



## SPH REIT achieved steady performance

- 2Q 2016 DPU was 1.40 cents
- Resilient portfolio occupancy of 99.9%

**SINGAPORE, April 4, 2016** – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that gross revenue for the second quarter ended 29 February 2016 (“2Q 2016”) grew \$0.6m (1.2%) to \$53.1m, on the back of higher rental income. Net property income (“NPI”) of \$40.6m was \$0.3m (0.9%) higher in 2Q 2016 compared to the same quarter last year (“2Q 2015”). The current quarter’s results included additional one-off provision for prior year property tax based on the assessment received. Excluding the effect of prior year provision, NPI was S\$41.5 million, an increase of S\$1.3 million (3.2%) compared to 2Q FY15.

Income available for distribution to unitholders increased marginally by S\$0.1 million (0.2%) to \$36.4m for 2Q 2016. Distribution per unit (“DPU”) for 2Q 2016 was maintained at 1.40 cents, same as 2Q 2015. The aggregate DPU was 2.73 cents for the half year ended 29 February 2016 (“1H 2016”). The 2Q 2016 distribution will be paid to unitholders on 13 May 2016.

### Steady and resilient operational performance

Both properties continued to demonstrate resilience and achieved positive rental reversion.

Paragon’s occupancy was 99.9% as at 29 February 2016. Notwithstanding the prevailing weak retail sentiment, Paragon achieved a moderate rental uplift of 4.3% for new and renewed leases in 1H 2016. The Clementi Mall remained fully leased, with positive rental reversion of 3.1% in 1H 2016.

## Capital Management

SPH REIT has a well-staggered debt maturity profile, with weighted average term to maturity of 2.4 years and gearing level of 25.7% as at 29 February 2016. It registered an average cost of debt of 2.84% p.a. for 1H 2016. To mitigate exposure to interest rate risk, 84.7% of the total borrowing was on fixed rate basis.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd. said: "SPH REIT has continued to deliver a steady performance amid modest economic outlook and challenging retail environment. Paragon achieved healthy rental reversion, despite several quarters' of rental decline reported for Orchard Road<sup>1</sup>. We are pleased to welcome several retailers which strengthen and refresh Paragon's fashion and food & beverage (F&B) offerings. The Clementi Mall continues to gain traction as a necessity mall in an established population catchment area.

"We remain focused on opportunities to create value and strengthen long-term sustainability of the properties. The Air Handling Unit (AHU) decanting project at Paragon is progressing on schedule. The planning for The Clementi Mall's reconfiguration project, primarily at basement, is underway. Barring any unforeseen circumstances, the two properties are expected to remain resilient, and turn in a steady performance."

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<sup>1</sup> In the Q42015 report, Colliers reported that Orchard Road micro-market registered the steepest fall in rents among the retail submarkets in Q4 2015, as it entered its seventh consecutive quarter of decline. Similarly, CBRE reported on the continued fall of Orchard Road sub-market's average prime rent for the fourth quarter.

## **Summary Results of SPH REIT**

	<b>2Q 2016 \$'000</b>	<b>2Q 2015 \$'000</b>	<b>Change %</b>
Gross revenue	53,090	52,454	1.2
Net property income <sup>1</sup>	40,609	40,255	0.9
Income available for distribution <sup>2</sup>	36,425	36,342	0.2
Distribution to Unitholders <sup>3</sup>	35,531	35,303	0.6
Distribution per unit (cents)	1.40	1.40	-

Notes:

1. Included additional one-off provision for prior year property tax based on the assessment received. Excluding the effect of prior year provision, NPI was \$41.5 million, an increase of \$1.3 million (3.2%) compared to 2Q FY15.
2. The prior year provision does not have an effect on current year's distribution.
3. For 2Q 2016, the distribution to unitholders was 97.5% of taxable income available for distribution.

	<b>1H 2016 \$'000</b>	<b>1H 2015 \$'000</b>	<b>Change %</b>
Gross revenue	105,185	103,089	2.0
Net property income	80,713	78,128	3.3
Income available for distribution	71,733	70,373	1.9
Distribution to Unitholders <sup>1</sup>	69,227	68,792	0.6
Distribution per unit (cents)	2.73	2.73	-
Annualised distribution yield (%)	5.81 <sup>2</sup>	5.24 <sup>3</sup>	10.9

Notes:

1. For 1H 2016, the distribution to unitholders was 96.5% of taxable income available for distribution.
2. Based on \$0.945 per unit closing price on 29 February 2016.
3. Based on \$1.050 per unit closing price on 27 February 2015.

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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 99.9% 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.