

**STATEMENT OF NET INCOME AND DISTRIBUTION
FOR THE PERIOD FROM 24 JULY 2013 TO 31 AUGUST 2014 ("FP2014")**

	Actual 2014 S\$'000	Pro forma 2013 S\$'000	Change %	Forecast 2014 S\$'000	Change %
Gross revenue	222,921	216,850	2.8	221,977	0.4
Property operating expenses	(57,011)	(57,853)	(1.5)	(60,378)	(5.6)
Net property income	165,910	158,997	4.3	161,599	2.7
Income support ⁽¹⁾	5,092	5,775	(11.8)	5,316	(4.2)
Amortisation of intangible asset	(5,092)	(5,775)	(11.8)	(5,316)	(4.2)
Manager's management fees	(17,125)	(16,948)	1.0	(16,767)	2.1
Trust expenses ⁽²⁾	(1,748)	(2,507)	(30.3)	(2,505)	(30.2)
Finance income	219	139	57.6	–	NM
Finance costs	(21,898)	(22,104)	(0.9)	(22,087)	(0.9)
Net income	125,358	117,577	6.6	120,240	4.3
Add: Non-tax deductible items ⁽³⁾	24,987	25,149	(0.6)	24,244	3.1
Total amount distributable to Unitholders	150,345	142,726	5.3	144,484	4.1
Distribution per unit (cents) ("DPU")	5.99	5.71	4.9	5.77	3.8

Notes:

- (1) Income support relates to the top-up payment from the vendors of The Clementi Mall pursuant to the Deed of Income Support.
- (2) Includes recurring trust expenses such as trustee's fees, listing fees, valuation fees, audit and tax adviser's fees, cost associated with the preparation of annual reports, and investor communication costs.
- (3) Non-tax deductible items refer to the Manager's management fees paid in units, trustee's fees, amortisation of income support and amortisation of debt issuance costs.

FINANCIAL REVIEW

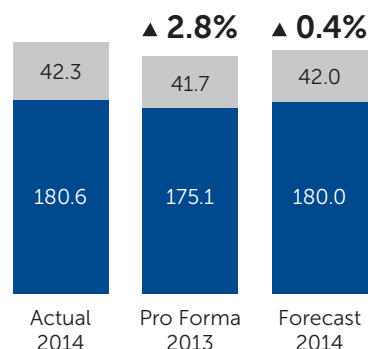


GROSS REVENUE

For FP2014, gross revenue rose S\$6.1 million (2.8%) to S\$222.9 million and was in line with forecast.

The performance was driven by healthy rental reversion of 10.5% and 5.5% for Paragon and The Clementi Mall respectively for the new or renewed leases during the financial period. Through proactive leasing strategy, both properties continued to maintain their track record of full occupancy.

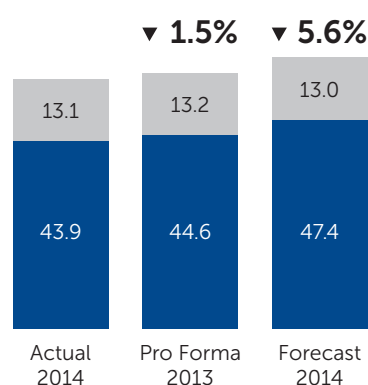
All Figures (S\$ millions)



PROPERTY OPERATING EXPENSES

Property operating expenses of S\$57.0 million was lower by S\$0.8 million (1.5%) compared to Pro forma, and by S\$3.4 million (5.6%) compared to forecast.

The continued efforts to improve operational efficiencies and manage cost has resulted in lower expenses.



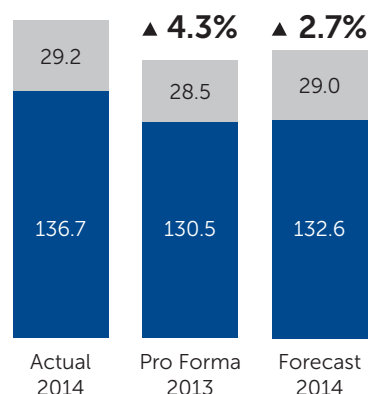
NET PROPERTY INCOME

Net property income (NPI) of S\$165.9 million exceeded Pro forma by S\$6.9 million (4.3%), and by S\$4.3 million (2.7%) compared to the forecast.

As a result, NPI margin improved to 74.4%, from the margin of about 73% for both Pro forma and forecast.

Both Paragon and The Clementi Mall registered higher NPI contribution, and outperformed forecast by 3.1% and 0.8% respectively.

The required income support for The Clementi Mall was S\$5.1 million for FP2014. With higher NPI, the amount was lower by S\$0.2 million (4.2%) compared to forecast.



NET INCOME

Net income for FP2014 was S\$125.4 million, an increase of S\$7.8 million (6.6%) against Pro forma, and S\$5.1 million (4.3%) compared to forecast. This was mainly attributable to higher net property income and savings in trust expenses.

■ Paragon
■ The Clementi Mall

DISTRIBUTION

The total amount of income available for distribution to Unitholders of S\$150.3 million

was 4.1% above the forecast of S\$144.5 million. This translated to DPU of 5.99 cents,

outperforming the forecast DPU of 5.77 cents by 3.8%.

Quarter Ended	Payment Date	Actual DPU (cents)	Forecast DPU (cents)	Change %
24 July 2013 (listing date) to 30 November 2013	14 February 2014	1.86	1.82	2.2
28 February 2014	14 May 2014	1.39	1.33	4.5
31 May 2014	14 August 2014	1.35	1.31	3.1
31 August 2014	14 November 2014	1.39	1.31	6.1
Total FP2014		5.99	5.77	3.8

VALUATION OF PROPERTIES

As at 31 August 2014, SPH REIT's properties were valued at S\$3.16 billion by DTZ Debenham

Tie Leung (SEA) Pte Ltd. The increase of 3.4%, compared to IPO valuations of S\$3.05 billion

as at 28 February 2013, was supported by the improved performance of the properties.

Property	Valuation (S\$m)			Capitalisation Rate (%)
	31 August 2014	28 February 2013 ⁽¹⁾	Change	31 August 2014 and 28 February 2013 ⁽¹⁾
Paragon	2,588.0	2,500.0	88.0	Retail: 4.85% Medical suite/office: 4.25%
The Clementi Mall	571.0 ⁽²⁾	553.0 ⁽²⁾	18.0	5.00%
SPH REIT Portfolio	3,159.0	3,053.0	106.0	-
Representing:				
Additions			3.4	
Fair value change			102.6	

Notes:

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

(2) The Clementi Mall's valuation was without income support.

NET ASSET VALUE ("NAV") PER UNIT

As of 31 August 2014, SPH REIT's Net Asset Value ("NAV") was S\$0.93 per unit. This was 4.5% higher than the NAV of S\$0.89 per unit at IPO.

CASH FLOWS AND LIQUIDITY

As at 31 August 2014, SPH REIT's cash and cash equivalents amounted to S\$90.7 million.

Net cash generated from operating activities for FP2014

was S\$225.0 million. Net cash used in investing activities was S\$1,327.2 million, mainly for the acquisition of Paragon and The Clementi Mall of S\$1,306.0 million. Net cash generated from financing activities was S\$1,192.9 million. This included

borrowing of S\$850.0 million and proceeds from issue of units during IPO of S\$503.9 million, partially offset by distribution payment of S\$115.3 million to Unitholders.

USE OF PROCEEDS

On 24 July 2013, SPH REIT raised gross proceeds of S\$2,250.9 million from the public offering, cornerstone units as well as consideration units issued in part satisfaction for the purchase price of Paragon and The Clementi Mall. On the same day, a term loan facility of S\$850.0 million was drawn down.

The proceeds have been applied to the acquisition of the two properties, plant and equipment, payment of issue expenses and

debt-related transaction costs. The use of proceeds was in accordance with the stated uses in the Prospectus dated 17 July 2013.

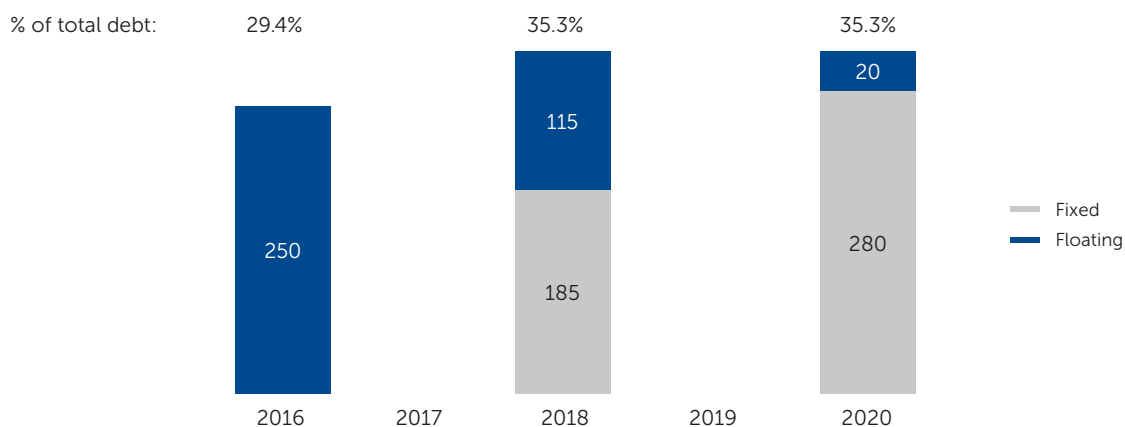
CAPITAL MANAGEMENT

On 24 July 2013, SPH REIT established a term loan facility of S\$975 million obtained from DBS Bank Ltd. and Overseas-Chinese Banking Corporation Limited. The amount drawn down was S\$850 million as at 31 August 2014. The term loan is secured by way of a first legal mortgage on Paragon, first legal charge over the tenancy account and sales proceeds account for Paragon, and an assignment of certain insurances taken in relation to Paragon.

In line with SPH REIT's prudent capital management strategy, the debt maturity profile was well-staggered with weighted average term to maturity of 4.0 years. There will be no refinancing requirement till 2016. Refinancing will occur in three tranches of approximately equal size. It registered gearing level of 26.0% and average cost of debt of 2.33% as at 31 August 2014.

To mitigate exposure to interest rate risk, SPH REIT has entered into fixed rate loan and interest rate swaps to fix an amount of S\$465 million, or 54.7% of total borrowing as at 31 August 2014. As interest rate risk will vary over time, 77.5% of the longer tenure tranches maturing in 2018 and 2020, have been fixed.

DEBT MATURITY PROFILE (\$ MILLION)



Key Indicators	Actual as at 31 August 2014	Pro forma as at Listing Date
Gearing ratio	26.0%	27.3%
Interest coverage ratio	6.7 times	6.3 times
Weighted average term to maturity	4.0 years	5.0 years
Average all-in interest rate	2.33%	2.35%
Derivative financial instruments ⁽¹⁾ as a % of NAV	0.37%	-

Note:

(1) The derivative financial instruments refer to the fair value of interest rate swap contracts as at 31 August 2014.