



## **SPH REIT maintained steady distribution**

- 3Q 2018 DPU held steady at 1.37 cents
- The Rail Mall - yield-accretive acquisition

**SINGAPORE, July 10, 2018** – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that net property income (“NPI”) for the third quarter ended 31 May 2018 (“3Q 2018”) was S\$40.6 million, a decrease of S\$1.6 million (3.8%) compared to the same quarter last year (“3Q 2017”), mainly due to lower revenue at Paragon.

Income available for distribution to unitholders of S\$35.1 million for 3Q 2018 was lower by S\$0.6 million (1.7%) compared to 3Q 2017. Distribution per unit (“DPU”) for 3Q 2018 held steady at 1.37 cents. The aggregate DPU was 4.11 cents for year-to-date ended 31 May 2018 (“YTD 3Q 2018”). The 3Q 2018 distribution will be paid to unitholders on 17 August 2018.

### **Operational performance**

Paragon recorded a rental reversion of -6.2% for new and renewed leases cumulatively for YTD 2018. These leases were committed about a year ago, during the retail sales downturn. The decline was more moderated in Q3 compared to 1H 2018. As part of our long-standing philosophy of partnering tenants for mutual sustainability, the rental negotiation with tenants took into consideration occupancy cost and we continue to work closely with them as they ride through cyclical and structural changes.

The Clementi Mall recorded a positive rental reversion of 5.3% in YTD 3Q 2018 with renewal of 3.2% of the mall’s net lettable area. The overall portfolio registered a rental reversion of -6.0%.

In tandem with the recovery in retail sales since June 2017, tenant sales in the malls have continued to register growth, and the portfolio was close to full occupancy at 99.6%.

### **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 average term to maturity stood at 2 years as at 31 May 2018, which is expected to be extended when the refinancing of the tranche due in July is completed. A new loan of S\$45 million was established on 25 June 2018 to partially finance the acquisition of The Rail Mall, and including the additional loan, gearing remained low at about 26%.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd. said: “SPH REIT has delivered steady distribution and tenant sales have continued to register growth. We remain focused on curating the right retail mix that will resonate with shoppers and are pleased to introduce a new shopping concept at Level 3, Paragon. This concept offers open store design for seamless interactions across brands, merchandise and shoppers, and also introduces carefully curated new-to-market concepts. The first phase was launched in June and when fully completed in December, will span across about 16,000 sqft of more than 20 fashion, lifestyle and F&B tenants. Paragon also welcomed MCM, its first flagship store in Southeast Asia at Level 1.

In line with our strategy of acquiring yield-accretive retail properties that provide sustainable returns to unitholders, we have completed the acquisition of The Rail Mall, a unique cluster of shop units along Upper Bukit Timah Road, with opportunity to further strengthen its current F&B mix and create a differentiated positioning for the asset. We remain focused to seek opportunities to continually enhance our properties and create long-term value for our unitholders.”

## **Summary Results of SPH REIT**

	<b>3Q 2018 S\$'000</b>	<b>3Q 2017 S\$'000</b>	<b>Change %</b>
Gross revenue	51,769	53,318	(2.9)
Net property income	40,559	42,170	(3.8)
Income available for distribution	35,095	35,711	(1.7)
Distribution to Unitholders <sup>1</sup>	35,205	35,006	0.6
Distribution per unit (cents)	1.37	1.37	-

Notes:

1. Distribution for 3Q 2018 includes income available for distribution retained earlier in the year.

	<b>YTD 3Q 2018 S\$'000</b>	<b>YTD 3Q 2017 S\$'000</b>	<b>Change %</b>
Gross revenue	158,840	159,906	(0.7)
Net property income	125,017	126,329	(1.0)
Income available for distribution	107,734	109,397	(1.5)
Distribution to Unitholders <sup>1</sup>	105,532	104,932	0.6
Distribution per unit (cents)	4.11	4.11	-
Annualised distribution yield (%)	5.55 <sup>2</sup>	5.50 <sup>3</sup>	0.9

Notes:

1. For YTD 3Q 2018, the distribution to unitholders was 98.0% of income available for distribution.
2. Based on S\$0.990 per unit closing price on 31 May 2018.
3. Based on S\$1.000 per unit closing price on 31 May 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, a 99-year leasehold interest in The Clementi Mall commencing on 31 August 2010 and a leasehold interest in The Rail Mall with remaining lease tenure of about 28 years. Valued at S\$3.341 billion with an aggregate net lettable area of approximately 960,000 sq ft, the properties have a committed occupancy of 99.6% 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, The Clementi Mall, a mid-market suburban mall and The Rail Mall, a stretch of shopping and dining outlets along Upper Bukit Timah Road. SPH also owns and operates The Seletar Mall. It is developing a new commercial cum residential site at Woodleigh. 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.