



## SPH REIT delivered stable distribution

- 2Q 2018 DPU held steady at 1.40 cents
- Maintained 100% committed occupancy

**SINGAPORE, April 6, 2018** – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that net property income (“NPI”) for the second quarter ended 28 February 2018 (“2Q 2018”) was S\$42.2 million, a decrease of \$0.5 million (1.1%) compared to the same quarter last year (“2Q 2017”), mainly due to lower revenue at Paragon.

Income available for distribution to unitholders of S\$36.1 million for 2Q 2018 was lower by S\$1.2 million (3.3%) compared to 2Q 2017. Distribution per unit (“DPU”) for 2Q 2018 held steady at 1.40 cents. The aggregate DPU was 2.74 cents for the half year ended 28 February 2018 (“1H 2018”). The 2Q 2018 distribution will be paid to unitholders on 16 May 2018.

### Operational performance

In keeping with our long-standing philosophy of partnering tenants for mutual sustainability, the rental negotiation with tenants took into consideration occupancy cost. Typically, renewals or new leases are committed about a year before expiry. Paragon recorded a rental reversion of -7.1% for new and renewed leases in 1H 2018, mainly due to negotiations during the retail sales downturn since 2014. The decline was more moderated in Q2 compared to Q1.

The Clementi Mall had only three changes in tenancies which represented 1.4% of the mall’s net lettable area. The overall portfolio rental reversion remains at -7.1%.

However, tenant sales in the malls have grown, in tandem with the recent recovery in retail sales since June 2017. In addition, both properties continued their track record of full occupancy.

### **Capital Management**

SPH REIT proactively manages its financing risk by ensuring that the debt maturity profile is well spread out without major concentration of debts maturing in a single year. In the annual renewal of loan tranches, it maintains an appropriate loan tenure as well as strikes a balance between fixed and floating interest rates to optimize borrowing cost whilst manage exposure to interest rate fluctuations. The loan tranche of S\$135 million that matured in March 2018 was refinanced as a four year loan. The average term to maturity increased to 2.2 years after the renewal.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd. said: “SPH REIT has delivered stable distribution and our well-positioned malls continued their track record of full occupancy. In keeping with our philosophy of treating tenants as business partners, we will work closely with them to ride through both cyclical and structural challenges in the retail environment. It is encouraging that our tenant sales have continued to register growth. The tourist arrivals and spend for 2017 ended on a positive note and we believe Paragon would stand to benefit with this trend. The forecasted GDP growth of “1.5% to 3.5%” bodes well for Singaporeans and The Clementi Mall is well poised in the suburban to continue to serve its immediate catchment. Our focus remains to drive long-term value of our properties and deliver sustainable returns for our unitholders.”

## **Summary Results of SPH REIT**

	<b>2Q 2018</b>	<b>2Q 2017</b>	<b>Change %</b>
	S\$'000	S\$'000	
Gross revenue	53,592	54,009	(0.8)
Net property income	42,268	42,737	(1.1)
Income available for distribution	36,099	37,312	(3.3)
Distribution to Unitholders	35,947	35,743	0.6
Distribution per unit (cents)	1.40	1.40	-

	<b>1H 2018</b>	<b>1H 2017</b>	<b>Change %</b>
	S\$'000	S\$'000	
Gross revenue	107,071	106,588	0.5
Net property income	84,458	84,159	0.4
Income available for distribution	72,639	73,686	(1.4)
Distribution to Unitholders <sup>1</sup>	70,327	69,926	0.6
Distribution per unit (cents)	2.74	2.74	-
Annualised distribution yield (%)	5.53 <sup>2</sup>	5.70 <sup>3</sup>	(3.0)

Notes:

1. For 1H 2018, the distribution to unitholders was 96.8% of income available for distribution.
2. Based on S\$1.000 per unit closing price on 28 February 2018.
3. Based on S\$0.970 per unit closing price on 28 February 2017.

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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](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.

SPH's core business is publishing of newspapers, magazines and books in both print and digital editions. It also owns other digital products, online classifieds, radio stations and outdoor media.

On the property front, SPH owns 70% in a real estate investment trust called 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 also owns and operates The Seletar Mall. It built an upmarket residential condominium, Sky@eleven, at Thomson Road, and is developing a new commercial cum residential site at Woodleigh Road. It also has a stake in Chinatown Point.

It is in the aged care sector and owns Orange Valley, Singapore's largest private nursing home operator.

SPH runs a regional events arm and a chain of Buzz retail outlets. It also invested in the education business.

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.