

OPERATIONS REVIEW

SPH REIT assets continued to be impacted by COVID-19 and FY2021 saw a decline in footfall across the portfolio. However, tenant sales registered a modest increase of 2% year-on-year (“yoy”). Continued rental assistance was granted in a targeted manner to eligible tenants in FY2021.

In Singapore, recovery was uneven across the various trade categories even as it moved towards an endemic approach and introduced various phased safe distancing measures.

In Australia, COVID-19 cases varied from state to state. South Australia where Westfield Marion Shopping Centre (“Westfield Marion”) is located had a low incidence of COVID-19 cases with only a 10-day lockdown in FY2021. However, New South Wales where Figtree Grove Shopping Centre (“Figtree Grove”) is located saw a spike in COVID-19 cases since June 2021 which led to an extended lockdown that was lifted subsequently in October 2021.

Despite the portfolio negative rental reversion of 8.4% due to the soft retail leasing sentiment, SPH REIT delivered a set of resilient results, mainly from the full year contribution from Westfield Marion in FY2021, which was acquired in FY2020. With proactive leasing, the portfolio achieved a high occupancy of 98.8%.

PARAGON

Amidst these challenging times, Paragon remained resolute as it continued to revitalise its tenancy mix.

The wine and dine options saw exciting new entrants such as a Korean barbeque concept, Sam Han Gung, and an all-natural vegan ice cream by Kind Kones. Existing tenants such as Baker’s Brew also increased their store space to introduce an expanded menu.

DFI Retail Group which owns and operates the CS Fresh Gold supermarket, a new concept, launched its flagship store at

Paragon. Scoops Wholefoods, an Australian environmentally responsible wholesome food concept that aims to minimise waste, opened at the basement; complementing well with CS Fresh Gold and the food hall concept.

Other new tenants included the American lifestyle brand, Tommy Hilfiger, a local entrepreneur jewelry store, Daughters Diamonds as well as Tree Art, an experiential art school catering to children.

Paragon was the exclusive venue in February 2021 which saw the launch of the “Doraemon X Gucci” collaboration to commemorate the 50th anniversary of Doraemon and 100th anniversary of Gucci, with the accompanying “Epilogue” collection of ready-to-wear, shoes and bags. Statues of the popular Japanese manga character were displayed throughout Paragon, providing photographic opportunities.

In August 2021, coinciding with the Chinese Valentine’s Day, Gucci unveiled the “Gucci





Les Pommes” collection also exclusively at Paragon. This collection of apparel featured playful apple and heart motifs combined with Gucci logos. This was accompanied by a highly Instagram-worthy Gucci Les Pommes installation in Paragon emanating a fun and whimsical feel with giant shiny red apple sculptures.

“Paragon Club”, launched in October 2019 allows members to earn rewards points when they shop and dine at Paragon. The Paragon Club members’ lounge was opened in May 2021 to further enhance the overall experience for its members. This lounge also offers private meeting rooms where selected food menus from the tenants are available.

In FY2021, Paragon registered a decrease in footfall of 17% to 11.4 million and tenant sales saw a marginal decline of 1% to S\$502 million year on year, as it continued

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to be impacted by border restrictions. Occupancy as at 31 August 2021 remained high at 99.1%.

THE CLEMENTI MALL

In FY2021, The Clementi Mall's F&B offering was further strengthened with the introduction of Yakiniku Like, a BBQ fast-food concept; HotPot by Seoul Garden; Eighteen Chefs, a restaurant chain based on the principle of social enterprise that serves western delights, and Burger King.

In addition, the sports offering at The Clementi Mall was enhanced with French sporting goods retailer Decathlon opening in May 2021 with a click and collect concept.

The Clementi Mall registered an increase in tenant sales of 5% to S\$217 million in FY2021, despite a decrease in footfall of 33% to 15.3 million. As at 31 August 2021, occupancy was 99.9%. The resilient performance amidst COVID-19 was due to The Clementi Mall's strategic location within a transport hub, densely populated Clementi Town and its tactical partnerships with the likes of Grab and FavePay.

THE RAIL MALL

The Rail Mall saw the addition of a new F&B tenant in FY2021; a Japanese eatery, Yuba Hut, known for its signature rolls and Instagram-worthy menu.

Being a strip mall comprising 43 shop units, footfall data was not collected. This asset was acquired in June 2018 and progressively, tenant sales submissions are being integrated into the lease structure.

With its historic architecture and proximity to the Rail Corridor, The Rail Mall is a popular destination for those exploring the rustic Bukit Timah Truss bridges surrounded by extensive flora and fauna.

As at 31 August 2021, occupancy was 92.2%.

WESTFIELD MARION

FY2021 was Westfield Marion's first full year contribution since its acquisition on 6 December 2019.

New fashion tenants introduced in FY2021 to Westfield Marion included Glassons, a New Zealand based fashion retailer, and Gorman, an iconic Australian brand which positions itself as a local, sustainable fashion brand with organic collections.

Two established athletic and athleisure stores also opened at Westfield Marion. They are Sportspower, one of the leading major independent sports brands in the Australian sports and fitness market; JD Sports, a leader in sneakers and sports fashion retailer from the UK.

In addition, international brands were introduced at Westfield Marion strengthening its dominant position in South Australia. These included Lego, its first store in South Australia as well as Nespresso.

During the year, T2, Hype, Noni B, Specsavers and Dotti upgraded their stores which enhanced shoppers' experience.

In FY2021, footfall at Westfield Marion declined by 3% to 11.6 million. Tenant sales recorded an increase of 5% to A\$728 million. Occupancy as at 31 August 2021 remained high at 98.8%.

FIGTREE GROVE

Figtree Grove, a resilient sub-regional mall saw no significant changes in its tenancy mix for FY2021.

Up till June 2021, Figtree Grove's footfall and tenant sales recovered close to pre-COVID-19 levels. However, the onset of lockdowns in New South Wales impacted footfall and tenant sales. For the full financial year, footfall declined 11% to 4.1 million while tenant sales declined 7% to A\$172 million. Occupancy as at 31 August 2021 remained high at 99.1%.

SUMMARY OF RENEWALS/NEW LEASES FOR FY2021

	Number of renewals/ new leases ^(a)	Retention rate ^(b)	NLA/GLA		Rental reversion ^(c)
			Renewed/ new leases (sq ft)	As a % of property	
SINGAPORE					
Paragon	105	75.9%	307,893	43.0%	-8.3%
The Clementi Mall	34	70.6%	45,205	23.1%	-8.7%
The Rail Mall	5	100.0%	5,998	12.1%	5.4%
Singapore assets	144	75.5%	359,096	37.4%	-8.2%
AUSTRALIA					
Westfield Marion	26	91.5%	130,029	8.8%	-10.5%
Figtree Grove	11	93.1%	13,357	5.7%	-12.0%
Australia assets	37	91.8%	143,386	8.4%	-10.8%
SPH REIT Portfolio Total	181	84.0%	502,482	18.8%	-8.4%

(a) For expiries in FY2021, excluding newly created, reconfigured units and licenses less than 12 months.

(b) Based on number of leases expiring in FY2021.

(c) For the Singapore assets, the change is measured between average rents of the renewed & new lease terms and the average rents of the preceding lease terms. For the Australian assets, the change is based on the first year fixed rent of new leases and the preceding final year fixed rent of expiring leases.

PORTFOLIO OCCUPANCY

	As at 31 August 2020	As at 31 August 2021
SINGAPORE		
Paragon	97.8%	99.1%
The Clementi Mall	99.6%	99.9%
The Rail Mall	92.2%	92.2%
Singapore assets	97.8%	98.9%
AUSTRALIA		
Westfield Marion	97.4%	98.8%
Figtree Grove	99.2%	99.1%
Australia assets	97.7%	98.8%
SPH REIT Portfolio Total	97.7%	98.8%

PORTFOLIO LEASE EXPIRY AS AT 31 AUGUST 2021

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 and beyond
SINGAPORE						
By no. of lease expiry	3%	22%	36%	26%	12%	1%
By NLA	1%	15%	34%	30%	13%	7%
By Gross Rental Income	0%	21%	32%	27%	15%	5%
AUSTRALIA						
By no. of lease expiry	7%	30%	17%	18%	11%	17%
By GLA	1%	13%	15%	7%	5%	59%
By Gross Rental Income	0%	22%	16%	14%	10%	38%
Portfolio Total						
By no. of lease expiry	5%	26%	27%	22%	12%	8%
By NLA/GLA	1%	13%	22%	15%	8%	41%
By Gross Rental Income	0%	21%	28%	24%	14%	13%

LEASE EXPIRY

SPH REIT's portfolio lease expiry profile was well staggered with 21.0% of leases by gross rental income expiring in FY2022.

The portfolio Weighted Average Lease Expiry ("WALE") by gross rental income was 2.7 years. For new leases, the WALE by gross rental income based on commencement in FY2021 is 2.9 years. The proportion of gross rental income attributed to these leases is 28.1% of the portfolio gross rental income in FY2021.

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TOP 10 TENANTS BY GROSS RENTAL INCOME

SPH REIT's top 10 tenants contributed 20.6% of gross rental income for the month of August 2021. The top 10 tenants (by gross rental income) are listed below, in alphabetical order.

Name of Top 10 Tenants

Burberry Singapore • Club 21 • Cold Storage Singapore • Cortina Watch • Ermenegildo Zegna Far-East Ferragamo Singapore • Metro • Prada Singapore • Wesfarmers • Woolworths Group

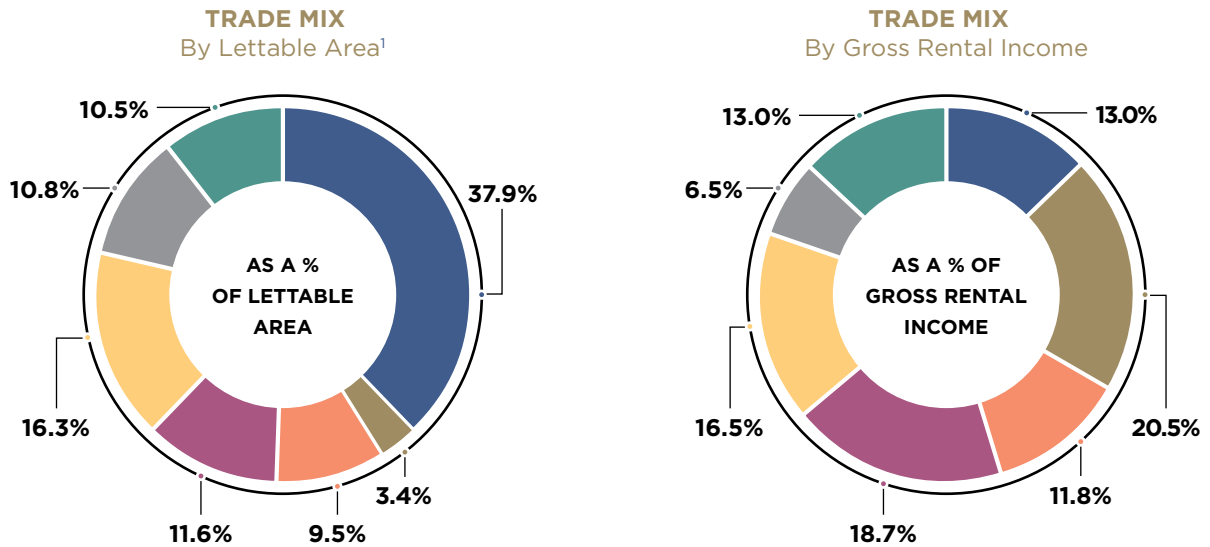
The table below sets out selected information about the top 10 tenants of the portfolio based on gross rental income for the month of August 2021:

	Tenant ^{1,2}	Trade Sector	Lease Expiry (Year) ³	% of Rental Income
1	Tenant A	Departmental Stores & Supermarket	1H 2024	3.8%
2	Tenant B	Departmental Stores & Supermarket	between 1H 2030 & 2H 2036	3.1%
3	Tenant C	Luxury Brands, Jewellery & Watches	between 2H 2022 & 2H 2024	3.0%
4	Tenant D	Departmental Stores & Supermarket, Lifestyle	between 1H 2022 & 1H 2026	2.1%
5	Tenant E	Luxury Brands, Jewellery & Watches	between 1H 2025 & 2H 2025	1.9%
6	Tenant F	Luxury Brands, Jewellery & Watches	1H 2024	1.6%
7	Tenant G	Luxury Brands, Jewellery & Watches, Fashion	between 1H 2022 & 1H 2023	1.5%
8	Tenant H	Luxury Brands, Jewellery & Watches	2H 2024	1.3%
9	Tenant I	Departmental Stores & Supermarket	between 2H 2022 & 1H 2033	1.2%
10	Tenant J	Luxury Brands, Jewellery & Watches	1H 2023	1.1%
	Total			20.6%

- 1 The list of top 10 tenants above does not take into account one of the tenants which has not consented to the disclosure of its tenancy arrangements in the Annual Report.
- 2 The names of the tenants cannot be matched to the information set out above for confidentiality reasons.
- 3 A few of the tenants above have signed more than one tenancy agreement and this has resulted in more than one tenancy expiry date for such tenants.

Portfolio Trade Mix

SPH REIT's portfolio is well-diversified and relies on different trade sectors for rental income. The following charts provide a breakdown by gross rental income and NLA of the different trade sectors represented in the portfolio as at 31 August 2021:



- Departmental Stores & Supermarket
- Fashion, Handbags, Shoes, Accessories & Optical
- Non-Retail Services
- Medical / Office
- Luxury Brands, Jewellery & Watches
- Food & Beverage
- Lifestyle / General Retail

1 Lettable Area refers to NLA in Singapore and GLA in Australia.

