



SPH REIT maintained steady distribution

- FY2016 DPU was 5.50 cents, an increase of 0.5% year-on-year
- Maintained 100% occupancy
- Portfolio average rental reversion of 5.4% for FY2016

SINGAPORE, October 6, 2016 – 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 2016 (“FY2016”) grew by \$4.5 million (2.2%) to \$209.6 million, on the back of higher rental income achieved from Paragon and The Clementi Mall. Net property income (“NPI”) of \$160.9 million was \$5.3 million (3.4%) higher than last year as a result of proactive management of expenses.

Income available for distribution to unitholders increased by \$2.5 million (1.8%) to \$141.1 million for FY2016. Distribution per unit (“DPU”) for 4Q 2016 was 1.41 cents, an increase of 1.4% against 4Q 2015. The aggregate DPU was 5.50 cents for year ended 31 August FY2016. The 4Q 2016 distribution will be paid to unitholders on 16 November 2016.

Resilient operational performance

Both properties continued to demonstrate resilience, with positive rental reversion and full occupancy. Paragon achieved a moderate rental uplift of 5.2% for new and renewed leases in FY2016. The Clementi Mall recorded a positive rental reversion of 7.8% in FY2016 with renewal of 11.9% of net lettable area.

Visitor traffic at Paragon declined by 2.5% year-on-year (y-o-y) to 18.3 million. Tenant sales increased marginally by 0.3% to \$661 million with an occupancy cost of 19.6%. The Clementi Mall continued to attract residents in its catchment and achieved visitor traffic of 30.0 million. This was 2.4% lower than the year before and tenant sales was down marginally by 1.4% to \$239 million with an occupancy cost of 14.8%.

Continual asset enhancement

SPH REIT was able to capitalise on the new elevated pedestrian linkway between Paragon and the Cairnhill redevelopment project, to create more inviting shopfronts for two existing tenants “Metro” and “Marks & Spencer” with the latter occupying an enlarged space. For phase one of the AHU decanting project, the Manager secured new concepts and flagship stores for the newly created net lettable area, namely “Emporio Armani” and “Greyhound Café” which will open its first café in Singapore. We look forward to the second phase of the project, which is scheduled for completion in 2018.

The Clementi Mall’s basement 1 reconfiguration project will increase the number of food kiosks from 14 to 21 units. All units have been fully committed ahead of time and shoppers can look forward to enjoying a wider variety of food from four new-to-market concepts and ten new tenants, when these open in November 2016.

Valuation of properties at \$3.23 billion

As at 31 August 2016, the portfolio was valued at \$3.23 billion by Jones Lang LaSalle Property Consultants Pte Ltd, as against last year’s valuation of \$3.21 billion. The net asset value per unit was \$0.94 as at 31 August 2016.

Capital Management

SPH REIT has a well-staggered debt maturity profile for the total borrowing of \$850 million, with gearing level of 25.7% as at 31 August 2016. During the quarter, a S\$250 million tranche of the loan which matured in July 2016 was revised into two tranches of S\$125 million each, with extended tenures of three years and five years. Consequently, weighted average debt maturity increased to 3.1 years as at 31 August 2016, from 2.2 years as at 31 May 2016. To mitigate exposure to interest rate risk, about 50% of each revised loan tranche was on fixed rate loan. The total borrowing on fixed rate basis was kept at around 86%. With competitive bank margins for the revised tenure, average cost of debt was maintained at 2.82% p.a. for FY2016.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd., said, “We are pleased that SPH REIT has delivered another year of consistent distribution growth to unitholders. The resilient performance amid a challenging retail environment is a testament to our management philosophy that treats the relationship with tenants as a partnership, focusing on sustainable returns for both tenants and landlord. We will continue to work closely with our tenants to ride through the challenges as well as seek opportunities to create long-term value for unitholders.”

On the outlook for FY2017, the near-term economic growth for Singapore is expected to remain modest, amid geopolitical uncertainties and deflationary trends. 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

	4Q 2016 \$'000	4Q 2015 \$'000	Change %
Gross revenue	52,177	50,789	2.7
Net property income	40,175	38,165	5.3
Income available for distribution	34,350	33,553	2.4
Distribution to Unitholders ¹	35,909	35,158	2.1
Distribution per unit (cents)	1.41	1.39	1.4

Notes:

1. Distribution for 4Q 2016 includes taxable income available for distribution retained earlier in the year.

	2016 \$'000	2015 \$'000	Change %
Gross revenue	209,594	205,113	2.2
Net property income ¹	160,911	155,620	3.4
Income available for distribution ²	141,078	138,538	1.8
Distribution to Unitholders ³	139,711	138,044	1.2
Distribution per unit (cents)	5.50	5.47	0.5
Annualised distribution yield (%)	5.73 ⁴	5.70 ⁵	0.5

Notes:

1. Included additional property tax of \$0.8 million relating to prior years. Excluding the effect of prior year property tax, NPI was \$161.7 million, an increase of \$6.1 million (3.9%) compared to FY2015.
2. The prior year property tax does not have an effect on current year's distribution.
3. For FY2016, the distribution to unitholders was 99.0% of taxable income available for distribution.
4. Based on \$0.96 per unit closing price on 31 August 2016.
5. Based on \$0.96 per unit closing price on 31 August 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\$3.23 billion with an aggregate net lettable area of approximately 903,000 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 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.

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.