



SPH REIT delivered steady distribution

- FY2017 DPU was 5.53 cents, an increase of 0.5% year-on-year
- Maintained track record of 100% occupancy
- Portfolio average rental reversion of 1.2% for FY2017

SINGAPORE, October 9, 2017 – 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 2017 (“FY2017”) grew by S\$3.2 million (1.5%) to S\$212.8 million, on the back of higher rental income. With proactive management of expenses, net property income (“NPI”) of S\$168.1 million was S\$7.2 million (4.5%) higher than last year (“FY2016”).

The aggregate distribution per unit (“DPU”) of 5.53 cents, was 0.5% higher against last year. The DPU for 4Q 2017 of 1.42 cents will be paid to unitholders on 16 November 2017.

Resilient operational performance

Both properties continued their track record of full occupancy amid a competitive arena with headwinds in the retail landscape.

Partnering with tenants for mutual sustainability have been a longstanding management philosophy and is of even greater importance in light of market conditions. Rental reversion for the portfolio has moderated to 1.2% for new and renewed leases in FY2017. Paragon’s rental reversion was -0.8%. Its visitor traffic was maintained at 18.3 million. Tenant sales increased by 2.1% to S\$675 million with an occupancy cost of 19.6%.

The Clementi Mall, a suburban mall in a well-established resident area, completed its second renewal cycle with positive rental reversion of 3.7% and tenant retention rate of 89% by NLA. The Clementi Mall recorded regular visitor traffic of 29.9 million, 0.3% lower

than the year before. Tenant sales declined by 5.8% to S\$225 million with an occupancy cost of 15.8%.

Valuation of properties at S\$3.278 billion

As at 31 August 2017, the portfolio was valued at S\$3.278 billion by Jones Lang LaSalle Property Consultants Pte Ltd. This represented an increase of S\$48.0 million (1.5%) from last year's valuation of S\$3.230 billion. Net asset value per unit was S\$0.95 as at 31 August 2017.

Capital Management

SPH REIT has a well-staggered debt maturity profile, with weighted average term to maturity of 2.1 years and gearing level of 25.4% as at 31 August 2017. It registered an average cost of debt of 2.82% p.a. for FY2017, with 85.9% of the total borrowing on fixed rate basis.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd., said, "SPH REIT has delivered another year of steady return to unitholders and both properties have maintained their track record of full occupancy. While the economic outlook has improved, sustained recovery is uncertain and the retail environment remains muted with cautious consumer sentiment coupled with structural change in consumer behaviour. We will continue to partner our tenants towards mutual success and to ride through both structural and cyclical retail trend.

To strengthen sustainability of our assets, we will continue to invest in asset enhancement to remain relevant and improve shopper experience. During the year, Paragon commenced the second phase of its Air Handling Units decanting project involving the creation of additional lettable area at higher-yielding retail space. This project is expected to be completed by mid-2018. Concurrently, other opportunities to create value have been identified and details of these projects in the pipeline would be released at the appropriate time. Barring any unforeseen circumstances, SPH REIT's two high quality and well-positioned retail properties in prime locations are expected to remain steady and resilient."

Summary Results of SPH REIT

	4Q 2017	4Q 2016	Change %
	S\$'000	S\$'000	
Gross revenue	52,850	52,177	1.3
Net property income	41,759	40,175	3.9
Income available for distribution	31,831	34,350	(7.3)
Distribution to Unitholders ¹	36,297	35,909	1.1
Distribution per unit (cents)	1.42	1.41	0.7

Notes:

1. Distribution for 4Q 2017 includes income available for distribution retained earlier in the year.

	2017	2016	Change %
	S\$'000	S\$'000	
Gross revenue	212,756	209,594	1.5
Net property income ¹	168,088	160,911	4.5
Income available for distribution	141,228	141,078	0.1
Distribution to Unitholders	141,228	139,711	1.1
Distribution per unit (cents)	5.53	5.50	0.5
Annualised distribution yield (%)	5.53 ²	5.73 ³	(3.5)

Notes:

1. NPI for FY2016 included additional one-off provision for prior years' property tax based on the assessment received. Excluding the effect of the property tax provision, the NPI increase was S\$6.3 million (3.9%) compared to FY2016.
2. Based on S\$1.00 per unit closing price on 31 August 2017.
3. Based on S\$0.96 per unit closing price on 31 August 2016.

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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 24 July 2013 and a 99-year leasehold interest in The Clementi Mall commencing on 31 August 2010. Valued at S\$3.278 billion with an aggregate net lettable area of approximately 910,000 sq ft, the properties have a committed occupancy of 100% and have a diverse and high quality tenant base of about 460 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 has a 70% stake in SPH REIT. SPH's latest retail development is The Seletar Mall located in Sengkang.

SPH is in the healthcare sector, operating private nursing homes under Orange Valley.

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.