



## **MEDIA RELEASE**

### **ACQUISITION OF 85.0% INTEREST IN FIGTREE GROVE SHOPPING CENTRE NEW SOUTH WALES, AUSTRALIA**

#### **Highlights:**

- Established sub-regional shopping centre
- Expected to be DPU accretive
- Enhances SPH REIT's portfolio through geographical diversification

**Singapore, 18 December 2018** – SPH REIT Management Pte. Ltd. in its capacity as the Manager of SPH REIT (**“the Manager”**), is pleased to announce the proposed acquisition of 85.0% stake in Figtree Grove Shopping Centre (**“the Property”** or **“Figtree Grove”**) for a consideration of A\$175.1m (the **“Purchase Consideration”**) from an unrelated third party (the **“Proposed Acquisition”**).

#### **DETAILS OF THE PROPERTY**

Figtree Grove is an established sub-regional shopping centre located on 19 & 23 Princes Highway, Figtree, Wollongong, NSW 2525. The Property sits on a freehold land area of 50,900 sqm (approximately 547,883 sqft), and has a total Gross Lettable Area (“GLA”) of 21,984 sqm (approximately 236,634 sqft) with 940 carpark lots. Anchored by a 24-hour Kmart, Coles and Woolworths supermarkets, 2 mini-majors, with 72 specialty stores, 9 kiosks, 4 ATMs and 2 external tenancies, and 1 pad site, offering a variety of services, F&B dining options and other retailers providing convenience and necessity to residents.

Located approximately 3.7 km south-west of the Wollongong Central Business District and 71 km south west of Sydney CBD, the Property is situated at the north-eastern corner of the Princes Highway and The Avenue – major thoroughfares which carry traffic between the Wollongong Central Business District and the wider Wollongong area. The Property is well-positioned to serve the key growth areas in central Wollongong and the south-western suburbs of Wollongong.

The Proposed Acquisition is in line with SPH REIT's strategy of acquiring retail properties in Asia Pacific that complement SPH REIT's existing portfolio of quality assets so as to provide unitholders of SPH REIT with regular and stable distributions, sustainable long-term growth in distributable income and distribution per unit, while maintaining an appropriate capital structure.

Commenting on the acquisition, Ms Susan Leng, Chief Executive Officer of the Manager said: “We are pleased to announce the acquisition of an established sub-regional shopping centre in Australia with our Joint Venture Partner, Moelis Australia Limited. The acquisition of Figtree Grove Shopping Centre is a strategic fit with SPH REIT’s portfolio of quality assets and in-line with our strategy to expand our footprint into Australia. With a WALE of 5.4 years by income and built-in rental escalations, the acquisition will provide stable and growing income to our Unitholders.”

Chris Monaghan, Managing Director and Head of Real Estate Asset Management at Moelis Australia, says that “Moelis Australia is excited to be jointly acquiring a very strong Figtree Grove Shopping Centre with its partner SPH REIT. The partnership with SPH REIT fits perfectly with our strategy of working with respected and strong offshore investment groups to acquire fundamentally sound investment grade assets with upside potential in the Australian marketplace. SPH REIT’s investment requirements aligned well with our strategy of identifying and acquiring strong performing Australian shopping centres with sound trade area demographics and good growth prospects. We very much look forward to our working relationship with SPH REIT on Figtree Grove Shopping Centre.”

## **DETAILS OF THE PROPOSED ACQUISITION**

The Proposed Acquisition is made through Figtree Holding Trust (the “**Buyer Trust**”), which is a wholly-owned subtrust of SPH REIT Moelis Australia Trust (“**JV Trust**”). The JV Trust is, in turn, jointly held by SPH REIT and entities managed by the asset management division of Moelis Australia Limited (Moelis Australia Asset Management) in the proportion of 85:15. Moelis Australia Ltd (“**Moelis Australia**”) is a publicly listed company on the Australian Securities Exchange (“**ASX**”). Moelis Australia is a financial services group that operates in the areas of equities sales trading and research, asset management and corporate advisory through Australian licensed entities.

## **VALUATION AND PURCHASE CONSIDERATION**

Pursuant to the terms of the Unit Sale Agreement, the Property Price of A\$206.0 million (approximately S\$206.0 million) was arrived on a willing-buyer and willing-seller basis, taking into account the independent valuation report dated 30 October 2018 conducted by m3property Pty Ltd (the “Independent Valuer”) and is based on the discounted cash flow method, capitalisation approach and direct comparison.

The current estimated total cost of the Proposed Acquisition to SPH REIT (“Total Acquisition Cost”) is approximately A\$188.2 million (approximately S\$188.2 million).

## **METHOD OF FINANCING**

The Proposed Acquisition is to be financed through a combination of debt and internal sources. Post transaction, SPH REIT's gearing ratio will be approximately 30.1%.

## **RATIONALE AND BENEFITS OF PROPOSED ACQUISITIONS**

### **1. Strategic Addition to SPH REIT's Portfolio**

The Proposed Acquisition in line with SPH REIT's investment strategy to invest in income-producing real estate, which is used primarily for retail purposes in Asia-Pacific. The Proposed Acquisition is SPH REIT's first foray overseas and will enhance SPH REIT's geographical diversification.

### **2. Established sub-regional shopping centre in Wollongong**

Figtree Grove focuses on non-discretionary shopping with approximately 58.4% of space leased to supermarkets and a discount departmental store. The Property is expected to provide a steady and resilient stream of income, with an occupancy rate of 98.5%, a weighted average lease expiry ("WALE") of about 5.4 years (by income), and 7.8 years (by GLA), and a well-staggered lease expiry profile.

Figtree Grove is a high productivity shopping centre in Australia, recording total retail sales of A\$10,551 per square meter, 47.7% above benchmark for malls in the same category.

### **3. Income and Portfolio Diversification into the Growing Australian Market**

The Proposed Acquisition will benefit SPH REIT and unitholders of SPH REIT with further income and geographical diversification. The Proposed Acquisition of Figtree Grove will provide SPH REIT with approximately 5.2% exposure, by asset value, in Australia.

### **4. The catchment**

Figtree Grove serves a Total Trade Area of approximately 207,000 residents. Between 2018 and 2028, this is expected to grow 1.0% to approximately 229,000 residents. The Main Trade Area serves a population of approximately 82,000 residents, and the population is expected to grow by 1.0% per annum to 90,000 residents during the same period.(1)

The Main Trade Area has a household income of A\$87,000 which is 11.0% above non-metro New South Wales benchmark.

Source: (1) m3Property Valuation Report

## **5. Strategic partnership with on-the-ground capabilities**

SPH REIT is also able to leverage off its partner's on-the-ground capabilities through the strategic partnership. In particular, deep investment experience and access to both Moelis Australia's leading corporate advisory services and the growing global network creates innovative and specialised opportunities for investors.

Moelis Australia Asset Management originates and manages investment opportunities for sophisticated and institutional investors in real estate, credit, private equity and venture capital. The asset management team has more than A\$3.3b in assets under management.

Moelis Australia Asset Management is part of ASX-listed Moelis Australia, a financial services firm also operating in corporate advisory and equities.

## **6. Increase Distributable Income and DPU Accretive**

On acquisition, the Property is expected to generate a net property income yield of approximately 6.0% before taking into account the transaction costs and 5.7% after taking into account the transaction costs.

The Proposed Acquisition is expected to be DPU accretive.

**Issued by SPH REIT Management Pte Ltd**

**Co. Regn. No. 201305497E**

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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 of Paragon, The Clementi Mall and The Rail Mall with an aggregate net lettable area of approximately 960,000 sq. ft. and have a diverse and quality tenant base of international and local retailers as well as 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 and has 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](http://www.sph.com.sg).

Facebook: [facebook.com/officialsph/](https://facebook.com/officialsph/)

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## **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.