



SPH REIT's 4Q FY14 Distribution of 1.39 cents exceeds Forecast by 6.1%

- Paragon and The Clementi Mall achieved healthy rental reversion of 10.5% and 5.5% respectively. Maintained track record of full occupancy.
- Portfolio valuation was \$3.16 billion as at 31 August 2014, an increase of 3.4% compared to IPO valuation.

SINGAPORE, October 13, 2014 – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that SPH REIT’s income distributable to unitholders was \$34.9m for the fourth quarter ended 31 August 2014 (“4Q FY14”). This translated to a distribution per unit (“DPU”) of 1.39 cents for 4Q FY14, an increase of 6.1% against IPO forecast. The 4Q FY14 distribution will be paid to unitholders on 14 November 2014.

The aggregate DPU of 5.99 cents for the period from 24 July 2013 to 31 August 2014 (“YTD period”) was higher than forecast by 3.8%. On an annualised basis, the distribution represented a yield of 6.0%, based on IPO price of \$0.90 and 5.1%, based on closing price of \$1.065 on 29 August 2014.

Steady and resilient operational performance

Both Paragon and The Clementi Mall were fully leased. For the YTD period, gross revenue for both properties was in line with forecast. Net property income of Paragon and The Clementi Mall exceeded forecast by 3.1% and 0.8% respectively, due to proactive management of expenses.

Paragon continues to achieve consistently robust performance with rental uplift of 10.5% for the YTD period. The Clementi Mall completed the first lease renewal cycle¹ in 2014

¹ The Clementi Mall opened in two phases in January 2011 and March 2011.

and achieved a high tenant retention rate of more than 90% (by net lettable area). The average rental rates achieved for expiring leases in the YTD period was 5.5% higher than the average rates of the preceding leases typically contracted three years ago.

The strong operational performance is a testament to the Manager's proactive leasing strategy that treats the relationship with tenants as a partnership, focusing on sustainable returns for both landlord and tenants.

Revaluation of properties to \$3.16 billion

As at 31 August 2014, the portfolio was valued at \$3.16 billion by DTZ Debenham Tie Leung (SEA) Pte Ltd. This represented an increase of 3.4% from the IPO valuation of \$3.05 billion². As compared to the pro-forma financial position in the IPO prospectus, the net asset value per unit has increased from \$0.89 to \$0.93 and gearing has reduced from 27.3% to 26.0% as at 31 August 2014.

Capital Management

SPH REIT has a well-staggered debt maturity profile with no refinancing requirement till 2016 and weighted average term to maturity of 4.0 years. The average cost of debt was 2.33% as at 31 August 2014, marginally lower than the IPO forecast all-in-rate of 2.35%.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd., said, "We are pleased that the unitholders of SPH REIT has enjoyed a commendable total return of 25.0%³ for the maiden year from 24 July 2013 (listing date) to 31 August 2014. On the outlook for FY2015, the near-term economic growth for Singapore is expected to remain modest, amidst uncertainties in the global environment and constraint of continuing manpower crunch on some domestic-oriented, labour-intensive sectors. Barring any unforeseen circumstances, SPH REIT's two high quality and well-positioned retail properties in prime locations, are expected to remain resilient and turn in a steady performance. We are confident that our philosophy of continual enhancement will sustain future performance."

² The valuations for the IPO were the average of CBRE Pte. Ltd. and DTZ Debenham Tie Leung (SEA) Pte Ltd as at 28 February 2013.

³ The total return takes into account of both price appreciation of 18.3% and total distribution of 5.99 cents over the issue price of \$0.90.

Summary Results of SPH REIT

4Q FY14	Actual \$'000	Forecast² \$'000	Change %
Gross revenue	51,074	50,360	1.4
Net property income	38,003	36,657	3.7
Total amount distributable to unitholders	34,940	32,821	6.5
Distribution per unit (cents)	1.39	1.31	6.1
Annualised distribution yield (%)			
- Based on \$0.90 per unit (IPO price)	6.13	5.77	6.1
- Based on \$1.065 per unit (closing price on 29 August 2014)	5.18	4.88	6.1

For the period from 24 July 2013 (listing date) to 31 August 2014	Actual¹ \$'000	Forecast² \$'000	Change %
Gross revenue	222,921	221,977	0.4
Net property income	165,910	161,599	2.7
Total amount distributable to unitholders	150,345	144,484	4.1
Distribution per unit (cents)	5.99	5.77	3.8
Annualised distribution yield (%)			
- Based on \$0.90 per unit (IPO price)	6.01	5.79	3.8
- Based on \$1.065 per unit (closing price on 29 August 2014)	5.08	4.89	3.8

Footnotes:

1. Although SPH REIT was constituted on 9 July 2013, the results of SPH REIT during its private trust period from 9 July 2013 to 23 July 2013 are insignificant.
2. The forecast figures were derived from the Forecast Period 2H FY2013 (for the period 24 July 2013 to 31 August 2013) and Projection Year FY2014 (for the period 1 September 2013 to 31 August 2014) as disclosed in the Prospectus dated 17 July 2013.

Credit Suisse (Singapore) Limited was the sole global coordinator and issue manager for the initial public offering of SPH REIT (the “Offering”). Credit Suisse (Singapore) Limited, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited were the joint bookrunners and underwriters of the Offering (collectively, the “Joint Bookrunners”).

The Joint Bookrunners for the Offering assume no responsibility for the contents of this announcement.

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ABOUT SPH REIT

SPH REIT is a Singapore-based real estate investment trust established principally 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.

Its portfolio of properties comprises a 99-year leasehold interest in Paragon commencing on the date of listing of SPH REIT and a 99-year leasehold interest in The Clementi Mall commencing on 31 August 2010. Valued at over S\$3.16 billion with an aggregate net lettable area of approximately 900,000 sq ft, the properties have a committed occupancy of 100% and have a diverse and high quality tenant base of about 440 local and international retailers and medical specialists.

Visit SPH REIT’s website at www.sphreit.com.sg for more details.

ABOUT THE REIT MANAGER: SPH REIT MANAGEMENT PTE. LTD.

SPH REIT is managed by SPH REIT Management Pte. Ltd., a wholly-owned subsidiary of Singapore Press Holdings Limited. The Manager’s key objective for SPH REIT is to provide Unitholders with regular and stable distributions, and sustainable long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure.

ABOUT THE SPONSOR: SINGAPORE PRESS HOLDINGS

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Important Notice

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.