



Resilient portfolio benefits from recovering retail sentiments

- 12M FY2022 DPU at 5.52 cents, 2% increase year-on-year (“yoy”)
- Net Property Income rose 3.5% yoy to S\$209.7 million
- Maintains strong portfolio occupancy rate of 97.5%

SINGAPORE, 8 October 2022 – SPH REIT Management Pte. Ltd. (“SPH RM” or the “Manager”), the Manager of SPH REIT, today announced its financial results for the 12 months ended 31 August 2022 (“12M FY2022”).

On 29 July 2022, SPH REIT announced a change in financial year end from 31 August to 31 December. The revised FY 2022 will be a 16-month period from 1 September 2021 to 31 December 2022. Distribution for four months ending on 31 December 2022 is scheduled to be declared in February 2023.

In April 2022, the Covid-19 social distancing measures in Singapore were substantially lifted except for the requirement to wear masks at indoor venues. SPH REIT’s assets in Singapore benefited from the easing and saw improvements both in footfall and tenant sales. Meanwhile in Australia, similar movement restrictions were lifted earlier in December 2021.

Financial Performance

SPH REIT’s gross revenue increased 1.7% yoy to S\$281.9 million and net property income (“NPI”) increased 3.5% yoy to S\$209.7 million. SPH REIT declared a distribution per unit (“DPU”) of 1.39 cents for 4Q FY 2022. This distribution will be paid to unitholders on 25 November 2022.

Full year distribution ended 31 August 2022 DPU was 5.52 cents, an increase of 2.2% yoy.

Operational Performance

SPH REIT maintained its strong portfolio occupancy rate of 97.5%, a reflection of its proactive leasing efforts to renew or sign leases in advance mitigating vacancies.

In addition, the high occupancy was supported by a high tenant retention ratio of 82.9%, reiterating tenants' confidence in SPH REIT's strategic assets. Consequently, portfolio rental reversion rate was -2.8% for 12M FY2022 as against -8.4% in FY2021. The portfolio weighted average lease expiry ("WALE") held steady at 5.3 years by net lettable area ("NLA") and 3.0 years by gross rental income ("GRI").

Singapore

Footfall at the Singapore assets saw an increase of 8.8% yoy. Correspondingly, tenant sales for Paragon and The Clementi Mall had registered marked improvements by 25.6% yoy and 8.8% yoy, respectively.

Paragon

In July 2022, Singapore Tourism Board ("STB") reported that it expects to receive 4 to 6 million visitors in 2022 with global travel picking up pace. Paragon, a premier-upscale retail mall located in the heart of Orchard Road looks to benefit from the recovery in international tourist arrival.

Footfall had increased 16.4% yoy from 11.4 million to 13.3 million.

The Clementi Mall

As Singapore workforce gradually resumed working from office, The Clementi Mall located in a well-established residential estate and an education hub (being in proximity to several tertiary education institutions), enjoyed an increase in footfall.

Footfall increased 15.9% yoy from 15.3 million to 17.7 million.

Australia

Footfall at the 2 Australia assets saw a decrease marginally by 3.6% yoy . Tenant sales for Westfield Marion was higher at 4.8% yoy. Tenant sales at Figtree Grove registered a marginal increase of 1.8% yoy.

Westfield Marion

Westfield Marion is a 20-minute drive southwest of Adelaide CBD, South Australia and was largely spared from lockdowns as the incidences of Covid-19 cases were relatively low. Footfall was generally unaffected and marginally lowered by 1.7% yoy from 11.7 million to 11.5 million.

Figtree Grove Shopping Centre

Figtree Grove Shopping Centre is a 1.5-hour drive southwest of Sydney CBD, New South Wales. New South Wales was affected by approximately 4 months of lockdown from June to October 2021. Correspondingly, footfall fell by 9.0% yoy.

Stable portfolio valuation

Singapore assets recorded higher valuations as compared to the preceding year, with the valuation rising from S\$3,296.2 million to S\$3,338.7 million, or a 1.3% yoy increase as at 31 August 2022.

Australian portfolio valuation rose by A\$6.5 million to A\$847 million as at 31 August 2022, representing a 0.8% increase yoy.

Net asset value per unit as at 31 August 2022 remained stable at S\$0.92.

Capital management

SPH REIT continues to adopt a disciplined approach to capital management. As at 31 August 2022, the proportion of fixed debt percentage is 71% to mitigate against the increasing interest rate environment with an average cost of debt of 1.77%. Total borrowings amounted to approximately S\$1.3 billion (with revolving credit facility lines of S\$225 million remaining undrawn) at a gearing ratio of 30.0%, providing ample debt headroom. SPH REIT's debt maturity profile remains well-spread out with a weighted average term to maturity at 2.5 years.

Market outlook

Global geopolitical tensions and inflation are impacting financing costs and operational costs such as energy.

Dr Leong Horn Kee, Chairman of SPH REIT, said: “The portfolio has shown improved performance as Singapore and Australia move towards normalisation. It is also encouraging that international arrivals are gradually picking up. We are therefore pleased to announce a DPU of 5.52 cents for the 12 months ended 31 August 2022, a 2.2% yoy increase. As our economies recover from the pandemic, our assets are well positioned to manage the challenges ahead.”

Ms Susan Leng, CEO of SPH REIT, said: “The return to normalcy is evident in Singapore and Australia, resulting in better performance in footfall as well as tenant sales, particularly at our Singapore assets. The close partnership with our various stakeholders has seen us through the challenging pandemic period. We are pleased to cite as an example, Zegna’s investment for their new store and the introduction of their latest concept in Paragon.”

Summary Results of SPH REIT

	2H 2022 S\$'000	2H 2021 S\$'000	Change %
Gross revenue	140,220	137,221	2.2
Net property income	104,428	97,773	6.8
Distributable income to unitholders	78,057	81,622	(4.4)
Distribution to unitholders	79,706	82,396	(3.3)
Distribution per unit (cents)	2.84	2.96	(4.1)

	12M FY2022 S\$'000	12M FY2021 S\$'000	Change %
Gross revenue	281,856	277,179	1.7
Net property income	209,701	202,627	3.5
Distributable income to unitholders	160,671	157,803	1.8
Distribution to unitholders	154,811	150,160 ¹	3.1
Distribution per unit (cents)	5.52	5.40 ¹	2.2
Annual distribution yield (%)	5.87 ³	5.93 ²	(1.0)

Notes:

1. The distribution to unitholders for FY2021 includes S\$14.5 million of FY2020 distributable income deferred as allowed under COVID-19 relief measures, which is equivalent to 0.52 cents per unit.
2. Based on S\$0.91 per unit closing price on 31 August 2021.
3. Based on S\$0.94 per unit closing price on 31 August 2022.

**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 in a portfolio of income-producing real estate primarily for retail purposes in Asia-Pacific, as well as real estate-related assets.

SPH REIT has a portfolio of five assets in Singapore and Australia.

Its portfolio of properties in Singapore comprises a 99-year leasehold interest in Paragon that commenced on 24 July 2013, a 99-year leasehold interest in The Clementi Mall that commenced on 31 August 2010 and a 99-year leasehold interest in The Rail Mall that commenced on 18 March 1947. These Singapore properties have an aggregate net lettable area of approximately 960,000 sq. ft.

In Australia, SPH REIT owns a 50% freehold interest in Westfield Marion Shopping Centre, the largest regional shopping centre in Adelaide, South Australia. SPH REIT also owns an 85% interest in Figtree Grove Shopping Centre, a freehold sub-regional shopping centre in Wollongong, New South Wales, Australia. Both Australian properties have an aggregate gross lettable area of approximately 1.7 million sq. ft.

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 Cuscaden Peak Investments Private 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: CUSCADEN PEAK INVESTMENTS PRIVATE LIMITED

Cuscaden Peak Investments Private Limited (formerly known as Singapore Press Holdings Private Limited before it was privatised on 13 May 2022) is a wholly owned subsidiary of Cuscaden Peak Pte. Ltd. (“Cuscaden Peak”), a consortium comprising Hotel Properties Limited, Mapletree Investments Pte. Ltd. and CLA Real Estate Holdings Pte. Ltd. It has businesses in Retail & Commercial, Purpose-Built Student Accommodation (PBSA) and Aged Care.

On the retail and commercial front, Cuscaden Peak owns c.61% stake in SPH REIT. Cuscaden Peak Investments also has joint venture stakes in The Seletar Mall and an upcoming integrated development consisting of The Woodleigh Residences and The Woodleigh Mall.

Cuscaden Peak is a leading player in PBSA, owning and operating a portfolio of assets in 18 cities across the United Kingdom and Germany. It also owns Orange Valley, one of Singapore’s largest private nursing homes platforms, with an additional six assets in Japan.

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.

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This press release shall be read in conjunction with SPH REIT's financial results for the 12 months ended 31 August 2022 in the SGXNET announcement.