



SPH REIT delivered consistent returns

- FY2018 DPU was 5.54 cents, an increase of 0.2% year-on-year
- Maintained high occupancy of 99.4%
- Two months contribution from the newly acquired The Rail Mall

SINGAPORE, October 11, 2018 – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, reported that net property income (“NPI”) for the year ended 31 August 2018 (“FY2018”) was S\$166.0 million, a decrease of S\$2.1 million (1.2%) compared to last year (“FY2017”), mainly due to lower revenue at Paragon partially offset by higher contribution from The Clementi Mall and The Rail Mall.

The aggregate distribution per unit (“DPU”) of 5.54 cents, was 0.2% higher against last year. The DPU for 4Q 2018 of 1.43 cents will be paid to unitholders on 21 November 2018.

Operational performance

Paragon registered a rental reversion of -3.7% for new and renewed leases cumulatively for FY2018. Typically, negotiation of renewals or new leases commenced twelve months prior to lease expiry. Earlier leases were committed during the retail sales downturn, however, with the recovery in retail sales in the second half of 2017, the cumulative decline was moderated during the financial year.

Supported by the increase in international visitor arrivals and improvement in consumer sentiments, Paragon recorded an increase in visitor traffic of 2.7% to 18.8 million. Tenant sales grew by 2.7% to S\$693 million with lower occupancy cost of 18.3%, compared to last year.

The Clementi Mall recorded a positive rental reversion of 3.0% in FY2018 with renewal of 5.9% of the mall's net lettable area. The Clementi Mall maintained high visitor traffic of 29.9 million. Tenant sales grew by 2.2% to S\$230 million with occupancy cost of 16.2%.

Valuation of properties at S\$3.368 billion

The portfolio recorded steady valuation of S\$3.368 billion as at 31 August 2018 and this included the recently acquired The Rail Mall. Net asset value per unit was maintained at S\$0.95 as at 31 August 2018.

Capital Management

SPH REIT proactively manages its financing risk by staggering the debt maturity profile so that it is well spread out without major concentration of debts maturing in any single year. Including a new loan of S\$45 million established in end June 2018 to partially finance the acquisition of The Rail Mall, the total borrowings stood at S\$895 million. The gearing remained low at 26.3%. The refinancing of the loan tranches was completed as planned and the average term to maturity was extended to 2.3 years. The annualised average cost of debt was 2.85% p.a. for FY2018.

Ms Susan Leng, CEO of SPH REIT Management Pte. Ltd. said: "SPH REIT has delivered yet another year of consistent returns to our unitholders and our well-positioned assets continued its track record of close to full occupancy. The resilient performance for five years since listing in 2013 amid retail sales downturn, is a testament to our long-standing philosophy of partnership with our tenants for mutual success. We are pleased that our tenants have registered higher sales and lower occupancy cost.

Physical store which offers shoppers touch and feel, in-store engagement continues to play a pivotal role amidst structural challenges from e-commerce. We continue to work closely with our tenants to create unique experiences to shoppers both in-mall and in-store. The newly renovated Gucci duplex flagship store at Paragon now features a distinctive five-storey marble façade, setting a new landmark along Orchard Road. The store offers its very own bespoke client space and also offers DIY customisation service. Gucci Décor (home) collection was also introduced to enhance a holistic shopping experience. Paragon's atrium was the selected venue for Prada to hold their worldwide exclusive 'Prada Silver Line', showcasing an exclusive range of merchandise.

We introduced an integrated, “without inter-tenancy walls” concept on Level 3 to create a seamless shopping journey for our shoppers, and enable better synergies for cross marketing for our tenants. This phased opening of 16,000 sq ft retail space is on track to launch end of 2018.

We are pleased to update that the three-year phased AEI project at Paragon involving the decanting of area occupied by Air Handling Units (AHU), to create about 7,000 sq ft of additional lettable area, has been completed as scheduled. This project will contribute to approximately S\$0.9 million in revenue per annum.

On 28 June 2018, SPH REIT completed the acquisition of The Rail Mall, a unique cluster of shop units along Upper Bukit Timah Road. Plans are underway to strengthen its positioning and to initiate community programs leveraging on the Rail Corridor to attract a wider catchment. Unitholders will enjoy the full year contribution in the next financial year. Looking ahead, we continue to seek opportunities to enhance all our properties and create long-term sustainable value for our unitholders.”

Summary Results of SPH REIT

	4Q 2018 S\$'000	4Q 2017 S\$'000	Change %
Gross revenue	52,962	52,850	0.2
Net property income	40,979	41,759	(1.9)
Income available for distribution	34,576	31,831	8.6
Distribution to Unitholders ¹	36,778	36,297	1.3
Distribution per unit (cents)	1.43	1.42	0.7

Notes:

1. Distribution for 4Q 2018 includes income available for distribution retained earlier in the year.

	2018¹ S\$'000	2017 S\$'000	Change %
Gross revenue	211,802	212,756	(0.4)
Net property income	165,996	168,088	(1.2)
Income available for distribution	142,310	141,228	0.8
Distribution to Unitholders	142,310	141,228	0.8
Distribution per unit (cents)	5.54	5.53	0.2
Annualised distribution yield (%)	5.54 ²	5.53 ³	0.2

Notes:

1. Included The Rail Mall which completed its acquisition on 28 June 2018.
2. Based on S\$1.00 per unit closing price on 31 August 2018.
3. Based on S\$1.00 per unit closing price on 31 August 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\$3.368 billion with an aggregate net lettable area of approximately 960,000 sq. ft, the properties have a committed occupancy of 99.4% and have a diverse and high quality tenant base of about 500 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.

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 and acquired a portfolio of Purpose-Built Student Accommodation (PBSA) in the United Kingdom.

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.

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.