



## **SPH REIT's FY2015 Net Property Income increased 3.3% year-on-year**

- FY2015 DPU was 5.47 cents
- Achieved healthy portfolio average rental reversion of 8.6% for FY2015
- Track record of full occupancy
- Revitalise tenant mix

**SINGAPORE, October 12, 2015** – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that gross revenue for the year ended 31 August 2015 (“FY2015”) grew \$2.9m (1.4%) to \$205.1m, on the back of higher rental income in both Paragon and The Clementi Mall. Net property income (“NPI”) of \$155.6m for FY2015 was \$4.9m (3.3%) higher than last year, as a result of proactive management of expenses.

Income available for distribution to unitholders was \$138.5m for FY2015, an increase of \$2.1m (1.6%) compared to last year. The aggregate distribution per unit (“DPU”) for FY2015 of 5.47 cents was 0.7% higher against last year. The DPU for 4Q 2015 of 1.39 cents will be paid to unitholders on 16 November 2015.

### **Steady and resilient operational performance**

Both Paragon and The Clementi Mall maintained 100% occupancy. Paragon continues to achieve consistently robust performance with rental uplift of 9.1% for new or renewed leases in FY2015. For The Clementi Mall, which completed its first renewal cycle last year, the focus was to finetune tenancy mix to attract the desired retailers and strengthen the offering to a wider base of shoppers. It recorded a negative rental reversion of 5.6% on a very small percentage (5%) of total net lettable area.

Visitor traffic for Paragon and The Clementi Mall was 18.8m and 30.8m respectively for FY2015. This translated to a 2.0% and 4.7% increase against last year for the two malls. Paragon's tenant sales declined by 3.2% to \$657m, primarily impacted by fitting-out period scheduled for the tenancy revitalisation program at Paragon. At The Clementi Mall, tenant sales improved by 3.6% to \$242m in FY2015.

### **Tenancy Revitalisation**

In line with its philosophy of treating the relationship with tenants as a partnership, the Manager worked with several established international tenants to expand their presence in Paragon during the quarter. This included Givenchy, Jimmy Choo, Cortina Watch and The Hour Glass. The food & beverage offering was boosted by the new PAUL café, a bigger space at Din Tai Fung and MUJI's first 'Café&Meal MUJI' concept in Singapore. There were also several changes and new additions to strengthen Paragon Junior's offering, including the new Nicholas & Bears store and expanded product variety from existing tenants such as Little Colette, Stride Ride, ELM Tree and Lemmi Fashion.

These continuous efforts to revitalise the tenant mix would strengthen various clusters in Paragon and enhance its premier positioning. The new and exciting retail offers would also provide a refreshing experience to shoppers.

### **Revaluation of properties to \$3.21 billion**

As at 31 August 2015, the portfolio was valued at \$3.21b by DTZ Debenham Tie Leung (SEA) Pte Ltd. This represented an increase of \$53.5m (1.7%) from last year's valuation of \$3.16b. Compared to last year, the net asset value per unit has increased from \$0.93 to \$0.95 and gearing has reduced from 26.0% to 25.7% as at 31 August 2015.

### **Capital Management**

SPH REIT has a well-staggered debt maturity profile, with weighted average term to maturity of 2.9 years as at 31 August 2015. To mitigate exposure to interest rate risk, the Manager has increased the percentage of total borrowing on fixed rate basis from 54.7% to 84.7% as at 31 August 2015. The average cost of debt was 2.55% as at 31 August 2015.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd., said, “We are pleased that SPH REIT has delivered another year of healthy operating and financial results in FY2015, amid challenging retail environment. We will continue to proactively manage our properties while seeking opportunities to create value for unitholders. The chiller decanting project at Paragon was completed on schedule during the year. This asset enhancement initiative converted about 5,000 sqft of back-of-house areas to valuable lettable space and contributed close to \$1m incremental rental income annually. Paragon will also enjoy savings in utility consumption from the more efficient chillers. We are confident that our continual efforts to build on the strong positioning of both properties, firm partnership with tenants and philosophy of continual asset enhancement will sustain future performance.

On the outlook for FY2016, the near-term economic growth for Singapore is expected to remain modest, amid persisting uncertainties in the global economy and continued tight labour conditions weighing on the domestic economy. 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.”

### **Summary Results of SPH REIT**

	<b>4Q 2015 \$'000</b>	<b>4Q 2014 \$'000</b>	<b>Change %</b>
Gross revenue	50,789	51,074	(0.6)
Net property income	38,165	38,003	0.4
Income available for distribution	33,553	34,940	(4.0)
Distribution to Unitholders <sup>1</sup>	35,158	34,949	0.6
Distribution per unit (cents)	1.39	1.39	-

	<b>2015</b> \$'000	<b>2014</b> \$'000	<b>Change</b> %
Gross revenue	205,113	202,241	1.4
Net property income	155,620	150,651	3.3
Income available for distribution	138,538	136,364	1.6
Distribution to Unitholders <sup>2</sup>	138,044	136,193	1.4
Distribution per unit (cents)	5.47	5.43	0.7
Distribution yield (%)	5.70 <sup>3</sup>	5.10 <sup>4</sup>	11.8

Note:

1. Distribution for 4Q 2015 includes taxable income available for distribution retained earlier in the year.
2. For FY2015, the distribution to unitholders was 99.6% of taxable income available for distribution.
3. Based on \$0.96 per unit closing price on 31 August 2015.
4. Based on \$1.065 per unit closing price on 31 August 2014.

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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 S\$3.21 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](http://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**

Incorporated in 1984, main board-listed Singapore Press Holdings Ltd (SPH) is Asia's leading media organisation, engaging minds and enriching lives across multiple languages and platforms, ranging from print, digital, radio and out-of-home media.

SPH owns award-winning newspapers, magazines and best-selling books in both print and digital editions, as well as online classified businesses in the region. In addition, SPH has two English radio stations and one Chinese radio station, an out-of-home digital advertising unit, a regional events and conferences arm, and runs a chain of modern retail convenience stores. SPH also has a 20 per cent stake in MediaCorp TV Holdings Pte Ltd, which operates free-to-air channels 5, 8 and U, and a 40 per cent stake in MediaCorp Press Limited, which publishes the free newspaper, Today.

SPH owns 70 per cent of SPH REIT, which comprises Paragon, a premier upscale retail mall and medical suite/office property in Orchard Road and The Clementi Mall, a mid-market suburban mall. SPH's latest retail development is The Seletar Mall located in Sengkang.

For more information, please visit [www.sph.com.sg](http://www.sph.com.sg).

## **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.