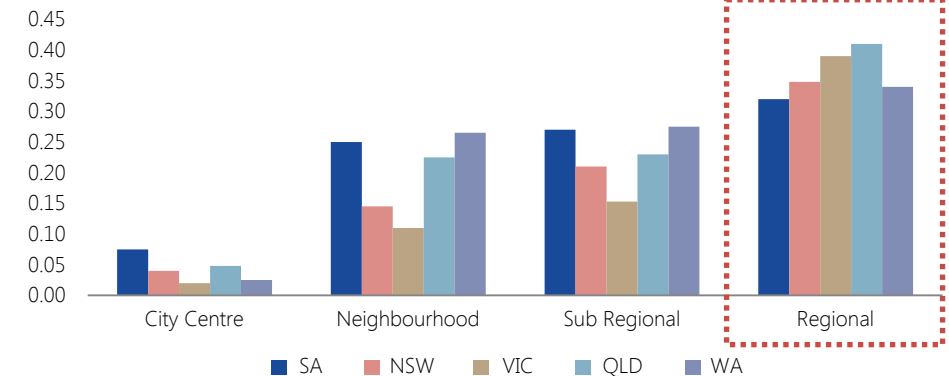
Total visitor nights ('000)



Australia retail space per capita

South Australia's Regional retail has the lowest retail space per capita among all Australian states implying a manageable supply situation and room for potential growth

Retail space per capita by type (sq m)



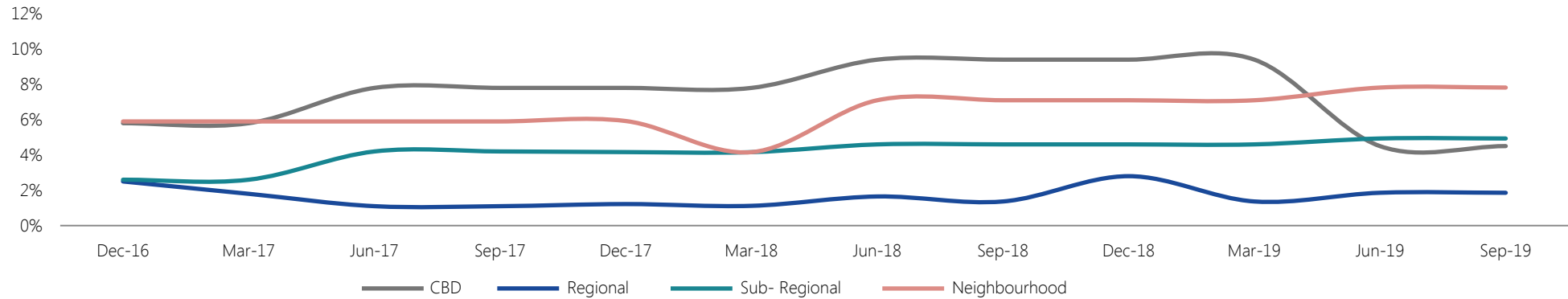
Overview of Adelaide Retail market

Retail yields are expected to compress with vacancy rates remaining low

Adelaide retail vacancy rates

Adelaide's Regional retail vacancy rate of approximately 2% has been stable and consistently the lowest among the various retail categories

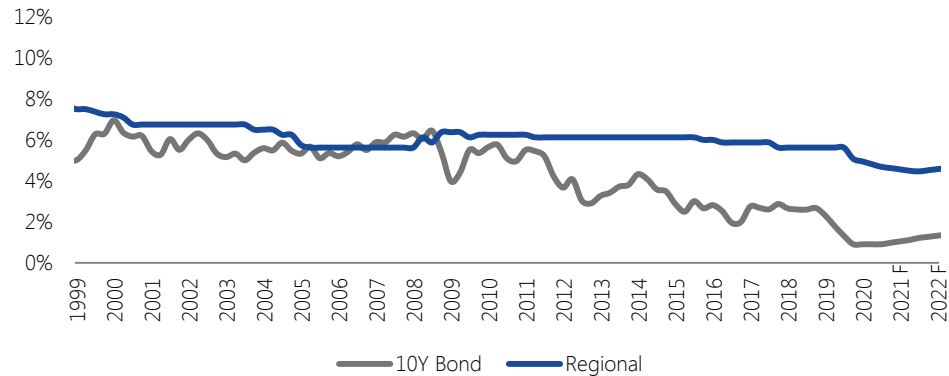
Retail vacancy (%)



Adelaide retail forecast yields

Adelaide's Regional retail yields are expected to compress in 2020F and 2021F

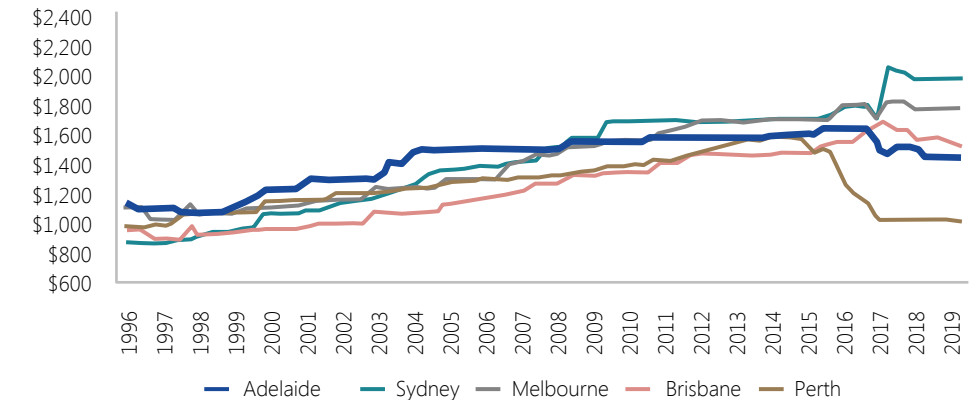
Retail yields (%)



Regional retail gross face rents


Adelaide's retail rents have retracted slightly in line with the overall Australian market after a long upcycle

Gross face rents (A\$ / psm / pa)



Thank you

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