

Sustainability Report

BOARD STATEMENT

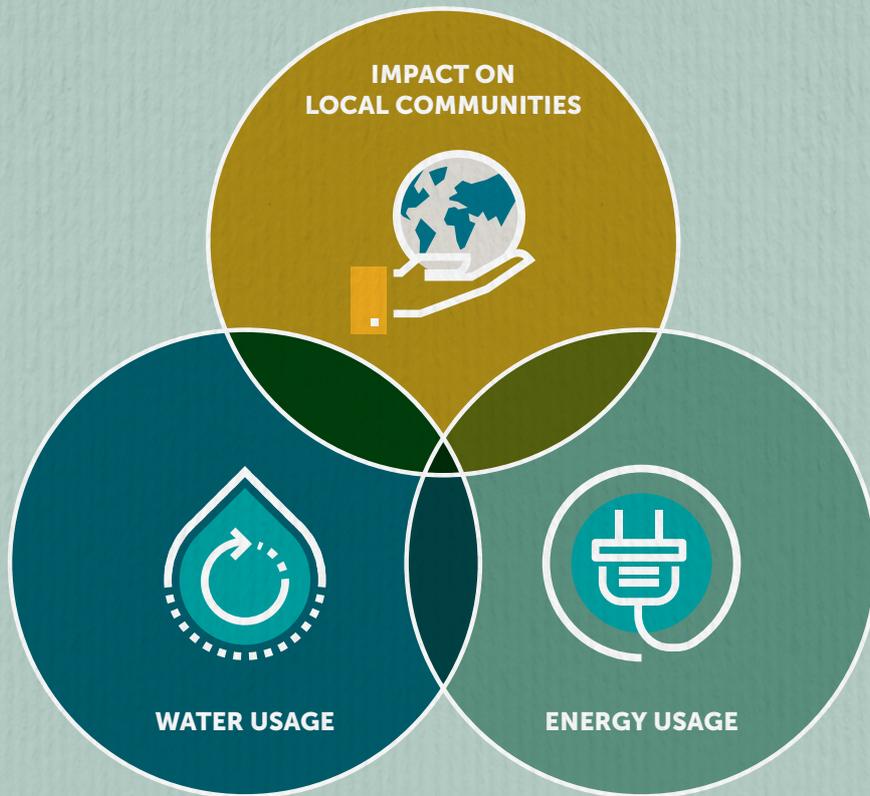
We are pleased to present our first sustainability report to the stakeholders of SPH REIT.

While sustainable practices are not new to our business operations, this inaugural report provides a platform through which we now formally communicate our sustainability approach, performance and goals. We will publish this report annually in accordance with the requirements of SGX-ST Listing Rules 711A and 711B.

As a Real Estate Investment Trust, we are able to contribute positively to the environment and the society through the activities at our properties. Our sustainability efforts are driven by a strong focus on engaging with our key stakeholders, including our customers, tenants, investors and Unitholders. We are committed to

keeping pace with our stakeholders' evolving needs, with a view to forming collaborative partnerships that will enable the impact of our sustainability efforts to be amplified in the long term.

To effectively discharge our responsibility, the Board has assigned the monitoring and overseeing the management of environmental, social and governance ("ESG") factors to the Audit & Risk Committee ("ARC"). The ARC is supported by the Sustainability Steering Committee ("SSC"). We aspire to chart a sustainability journey underpinned by our business strategy and organisational values, to most meaningfully live out our promise as a responsible corporate citizen.



SUSTAINABILITY AT SPH REIT

SPH REIT is a Singapore-based Real Estate Investment Trust (“REIT”) established principally to invest in a portfolio of income-producing real estate. As at 31 August 2018, SPH REIT comprises three quality and well-located commercial properties, namely Paragon, The Clementi Mall and The Rail Mall, which was newly acquired in June 2018.

All of our properties provide unique opportunities for us to engage with our stakeholders and with their input, shape our sustainability initiatives. This continuous engagement is critical in ensuring that our sustainability priorities remain relevant.

Increasingly, shoppers are looking for a lifestyle experience when they visit malls. More than retail avenues, malls have become places where communities gather and bond – common spaces that contribute to social cohesion. Shoppers are now also more conscious about the social and environmental impact of the products and services they purchase and use. Investors and Unitholders assess sustainability performance in their determination of the company’s long-term business value. There is heightened scrutiny from regulators on responsible business practices. These changing behaviours have direct implications on how our tenants operate, and in turn, how we manage our malls.

Following our consideration of business and stakeholder priorities, we have identified three most material environmental and social factors for SPH REIT for purposes of disclosure in this report. These factors include impact on local communities, as well as energy and water usage at our properties. While this sustainability report centres around our management and performance in relation to these three environmental and social factors, it should be read in conjunction with the rest of the annual report for a holistic understanding of SPH REIT’s strategy and business performance for the financial year.

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SUSTAINABILITY PERFORMANCE AT A GLANCE

MATERIAL FACTORS	PERFORMANCE IN FY2018	TARGET FOR FY2019
 Impact on local communities	Description of Corporate Social Responsibility (CSR) initiatives	Achieve one CSR component in at least one of our major campaigns on an annual basis
 Water Usage	379,207 m ³ of water consumed	Maintain current water intensity
	Water intensity at 3.67 m ³ /m ²	
 Energy Usage	53,662 MWh of electricity consumed	Achieve reduction in energy intensity
	Energy intensity at 0.52 MWh/m ²	
	22,055 tCO ₂ e of GHG ^(a) emissions	
	GHG emissions intensity at 0.21 tCO ₂ e/m ²	

SUSTAINABILITY GOVERNANCE

The ARC, supported by the SSC, oversees the management of sustainability issues. The SSC, which comprises senior management, develops SPH REIT's sustainability strategy, manages overall sustainability performance and reports periodically to the ARC. The SSC assists in driving sustainability practices across the business, and

is supported by the Sustainability Working Committee ("SWC"), which consists of representatives from different functions and divisions.

As an SPH-sponsored REIT, SPH REIT is managed by SPH REIT Management Pte. Ltd. ("REIT Manager") and supported in property management matters by

SPH Retail Property Management Services Pte. Ltd. (the "Property Manager"). We have adopted a sustainability framework, policies and guidelines as well as ethics and code of business conduct. SPH REIT also upholds high standards of corporate governance and transparency to safeguard Unitholders' interests.

(a) "GHG": Greenhouse gas.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is essential to creating value and strengthening the sustainability of SPH REIT's properties. It not only enables us to understand the expectations and concerns of our stakeholders, but

also helps SPH REIT to adapt to the evolving needs of the industry. SPH REIT interacts with our stakeholders regularly via different platforms and channels, as summarised below.

CUSTOMERS AND TENANTS	UNITHOLDERS AND INVESTORS	REGULATORS
Description		
To understand the needs of the tenants and customers, and work with tenants to enrich customer experience	To understand and help them understand our sustainability goals and efforts	To communicate with regulators regularly and ensure compliance with relevant laws and regulations
Engagement Methods		
<ul style="list-style-type: none"> • Management circulars and notices • Tenant bulletins • Tenant engagement activities • Informal dialogue and networking sessions 	<ul style="list-style-type: none"> • Release of financial results, announcements, media releases, and other relevant disclosures through SGXNET, Annual Report and SPH REIT's website • Annual General Meeting • Extraordinary General Meeting, where necessary • Updates through one-on-one and group meetings and investor roadshows 	<ul style="list-style-type: none"> • Industry networking functions • Annual regulatory audits • Compliance with mandatory reporting requirements
Key Issues of Interest		
<ul style="list-style-type: none"> • Shopper experience, including a sustainable space that helps enhance the lifestyle experience • Community engagement 	<ul style="list-style-type: none"> • Economic performance 	<ul style="list-style-type: none"> • Anti-corruption • Socioeconomic compliance
Corresponding Sections of the Annual Report		
<ul style="list-style-type: none"> • Sustainability report 	<ul style="list-style-type: none"> • Financial statements 	<ul style="list-style-type: none"> • Corporate governance report

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- 1 Miu Miu Disco pop-up
- 2 Prada Silver Line pop-up
- 3 Shoppers' engagement in FEMALE Magazine event
- 4 Robotic arm fashion visual merchandising display



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organisations and selected partners enable rich customer experiences, harmonise social interactions and promote give-back to society.

PARAGON



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TENANT ENGAGEMENT

SPH REIT fosters tenant relations through regular dialogues and meetings. Paragon, The Clementi Mall and The Rail Mall have regular tenant bulletins to keep tenants updated on upcoming campaigns and initiatives. Through collaborations with tenants, the properties have created interactive events to rejuvenate their shopping environment. For example, during the Spring Summer 2018 programme, Paragon hosted closed-store events helmed by popular fashion magazines Harper's Bazaar and Female, together with its fashion tenants such as Burberry, Prada and Miu Miu. This event has enriched the fashion scene in Paragon. On top of commercial initiatives, we aim to integrate corporate social responsibility ("CSR") components in our campaigns and get tenants involved.

CUSTOMER ENGAGEMENT

SPH REIT strives to facilitate and enrich customer experience in our properties. In addition to the shoppers' concierge, a new dedicated Paragon Medical Concierge was launched in December 2017 to provide one-stop hassle-free assistance for our patrons in a comfortable and relaxing environment. SPH REIT values customer feedback and ensures all feedback is responded to in a timely manner. Post-mortem reports are also prepared after events for future improvement.

The events and activities aim to string shoppers and local community together through the arts, culture, digital, talent development, and health and wellness, by providing venue sponsorships for events and campaigns. Meaningful collaborations with schools, community, non-profit

Elevate Your Reality, September 2017

Showcasing the digital world up-close and in reality, Paragon presented what was possibly Orchard Road's first-ever Robotic Arm Display with integration of fashion visual merchandising display. The one-of-a-kind virtual reality fashion runway was choreographed by Raffles Design Institute and featured the latest ready-to-wear fashion collection. Medical technology and practices were presented by Singapore Medical Specialists Centre to improve health and wellness. PUMA also hosted a ladies' workout session for shoppers.



- 5 Mr Katsuzo Uchia demonstrates kimono sewing
- 6 Japanese cultural performances
- 7 Japanese cultural performances
- 8 Artistic Ikebana floral arrangements
- 9 Singapore Chinese Orchestra performance organised by SPH Gift of Music

Harmony in Perspective, May 2018

Titled Harmony in Perspective, the all-things Japanese event featured Japan's rich culture, the harmonious ancient art of enchanting Ikebana, delicate Kimonos, Tagai traditional music performances by young Japanese musicians and an exhilarating Japanese Sword demonstration, all from the Land of The Rising Sun.

Specially flown in from Japan, the Kimonos worn by Japanese of various ages for different occasions were exhibited to educate shoppers on Kimono culture. A Wedding Kimono was displayed for shoppers to appreciate the intricate details and the dedication it took to craft the timeless work of art.

Shoppers immersed themselves in a host of exciting Japanese-infused cultural performances, activities, workshops and demonstrations, such as learning the history and art of sewing kimonos, presented by Mr Katsuzo Uchia, who used to tailor prized kimonos for the Japanese Royal Family. Ms Keiko Miura also hosted a Kimono Fabric Workshop to impart step-by-step crafting skills for shoppers to create their very own kimono fabric accessory. At the Japanese Tea Demonstration,

Japanese green tea lovers learnt about the golden drop, which could lead to a magical difference in the taste of the tea.

Singapore Chinese Orchestra Community Series, July 2018

Sponsored by Singapore Press Holdings (SPH), the SPH Gift of Music series has been entertaining Singapore audiences since 2005.

The free concert series has brought music to the community in various locations. In July 2018, the Singapore Chinese Orchestra performed Classic Vibes for shoppers at the main entrance of Paragon. The spectacular Chinese orchestra entertained shoppers and showcased the traditional beauty of Chinese musical instruments.



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- 10 *Wholegrain Wednesday food truck*
- 11 *Dance performance by New Town Secondary School*
- 12 *Violin performance by Vienna Music School*
- 13 *Zumba workout at outdoor area*

THE CLEMENTI MALL

Wholegrain Wednesday, December 2017 to January 2018

In collaboration with the Health Promotion Board (“HPB”) as one of the Health Promotion Malls, The Clementi Mall supported two Wholegrain Wednesday initiatives to encourage the public to include more wholegrains in their diets. More than 2,000 portions of HPB products, such as Subway wholegrain wraps, brown rice and wholegrain muffins were distributed to the public.

Christmas, December 2017 and Chinese New Year, January 2018

Over the Christmas and Chinese New Year period, students from New Town Secondary School, The Clementi Primary School and tenant Vienna Music School treated shoppers to melodious festive musical performances and hyped up the joy of celebration in The Clementi Mall. A public platform was created for the students to showcase their talents.

Dance to Fit, January to December 2018

In collaboration with HPB to support an active and healthy lifestyle, shoppers and residents are welcome to enjoy the one hour rhythmic Zumba workouts every Wednesday at the outdoor area. The exercise is open to all with no participation fee. On average, approximately 25 members of the public have benefited from each workout session.

***The Clementi Mall Fiesta,
April 2018***

Students from Clementi Primary School and Tanglin Secondary School, together with shoppers, created Singapore's largest weaved CD wall of 4m by 1.8m using 440 CDs. The CD wall, which entered the Singapore Book of Records, was testament to the neighbourliness of the community. Local talents Annoying Brothers, Bubble show by Bubble Girl and The A Capella Society NANU performed in the mall and brought joy to the fiesta. Besides entertainment, educational tie-ups with HPB also attracted Clementi

residents to learn more about eating well and living healthy. Supermarket tours on healthy food selection and cooking demonstrations were organised for the residents too.

***Singapore Music to the Ears,
August 2018***

To pay tribute to the nostalgic Xinyao tunes that emerged and rose to fame in Singapore between the late 1970s to 1980s, students from Vienna Music School brought back fond memories of Xinyao with their melodious performance to celebrate our 53rd National Day with shoppers.



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- 14 Musical performance in conjunction with The Clementi Mall Fiesta
- 15 Singapore's largest wall of weaved CDs
- 16 Annoying Brothers performing with a young girl
- 17 Family bonding through mall activities

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IMPACT ON LOCAL COMMUNITIES

Local communities form the bulk of our properties' regular shoppers. This is especially so for The Clementi Mall. We are committed to partner with tenants and involve them in giving back to the communities and fostering strong relationships.

SPH REIT's properties, with good shopper traffic, offer conducive platforms to increase the visibility of social causes. In addition to providing venue sponsorship for campaigns that benefit the local communities, we also garner donations to support philanthropic causes, including the well-being of children and youths. We partner closely with Beyond Social Services, a Voluntary Welfare Organisation (VWO) with a mission to help children and youths from less privileged backgrounds break away from the poverty cycle.^(b) Through events held at Paragon and The Clementi Mall over the past year, a total of S\$6,020 was donated and raised for Beyond Social Services.

PARAGON

Season's Glimmerings, November 2017

In the season of giving, together with generous support from shoppers, Paragon brought joy to 100 children from Beyond Social Services. Shoppers were encouraged to make a donation of S\$15 to grant a child's wish with a personalised message on the gift card. In addition, Paragon matched the same donation amount from the shoppers to benefit more children. The donations raised were used for Christmas gifting for the children

and accompanied with sponsored meals at Fish & Co. on 21st and 22nd December.

A Prosperous Dimension, January 2018

From exhilarating oriental drum performances and arresting life-sized festive greeting showcases, to an enthralling lion dance performance and possibly the first-ever virtual reality calligraphy portrayal, Paragon presented a series of Chinese festivities and cultural performances in celebration of Lunar New Year.

Shoppers and tourists were engaged in a highly immersive traditional calligraphy experience, but in a virtual reality (VR) format. This melding of the old and new, saw 'written' characters transformed

and displayed in the digital realm, guided along by renowned VR calligrapher Mr. Malik Mazlan. His mentor, locally and internationally acclaimed calligrapher Master Yong Cheong Thye, treated shoppers to live demonstrations of his calligraphy prowess by turning large floor canvases into life-sized festive greetings at the Main Entrance Foyer, accompanied by thrilling drum performances.

In addition to the festivities and performances, kids from Beyond Social Services were also treated to pre-Lunar New Year festive cheer with a free haircut at Papa Poika, followed by apparel shopping at FOX Kids and Baby. The fun outing ended with a bento-lunch treat from Tori-Q.

18 Children from Beyond Social Services receiving gifts



19 First-ever virtual reality calligraphy portrayal

20 Life-sized calligraphy by Master Yong



(b) For more information, please visit the website of Beyond Social Services at <http://beyond.org.sg/>



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Spin for A Good Cause, July 2018

On 28th July, from 10am to 8pm, Paragon's atrium was turned into a spin studio for 10 good hours of back-to-back spinning sessions, led by Fitness First's energetic instructors. Over 250 participants took part in this event, which was Singapore's first charity spinning event. A total of S\$7,124 was raised and all proceeds were donated to Make-A-Wish Singapore, a foundation that grants the wishes of children with life-threatening medical conditions, such as end-stage renal failure and Duchenne muscular dystrophy.

THE CLEMENTI MALL

Christmas, December 2017 and Chinese New Year, January 2018

Shoppers were encouraged to each donate S\$15 to purchase a gift for kids from Beyond Social Services during The Joy of Christmas Gifting CSR event. The Clementi Mall matched dollar-for-dollar to fulfil these kids' wishes.

In our Music with a Heart event, while shoppers had fun 'jumping' on the giant piano, The Clementi Mall donated S\$5 to Beyond Social



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- 21 Charity spin event at Paragon's atrium
- 22 Shopping spree at GIORDANO for kids from Beyond Social Services
- 23 Boy from Beyond Social Services getting a haircut from EC House Express Cut
- 24 Kids from Beyond Social Services enjoying a meal at KFC
- 25 Boy jumping on the giant piano for charity

Services each time a shopper successfully played a complete short tune.

During the Chinese New Year period, 10 kids from Beyond Social Services were treated to a delightful meal at KFC, followed by a complimentary

hair cut from EC House Express Cut. The kids also enjoyed a shopping spree at GIORDANO to pick up some new clothes.

In the coming year, SPH REIT targets to achieve one CSR component in at least one of our major campaigns.

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ENERGY AND WATER USAGE

In response to the global call for climate action, the real estate sector is moving towards sustainable practices on the efficient use of electricity and water to reduce building impact on human health and the environment.

SPH REIT has established monitoring and review mechanisms to evaluate our environmental performance and policies. Every year, electricity and water consumption levels are reported to the respective statutory boards for national benchmarking and planning. Building enhancements are consistently reviewed for operational improvements and environmental impact. We also promote green procurement practices, preferring environmentally sustainable vendors with ISO 140001, ISO 50001 certification or carrying a "Green Label" by certification institutions like Singapore Green Label, Energy Star or Forest Stewardship Council. In this way, we integrate sustainability into

our value chain and better manage our external environmental footprint.

Paragon and The Clementi Mall also continuously seek opportunities to improve our energy and water efficiency. Following last year's initiative on the upgrading of the air-conditioning plant to a more efficient machine, Paragon obtained the Green Mark Certified Award by the Building & Construction Authority ("BCA") in May 2018.

The Clementi Mall embarked on green improvement works last year and completed them in July 2018. In addition, The Clementi Mall has achieved BCA's Green Mark Gold Certification in October 2018. The efforts in better managing the energy usage has shown a downward trend in the electricity consumption and greenhouse gas ("GHG") emissions in the past years.^(c)

In the next year, we will continue to optimise our energy consumption

and target to reduce our energy intensity. We plan to explore the use of renewable energy where possible, and review operational practices, such as the length of pre-cooling hours before tenants' opening hours.

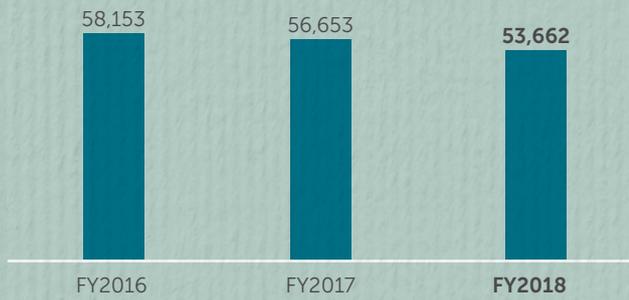
Both Paragon and The Clementi Mall are also certified under the Public Utilities Board's ("PUB") Water Efficient Building ("WEB") Certification Programme. This signifies that these buildings have been installed with approved water efficient fittings and adopted WEB recommended flow rate and flow volumes. We also monitor water consumption closely to identify leaks and opportunities for improvement.

We plan to work with PUB to explore the possibility of using NEWater for non-potable use. We will continue to improve our monitoring infrastructure and cooling system to optimise water savings. In the coming year, we aim to maintain the current water intensity.

SPH REIT PROPERTY	ENVIRONMENTAL CERTIFICATIONS AND ACCOLADES
PARAGON	<ul style="list-style-type: none"> • Green Mark Certified Award, BCA • Water Efficient Building, PUB
THE CLEMENTI MALL	<ul style="list-style-type: none"> • Green Mark Gold Award, BCA • Water Efficient Building, PUB

(c) GHG emissions are provided by the appointed energy management firm servicing Paragon and The Clementi Mall.

Total Energy Consumption (MWh)



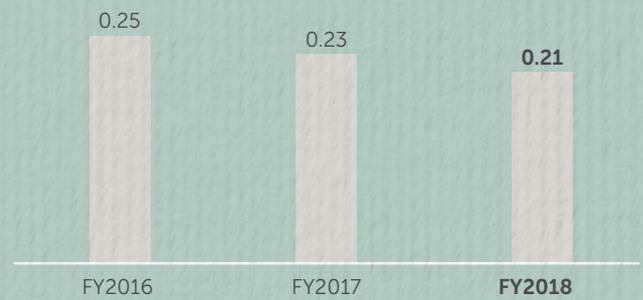
Average Energy Intensity (MWh/m²)



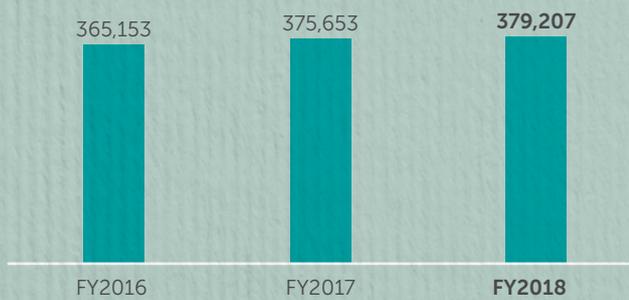
Total GHG Emissions (tonnes of CO₂e)



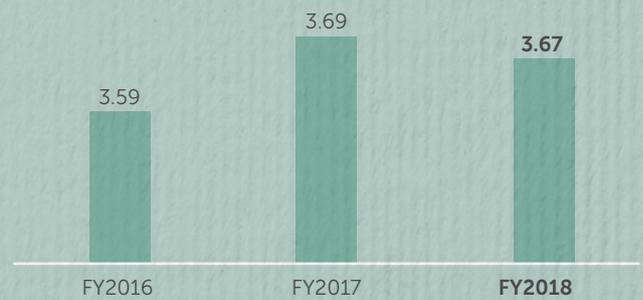
Average GHG Intensity (tonnes of CO₂e/m²)



Total Water Consumption (m³)



Average Water Intensity (m³/m²)



Sustainability Report

THE WAY AHEAD

We believe that sustainability offers bountiful opportunities for us to bring value to our stakeholders, and we are excited to embark on this journey of discovery. While we recognise that we may be taking the first steps, we know that as property owners, we are in a good position to partner with our stakeholders to create positive impact, and look forward to doing so.

ABOUT THIS REPORT

This is SPH REIT's inaugural sustainability report. This report summarises the sustainability approach and performance of the listed entity, SPH REIT and two of our properties, Paragon and The Clementi Mall. The reporting period is from 1st September 2017 to 31st August 2018 ("FY2018").

This report is aligned with the reporting requirements of Singapore Exchange ("SGX") Listing Rules Practice Note 7.6 Sustainability Reporting Guide. This report is prepared with reference to the Global Reporting Initiative ("GRI") Standards (2016), and includes consideration of the GRI Construction and Real Estate Sector Disclosures. GRI Standards are selected as the reporting framework as they represent one of the global best practice guides for reporting on Environmental, Social and Governance ("ESG") factors. This report references the following GRI Standards and topic-specific Disclosures:

- Disclosures 302-1 and 302-3 from GRI 302: Energy 2016

- Disclosure 303-1 GRI 303: Water 2016
- Disclosures 305-2 and 305-4 from GRI 305 Emissions 2016
- Disclosure 413-1 from GRI 413: Local Communities 2016

MATERIALITY ASSESSMENT

A formal materiality assessment was conducted to identify ESG factors which have great impact on the business and are key concerns for our stakeholders. The assessment, facilitated by an external consultant, followed the GRI Principles of Materiality and Stakeholder Inclusiveness. The process started in 2016, with a Group-wide materiality workshop. The assessment considered the following aspects:

- Key organisational strategies and risks identified in the Enterprise Risk Management ("ERM") framework;
- Insights gained from regular day-to-day interactions with external stakeholders;

- Global and local emerging sustainability trends;
- Main topics and future challenges for the real estate sector, as identified by peers

The pool of potentially material ESG factors was then prioritised based on their relative importance to SPH REIT's business and our key stakeholders. In 2017 and 2018, SPH REIT further refined the material factors by considering sustainability concerns from the different perspectives of a REIT, REIT Managers and Property Managers. The selected material factors were also benchmarked with SPH REIT's peers. Eventually, three ESG factors were identified as material and approved by the Board.

FEEDBACK

SPH REIT welcomes your feedback to improve our sustainability practices and reporting. Please forward enquiries and feedback to ir@sphreit.com.sg