



STATEMENT BY CHAIRMAN & CEO

From left:

DR LEONG HORN KEE
MS SUSAN LENG MEE YIN



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SPH REIT remains committed to providing our unitholders with a regular and stable distribution as well as achieving sustainable long-term growth in DPU and net asset value.

Whilst there have been encouraging signs of improvement in our businesses, we expect uncertainties and negative factors brought about by COVID-19 to linger for some time. Our performance will be dependent on the effective control of potential resurgence of COVID-19 cases, with the relaxation of travel restrictions and re-opening of borders.

As we move into the next financial year, our focus is to maintain high occupancy levels and achieve sustainable rental income levels by working in partnership with our tenants while carefully managing our cost base.

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DEAR UNITHOLDERS,

On behalf of the Board of Directors of SPH REIT Management Pte. Ltd., we the Manager of SPH REIT (the “**Manager**”), are pleased to present SPH REIT’s Annual Report for the period from 1 September 2020 to 31 August 2021 (“**FY2021**”).

Notwithstanding the worldwide vaccination initiatives, which are progressing at varying rates, the unprecedented COVID-19 pandemic continues to impact retailers around the globe in 2021. Our key markets in Singapore and Australia have not been spared.

While Singapore’s strategy to live with the COVID-19 virus and accept the virus as endemic rather than pandemic bodes well for retailers, the resurgence of cases brought about by the Delta variant may lead to the re-introduction of tightening measures.

In this challenging operating environment, our Board of Directors, together with the management, have remained steadfast and responsive to the changing situation. We have made timely and strategic decisions to work with all our partners and safeguard the long term value of our unitholders.

For FY2021, SPH REIT delivered a resilient performance through our continued proactive asset management as evidenced by an 11.4% year-on-year (“yoy”) increase in net property income (“NPI”) and supported by a modest 2% increase in tenant sales. We continue to be recognised as the landlord of choice as demonstrated by the high occupancy rates across all assets.

As the challenging conditions remain, we will continue to work closely with our stakeholders including our tenants, to ride out the impact of COVID-19.

SINGAPORE

Paragon, a premier upscale retail mall located in Orchard Road, Singapore’s prime shopping district, was affected by the decline in tourist arrivals. Compared to FY2020 which was largely impacted by COVID-19, tenant sales stabilised in FY2021, declining slightly by 1% yoy.

The Clementi Mall, a suburban mall located in an established housing estate with a large residential catchment, demonstrated its resiliency and recorded encouraging growth in tenant sales of 5% yoy.

Our third asset in Singapore, The Rail Mall, a retail strip mall in the suburban north-west of Singapore, showed its resilience as evidenced by its improved financial performance for FY2021.

AUSTRALIA

Our Australian assets have gradually recovered to pre-COVID-19 levels - a reflection of their strategic locations and close proximity to large catchment pools.

Tenant sales at Westfield Marion Shopping Centre, South Australia’s largest mall rose 5% yoy as the area experienced a low incidence of COVID-19 cases. Figtree Grove Shopping Centre, a suburban asset in Wollongong, remained resilient, registering

a marginal decline in tenant sales of 7% yoy despite the extended lockdown in New South Wales.

FY2021 PERFORMANCE

Notwithstanding the impact of COVID-19 and the resultant negative rental reversion of 8.4% for the portfolio, SPH REIT achieved a significant improvement in its financial performance in FY2021.

The improvement was mainly attributable to the first full year contribution from Westfield Marion which was acquired in FY2020. Portfolio NPI increased 11.4% yoy to S\$202.6 million. NPI of Singapore assets and Australia assets increased by 7.4% yoy to S\$153.7 million and 26.0% yoy to S\$48.9 million respectively.

As a testament to our growth efforts, SPH REIT was included into FTSE EPRA NAREIT Global Developed Index in September 2021. This inclusion into a benchmark REIT index raises SPH REIT’s visibility amongst global investors, improves its trading liquidity, and offers the potential to significantly expand our investor base. We believe that this inclusion will strengthen our position to capitalise on the upcoming economic recovery and capture attractive accretive growth opportunities.

SPH REIT continues to adopt a prudent and disciplined approach to capital management by maintaining a healthy balance sheet as well as diversified sources of funding. Gearing is maintained at 30.3% and debt maturity profile is well-staggered, with a weighted average term to maturity of 2.9 years.

With the improved performance of our portfolio, the Board has decided to declare a distribution per unit (“DPU”) of 5.40 Singapore cents to our unitholders. The full year DPU of 5.40 Singapore cents marks a 98.5% increase yoy and a yield of 5.93%, based on the closing price on 31 August 2021 of S\$0.91.

COMMITMENT TOWARDS SUSTAINABILITY

The challenges brought about by COVID-19 have underscored the importance of sustainability more than ever. COVID-19 serves as a pertinent reminder for us to

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continue driving our sustainability agenda as well as integrating these efforts in our business practices to enhance resilience.

The Board bears oversight of the implementation and performance of our sustainability efforts. The Board has delegated to the Audit & Risk Committee (“**ARC**”) the responsibility of overseeing the sustainability projects and efforts undertaken by the Management. The Management has established the Sustainability Steering Committee (“**SSC**”) to drive and coordinate these efforts across SPH REIT.



In this fourth sustainability report of SPH REIT, we have expanded our reporting scope to include Westfield Marion in Australia. The six material Environmental, Social and Governance (“ESG”) factors that we identified in FY2020 have been reviewed and considered to remain important and relevant to the business. These ESG factors are mapped to the seven United Nations (“UN”) Sustainable Development Goals (“SDGs”) that we have adopted, which will guide us as we continue on our sustainability journey. We strive to be a good corporate citizen, and manage our business in a sustainable manner through mutually supportive engagements with our shoppers, employees, business partners and the greater community while conducting our businesses with minimum impact to the environment.



LOOKING AHEAD

SPH REIT remains committed to providing our unitholders with a regular and stable distribution as well as achieving sustainable long-term growth in DPU and net asset value.

Whilst there have been encouraging signs of improvement in our businesses, we expect uncertainties and negative factors brought about by COVID-19 to linger for some time. Our performance will be dependent on the effective control of potential resurgence of COVID-19 cases, with the relaxation of travel restrictions and re-opening of borders.

As we move into the next financial year, our focus is to maintain high occupancy levels and achieve sustainable rental income levels, by working in partnership with our tenants while carefully managing our cost base.

SPH REIT’s assets are well established in their respective locations and supported by their catchment areas. We will continue to actively engage our stakeholders and focus on the long-term sustainability of our assets.

ACKNOWLEDGEMENTS

The fortitude, perseverance and commitment of the Board members, management team and staff in the past financial year are deeply appreciated given the challenging backdrop of COVID-19. We are sincerely grateful to all stakeholders, including our Unitholders, business partners, tenants, shoppers, employees and the government, for their continued support and trust in our organisation. We would like to thank Mr David Chia, who retired from the Board in December 2020 after having served the Board for more than seven years, for his invaluable contributions. We also welcome Mrs Trina Loh, who joined the Board this year. As we look forward to the upcoming economic recovery, we are determined to remain resilient in the face of the structural changes brought about by COVID-19.

Stay safe, stay healthy.

DR LEONG HORN KEE

Chairman, Non-Executive and Independent Director

MS SUSAN LENG MEE YIN

Chief Executive Officer