REAL ESTATE EQUITY RESEARCH

Starhill Global REIT

SGX: P40U
Bloomberg: SGREIT:SP
ISIN code: SG1S18926810

Country: Singapore
Industry: Retail, Real Estate

18 February 2025
RECOMMENDATION: BUY

Current price: S$0.485
Target price: S$0.571
Issued units: 2,290 million (31 Dec 2024)
Market capitalisation: S$1,112 million
52-week range: S$0.465 - S$0.550

PRICE PERFORMANCE

COMPANY DESCRIPTION

Starhill Global REIT ("SGREIT") is a Singapore-based real estate investment trust that invests primarily in retail and office real estate. As at 31 December 2024, SGREIT's portfolio comprises nine properties in Singapore, Australia, Malaysia, Japan and China, with the two properties in Singapore accounting for approximately 70.8% of the portfolio value. SGREIT's Singapore portfolio comprises partial interests in Wisma Atria ("WA Property") and in Ngee Ann City ("NAC Property").

SUMMARY

For the six months ended 31 December 2024 (1H FY2025), SGREIT's gross revenue rose by 1.7% from S$94.6 million in 1H FY2024 to S$96.3 million in 1H FY2025. The rise in gross revenue was mainly due to the rise in revenue from Singapore Properties (S$1.1 million), followed by a rise in revenue from Malaysia Properties (S$0.6 million). Net Property Income ("NPI") rose by 1.6% from S$74.5 million in 1H FY2024 to S$75.6 million in 1H FY2025, in line with the rise in gross revenue. Total return attributable to unitholders rose by 9.3% from S$39.7 million in 1H FY2024 to S$43.4 million in 1H FY2025, mainly due to a S$3.6 million gain on divestment of 7,653 square feet ("sq ft") of office space in WA Property. Diluted Earnings Per Unit ("EPU" in cents) thus rose by 8.2% from 1.76 in 1H FY2024 to 1.90 in 1H FY2025. However, Distribution Per Unit ("DPU" in cents) rose by only 1.1% from 1.78 in 1H FY2024 to 1.80 in 1H FY2025 as the gain on divestment was reversed when computing DPU.

RECOMMENDATION

SGREIT is currently trading at a P/E multiple of 16.7x which is lower than the peer average P/E of 18.0x. This suggests that SGREIT is undervalued at its current unit price. Based on SGREIT's NAV per unit of S$0.71 as at 31 December 2024, SGREIT is currently trading at a P/B multiple of 0.68x which represents a discount of approximately 32% to NAV. In contrast, the peer average P/B is 0.80x which suggests that SGREIT is undervalued. SGREIT's current dividend yield of 7.5% is more attractive than the peer average yield of 5.9%, which also suggests that SGREIT is undervalued. By averaging the estimated target prices based on P/E multiple, P/B multiple and dividend yield, we derive an overall target price of S$0.571 which implies an upside potential of 17.7% from the current unit price of S$0.485. The upside potential may be supported by our projections of DPU (cents) rising by 13.0% year-on-year ("y-o-y") to 2.03 in 1H FY2026 and by 11.2% y-o-y to 2.10 in 2H FY2026, along with the inclusion of turnover component in SGREIT's renewed master lease with Toshin mainly from 1H FY2026. The upside potential may also be realised should the major shareholder & sponsor, YTL Corporation Berhad, attempt to privatise SGREIT given SGREIT's current low P/B valuation. Accordingly, the upside potential may warrant a buy recommendation.

KEY FINANCIALS Year ended 30 June	Revenue (S$ million)	Earnings [1] (S$ million)	EPU [2] (cents)	P/E (x)	DPU (cents)	Dividend Yield (%)	NAV per unit (S$)	P/B (x)
2023 Actual	187.8	28.2	1.25	38.7	3.80	7.8%	0.73	0.66
2024 Actual	189.8	62.7	2.77	17.5	3.63	7.5%	0.71	0.68
2025 Forecast	193.1	85.3	3.74	13.0	3.69	7.6%	0.71[3]	0.68
2026 Forecast	202.3	93.3	4.09	11.8	4.14	8.5%	-	-

Note: P/E, P/B and dividend yield based on current unit price of S$0.485.
(1) Total return attributable to unitholders.
(2) Diluted Earnings Per Unit (Trailing 12-Month).
(3) As at 31 December 2024.
Source: SGREIT, FPA

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FINANCIAL ANALYSIS

(I) FINANCIAL REVIEW

In this section, we review the financial performance of Starhill Global REIT ("SGREIT") for the six months ended 31 December 2024 (1H FY2025[1]).

Gross revenue:

Gross revenue rose by 1.7% from S$94.6 million in 1H FY2024 to S$96.3 million in 1H FY2025.

The largest absolute increase in gross revenue was from the Singapore Properties (Ngee Ann City Property or "NAC Property" + Wisma Atria Property or "WA Property"), of which revenue rose by 1.9% (S$1.1 million) from S$58.7 million in 1H FY2024 to S$59.8 million in 1H FY2025. SGREIT noted that the revenue for Singapore Properties rose "mainly in line with higher occupancies and average rents for the portfolio". According to real estate firm CBRE, Orchard retail prime rent rose by 4.0% from S$36.30 per square foot ("sq ft") in 4Q 2023 (1H FY2024) to S$37.75 per sq ft in 4Q 2024 (1H FY2025) while Core CBD (Grade A) office rent rose by 0.4% from S$11.90 per sq ft in 4Q 2023 to S$11.95 per sq ft in 4Q 2024.

The second largest absolute increase in gross revenue was from the Malaysia Properties (The Starhill + Lot 10 Property), of which revenue rose by 4.4% (S$0.6 million) from S$13.8 million in 1H FY2024 to S$14.4 million in 1H FY2025. Malaysia Properties' revenue rose mainly due to the appreciation of the Malaysian Ringgit ("MYR" or "RM") against the Singapore Dollar ("SGD" or "S$"). Based on the respective Master Tenancy Agreements for The Starhill and Lot 10 Property, the respective annual rent payable (in RM) for each Malaysia Property remained the same in 1H FY2024 & 1H FY2025.

SGREIT noted though that the increase in Singapore Properties' revenue was "partially offset by loss of contribution" from the divestment of around 7,653 square feet ("sq ft") of office space (by Net Lettable Area or "NLA") in WA Property. The divestment constituted approximately 7.7% of WA Property (Office)'s last-disclosed NLA of 98,889 sq ft as at 30 June 2024.

The largest absolute decrease in gross revenue was from the Other Properties (China Property + Ebisu Fort), of which revenue fell by 5.5% from S$1.55 million in 1H FY2024 to S$1.46 million in 1H FY2025. SGREIT noted that the decrease in revenue was due to "higher rental assistance provided for China Property" and the depreciation of Chinese Yuan ("RMB") & Japanese Yen ("JPY") against SGD.

SGREIT's revenue in 1H FY2024 & 1H FY2025 are shown in **Exhibit 1**. The average end-of-month exchange rates (we assume SGREIT collected rent at the end of each month) for MYR, Australian Dollar ("AUD"), RMB and JPY are shown in **Exhibit 2**.

[1] SGREIT's financial year ends on 30 June.

Exhibit 1: Gross Revenue (1H FY2024 & 1H FY2025)

(in S$ '000)	Actual		1H FY2024 v 1H FY2025	
	1H FY2025 (ended Dec '24)	1H FY2024 (ended Dec '23)	Absolute Change	Change (%)
Ngee Ann City Property (Retail)	25,260	25,007	253	1.0%
Ngee Ann City Property (Office)	7,790	7,486	304	4.1%
Wisma Atria Property (Retail)	21,247	20,734	513	2.5%
Wisma Atria Property (Office)	5,506	5,484	22	0.4%
Singapore Properties	**59,803**	**58,711**	**1,092**	**1.9%**
Australia Properties	20,651	20,623	28	0.1%
Malaysia Properties	14,359	13,750	609	4.4%
Other Properties	1,464	1,549	(85)	(5.5%)
Gross revenue	**96,277**	**94,633**	**1,644**	**1.7%**

Source: SGREIT's presentation (1H FY2025), FPA

Exhibit 2: Average Exchange Rates (end-of-month; 1H FY2024 & 1H FY2025)

(end-of-month rates in resp. currencies)	Actual		1H FY2024 v 1H FY2025	
	1H FY2025 (ended Dec '24)	1H FY2024 (ended Dec '23)	Absolute Change	Change (%)
SGD-to-MYR (Oanda.com; average)	3.313	3.457	(0.144)	(4.2%)
SGD-to-AUD (Oanda.com; average)	1.146	1.133	0.013	1.1%
SGD-to-RMB (Oanda.com; average)	5.410	5.349	0.061	1.1%
SGD-to-JPY (Oanda.com; average)	113.461	108.352	5.109	4.7%

(end-of-month rates in resp. currencies)	SGD-to-MYR		SGD-to-AUD		SGD-to-RMB		SGD-to-JPY	
	1H FY2025	1H FY2024	1H FY2025	1H FY2024	1H FY2025	1H FY2024	1H FY2025	1H FY2024
July	3.441	3.414	1.137	1.128	5.398	5.360	114.612	105.870
August	3.309	3.433	1.130	1.143	5.437	5.380	111.530	108.165
September	3.217	3.438	1.131	1.135	5.472	5.346	110.995	109.358
October	3.309	3.483	1.150	1.150	5.383	5.343	115.776	109.323
November	3.313	3.496	1.146	1.132	5.401	5.309	111.935	110.599
December	3.287	3.479	1.182	1.111	5.372	5.356	115.918	106.799
Exchange rates (Oanda.com; average)	**3.313**	**3.457**	**1.146**	**1.133**	**5.410**	**5.349**	**113.461**	**108.352**

Source: Oanda.com, FPA

Net Property Income ("NPI"):

NPI rose by 1.6% from S$74.5 million in 1H FY2024 to S$75.6 million in 1H FY2025.

The respective NPIs for most properties rose (or fell) in line with the rise (or fall) in respective revenues. However, the NPI for Australia Properties fell by 4.5% from S$13.5 million in 1H FY2024 to S$12.9 million in 1H FY2025 despite its revenue rising by 0.1% in the same period due to "higher operating expenses" as noted by SGREIT.

SGREIT's NPI in 1H FY2024 & 1H FY2025 are shown in **Exhibit 3**.

Exhibit 3: Net Property Income (1H FY2024 & 1H FY2025)

(in S$ '000)	Actual		1H FY2024 v 1H FY2025	
	1H FY2025 (ended Dec '24)	1H FY2024 (ended Dec '23)	Absolute Change	Change (%)
Ngee Ann City Property (Retail)	20,863	20,537	326	1.6%
Ngee Ann City Property (Office)	6,246	5,942	304	5.1%
Wisma Atria Property (Retail)	16,438	15,846	592	3.7%
Wisma Atria Property (Office)	4,074	4,025	49	1.2%
Singapore Properties	**47,621**	**46,350**	**1,271**	**2.7%**
Australia Properties	12,924	13,540	(616)	(4.5%)
Malaysia Properties	13,933	13,361	572	4.3%
Other Properties	1,167	1,223	(56)	(4.6%)
Net Property Income ("NPI")	**75,645**	**74,474**	**1,171**	**1.6%**

Source: SGREIT's presentation (1H FY2025), FPA

We also calculate NPI as a percentage of revenue ("NPI margin") from 1H FY2022 to 1H FY2025 as shown in **Exhibit 4**.

NPI margin fell by 0.1% from 78.7% in 1H FY2024 to 78.6% in 1H FY2025.

As compared with those in 1H FY2024, NPI margins generally rose in 1H FY2025 for all properties & property groups for which SGREIT disclosed semi-annual revenue & NPI (e.g., Singapore Properties) except for Australia Properties and Malaysia Properties. SGREIT noted that Australia Properties had "higher operating expenses" in 1H FY2025.

Exhibit 4: NPI Margins (1H FY2023 to 1H FY2025)

(margins in %)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Ngee Ann City Property (Retail)	82.6%	82.5%	82.1%	82.3%	82.5%	82.0%	82.2%
Ngee Ann City Property (Office)	80.2%	81.5%	79.4%	80.4%	77.8%	83.1%	79.3%
Wisma Atria Property (Retail)	77.4%	76.5%	76.4%	77.9%	76.6%	75.0%	74.8%
Wisma Atria Property (Office)	74.0%	71.7%	73.4%	73.0%	74.4%	72.8%	72.5%
Australia Properties	62.6%	62.8%	65.7%	64.4%	63.0%	64.8%	62.5%
Malaysia Properties	97.0%	97.0%	97.2%	97.1%	97.1%	97.1%	96.0%
Other Properties	79.7%	76.8%	79.0%	74.3%	80.0%	77.7%	75.7%
NPI margin	**78.6%**	**78.3%**	**78.7%**	**79.1%**	**78.4%**	**78.6%**	**76.6%**

Source: SGREIT's presentations (1H FY2023 to 1H FY2025), FPA

Interest income from fixed deposits and bank balances (or "interest income"):

Interest income rose by 3.8% from S$0.9 million in 1H FY2024 to S$1.0 million in 1H FY2025 as shown in **Exhibit 5**.

While the annualised effective interest on interest income ($\frac{\text{Interest income}}{\text{Cash \& cash equivalents}} \times 2$) fell from 2.95% in 1H FY2024 to 2.78% in 1H FY2025 in line with the fall in average Singapore Government Securities ("SGS") 1-year T-bills yield and the average target federal funds rate, cash & cash equivalents rose by 10.4% from S$62.7 million in 1H FY2024 to S$69.2 million in 1H FY2025.

Exhibit 5: Interest Income (1H FY2024 & 1H FY2025)

(in S$ '000 unless otherwise stated)	Actual		1H FY2024 v 1H FY2025	
	1H FY2025 (ended Dec '24)	1H FY2024 (ended Dec '23)	Absolute Change	Change (%)
Interest income	961	926	35	3.8%
Cash & cash equivalents	69,209	62,716	6,493	10.4%
Eff. interest on interest income (annualised)	**2.78%**	**2.95%**	**-**	**-**
SGS 1-year T-bills yield (average)	2.97%	3.75%		
Target federal funds rate[1] (average)	4.88%	5.50%		

[1] Based on higher end of the target range.

Source: SGREIT's financial statement (1H FY2025), FPA

Management fees:

Management fees remained around S$7.2 million in 1H FY2024 & 1H FY2025 as shown in **Exhibit 6**, in line with the minimal change in the value of investment properties (including right-of-use or "ROU" assets) from 1H FY2024 to 1H FY2025.

Exhibit 6: Management Fees (1H FY2024 & 1H FY2025)

(in S$ '000 unless otherwise stated)	Actual		1H FY2024 v 1H FY2025	
	1H FY2025 (ended Dec '24)	1H FY2024 (ended Dec '23)	Absolute Change	Change (%)
Management fees	7,187	7,190	(3)	(0.0%)
Investment properties' value (incl. ROU assets)	2,753,842	2,772,919	(19,077)	(0.7%)
Mgmt fees as % of properties' value (annualised)	**0.52%**	**0.52%**	**-**	**-**

Source: SGREIT's financial statement (1H FY2025), FPA

Trust expenses:

Trust expenses rose by 58.9% from S$1.8 million in 1H FY2024 to S$2.9 million in 1H FY2025 as shown in **Exhibit 7**, "mainly attributed to legal and professional fees incurred for the ongoing arbitration case in Australia" as noted by SGREIT.

Exhibit 7: Trust Expenses (1H FY2024 & 1H FY2025)

(in S$ '000 unless otherwise stated)	Actual		1H FY2024 v 1H FY2025	
	1H FY2025 (ended Dec '24)	1H FY2024 (ended Dec '23)	Absolute Change	Change (%)
Trust expenses	2,908	1,830	1,078	58.9%
Investment properties' value (incl. ROU assets)	2,753,842	2,772,919	(19,077)	(0.7%)
Trust exp. as % of properties' value (annualised)	**0.21%**	**0.13%**	-	-

Source: SGREIT's financial statement (1H FY2025), FPA

Finance expenses:

Finance expenses rose by 1.0% from S$21.6 million in 1H FY2024 to S$21.8 million in 1H FY2025 as shown in **Exhibit 8**, despite a fall in borrowings (excluding or before deducting unamortised expenses).

We note that the annualised effective interest on interest costs ($\frac{\text{Interest costs}}{\text{Borrowings (prev. semi-annual period)}} \times 2$)[1] rose from 4.00% in 1H FY2024 to 4.03% in 1H FY2025 despite the fall in the average Compounded 3-Months Singapore Overnight Rate Average ("3M SORA") and average target federal funds rate in the same period. The rise was in line with SGREIT's drawdown of a S$75 million sustainability-linked Revolving Credit Facility ("RCF") in 1H FY2025 to repay its existing loans.

Exhibit 8: Finance Expenses (1H FY2024 & 1H FY2025)

(in S$ '000 unless otherwise stated)	Actual		1H FY2024 v 1H FY2025	
	1H FY2025 (ended Dec '24)	1H FY2024 (ended Dec '23)	Absolute Change	Change (%)
Interest costs	21,030	20,952	78	0.4%
Finance expenses	21,819	21,609	210	1.0%
Interest costs as % of finance expenses	**96.4%**	**97.0%**	-	-
Interest costs	21,030	20,952	78	0.4%
Borrowings (excl. unamortised exp.; prev. period)	1,043,676	1,048,508	(4,832)	(0.5%)
Eff. interest on interest costs (annualised)	**4.03%**	**4.00%**	-	-
Compounded 3-Mths SORA ("3M SORA"; avg.)	3.39%	3.71%		
Target federal funds rate (average)	4.88%	5.50%		

Source: SGREIT's financial statement (1H FY2025), U.S. Federal Reserve, Singapore Dept. of Statistics ("SingStat"), FPA

[1] We assume that while interest income is paid on bank balance at the end of each semi-annual period, interest cost payment begins six months after the issuance of the borrowing (e.g., term loan).

Total return before change in properties' value:

After including the change in fair value of derivative instruments and foreign exchange gain/loss, total return before change in properties' value fell by 0.9% from S$44.9 million in 1H FY2024 to S$44.5 million in 1H FY2025 as shown in **Exhibit 9**.

Total return before tax:

After including the change in fair value of investment properties and gain on divestment of investment property, total return before tax rose by 7.4% from S$44.7 million in 1H FY2024 to S$48.0 million in 1H FY2025 in line with the S$3.6 million gain on divestment of NLA in WA Property (Office) as shown in **Exhibit 9**.

Exhibit 9: Total Return Before Tax (1H FY2024 & 1H FY2025)

(in S$ '000)	Actual		1H FY2024 v 1H FY2025	
	1H FY2025 (ended Dec '24)	1H FY2024 (ended Dec '23)	Absolute Change	Change (%)
Net Property Income ("NPI")	**75,645**	**74,474**	**1,171**	**1.6%**
Interest income	961	926	35	3.8%
Management fees	(7,187)	(7,190)	3	(0.0%)
Trust expenses	(2,908)	(1,830)	(1,078)	58.9%
Finance expenses	(21,819)	(21,609)	(210)	1.0%
Change in fair value of derivative instruments	213	(378)	591	(156.3%)
Foreign exchange (loss)/gain	(383)	535	(918)	(171.6%)
Total return bef. change in properties' value	**44,522**	**44,928**	**(406)**	**(0.9%)**
Change in fair value of investment properties	(132)	(216)	84	(38.9%)
Gain on divestment of investment property	3,631	-	3,631	n.m.
Total return before tax	**48,021**	**44,712**	**3,309**	**7.4%**

n.m. = not meaningful.

Source: SGREIT's financial statement (1H FY2025), FPA

Income tax:

Income tax fell by 12.5% from S$3.1 million in 1H FY2024 to S$2.7 million in 1H FY2025 as shown in **Exhibit 10**, despite a rise in total return before tax.

Exhibit 10: Income Tax (1H FY2022 to 1H FY2025)

(in S$ '000 unless otherwise stated)	Actual		1H FY2024 v 1H FY2025	
	1H FY2025 (ended Dec '24)	1H FY2024 (ended Dec '23)	Absolute Change	Change (%)
Income tax	2,711	3,100	(389)	(12.5%)
Total return before tax	48,021	44,712	3,309	7.4%
Income tax as % of total return before tax	**5.6%**	**6.9%**	**-**	**-**

(in S$ '000 unless otherwise stated)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Income tax	2,711	3,199	3,100	547	3,223	861	1,390
Total return before tax	48,021	28,119	44,712	(16,913)	52,706	9,141	46,907
Income tax as % of total return before tax	**5.6%**	**11.4%**	**6.9%**	**(3.2%)**	**6.1%**	**9.4%**	**3.0%**

Source: SGREIT's financial statements (1H FY2023 to 1H FY2025), FPA

Total return after tax:

Total return after tax rose by 8.9% from S$41.6 million in 1H FY2024 to S$45.3 million in 1H FY2025 as shown in **Exhibit 11**.

Total return attributable to unitholders:

Amount reserved for perpetual securities holders remained at S$1.9 million in 1H FY2024 & 1H FY2025. After deducting the amount reserved for perpetual securities holders, total return attributable to unitholders rose by 9.3% from S$39.7 million in 1H FY2024 to S$43.4 million in 1H FY2025 as shown in **Exhibit 11**.

Earnings Per Unit ("EPU"):

Both the basic & diluted weighted average number of units rose by 1.0% from 1H FY2024 to 1H FY2025. Accordingly, EPU (basic & diluted in cents) rose by 8.2% from 1.76 in 1H FY2024 to 1.90 in 1H FY2025 as shown in **Exhibit 11**.

Exhibit 11: Financial Performance (1H FY2024 & 1H FY2025)

(in S$ '000)	Actual		1H FY2024 v 1H FY2025	
	1H FY2025 (ended Dec '24)	1H FY2024 (ended Dec '23)	Absolute Change	Change (%)
Gross revenue	**96,277**	**94,633**	**1,644**	**1.7%**
Property operating expenses	(20,632)	(20,159)	(473)	2.3%
Net Property Income ("NPI")	**75,645**	**74,474**	**1,171**	**1.6%**
Interest income	961	926	35	3.8%
Management fees	(7,187)	(7,190)	3	(0.0%)
Trust expenses	(2,908)	(1,830)	(1,078)	58.9%
Finance expenses	(21,819)	(21,609)	(210)	1.0%
Change in fair value of derivative instruments	213	(378)	591	(156.3%)
Foreign exchange (loss)/gain	(383)	535	(918)	(171.6%)
Total return bef. change in properties' value	**44,522**	**44,928**	**(406)**	**(0.9%)**
Change in fair value of investment properties	(132)	(216)	84	(38.9%)
Gain on divestment of investment property	3,631	-	3,631	n.m.
Total return before tax	**48,021**	**44,712**	**3,309**	**7.4%**
Income tax	(2,711)	(3,100)	389	(12.5%)
Total return after tax	**45,310**	**41,612**	**3,698**	**8.9%**
Less: Reserved for perp. securities holders	(1,941)	(1,941)	-	-
Total return attributable to unitholders	**43,369**	**39,671**	**3,698**	**9.3%**
Weighted average no. of units ('000)	2,278,523	2,256,154	22,369	1.0%
Weighted average no. of units ('000; diluted)	2,278,515	2,256,146	22,369	1.0%
Earnings per Unit (cents):				
Basis	1.90	1.76	0.15	8.2%
Diluted	1.90	1.76	0.15	8.2%

n.m. = not meaningful.

Source: SGREIT's financial statement (1H FY2025), FPA

Income available for distribution (given period):

After adding net tax and other adjustments, income available for distribution rose by 3.3% from S$41.9 million in 1H FY2024 to S$43.3 million in 1H FY2025 partly in line with the reversal of gain on divestment of NLA in WA Property (Office) recorded under "Other items" as shown in **Exhibit 12**.

Distribution amount:

Distribution amount rose by 2.6% from S$40.2 million in 1H FY2024 to S$41.3 million in 1H FY2025 as shown in **Exhibit 12**.

Distribution Per Unit ("DPU"):

Units entitled for distribution rose by 1.5% from 1H FY2024 to 1H FY2025. Accordingly, DPU (cents) rose by 1.1% from 1.78 in 1H FY2024 to 1.80 in 1H FY2025 as shown in **Exhibit 12**.

Exhibit 12: Distribution (1H FY2024 & 1H FY2025)

	Actual		1H FY2024 v 1H FY2025	
(in S$ '000)	1H FY2025	1H FY2024	Absolute Change	Change (%)
Total return attributable to unitholders	**43,369**	**39,671**	**3,698**	**9.3%**
Non-tax items and other adjustments:				
Management fees paid/payable in units	1,549	1,556	(7)	(0.4%)
Finance costs	474	386	88	22.8%
Sinking fund contribution	819	824	(5)	(0.6%)
Depreciation	-	1	(1)	(100.0%)
Change in fair value of derivative instruments	(213)	378	(591)	(156.3%)
Change in fair value of investment properties	132	216	(84)	(38.9%)
Deferred tax	-	74	(74)	(100.0%)
Foreign exchange loss/(gain)	149	(355)	504	(142.0%)
Other items	(2,976)	(846)	(2,130)	251.8%
Net tax and other adjustments	**(66)**	**2,234**	**(2,300)**	**(103.0%)**
Income available for distribn (given period)	**43,303**	**41,905**	**1,398**	**3.3%**
Distribution amount	41,255	40,210	1,045	2.6%
Distrib. amt as % of income avail. for distribn	**95.3%**	**96.0%**	-	-
Units entitled for distribution ('000)	2,291,931	2,258,962	32,969	1.5%
Distribution Per Unit ("DPU" in cents)	**1.80**	**1.78**	**0.02**	**1.1%**

Source: SGREIT's financial statement (1H FY2025), FPA

(II) CAPITAL MANAGEMENT

Next, we review SGREIT's capital management.

In November 2024, the Monetary Authority of Singapore ("MAS") amended the aggregate leverage limit of property funds to a single limit of 50% (from the previous range of 45–50%).

Borrowings (excluding unamortised expenses) fell by 2.0% from S$1,047.3 million in 1H FY2024 to S$1,026.7 million in 1H FY2025 as shown in **Exhibit 13**. Accordingly, SGREIT's leverage ratio fell from 36.8% in 1H FY2024 to 36.2% in 1H FY2025, remaining below MAS's limit of 50% in 1H FY2024 & 1H FY2025.

Exhibit 13: Borrowings (1H FY2022 to 1H FY2025)

(in S$ '000 unless otherwise stated)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Borrowings (non-current)	922,464	847,735	950,029	1,045,508	891,206	959,838	988,022
Borrowings (current)	104,249	195,941	97,276	3,000	182,374	125,000	115,000
Borrowings (excl. unamortised expenses)	**1,026,713**	**1,043,676**	**1,047,305**	**1,048,508**	**1,073,580**	**1,084,838**	**1,103,022**
Unamort. loan acquisition exp. (non-current)	(2,885)	(2,571)	(3,195)	(3,533)	(3,421)	(3,876)	(3,913)
Unamort. loan acquisition exp. (current)	(80)	(150)	(20)	(10)	(69)	(26)	(80)
Borrowings (incl. unamortised expenses)	**1,023,748**	**1,040,955**	**1,044,090**	**1,044,965**	**1,070,090**	**1,080,936**	**1,099,029**
Borrowings (excl. unamortised expenses)	1,026,713	1,043,676	1,047,305	1,048,508	1,073,580	1,084,838	1,103,022
Total assets	2,834,158	2,838,203	2,849,236	2,860,291	2,960,282	2,997,425	3,060,153
Leverage ratio (or gearing)	**36.2%**	**36.8%**	**36.8%**	**36.7%**	**36.3%**	**36.2%**	**36.0%**(1)

(1) SGREIT disclosed that its gearing (or leverage ratio) was 36.1% in 1H FY2022.
Source: SGREIT's financial statement & presentation (1H FY2023 to 1H FY2025), FPA

SGREIT made net repayment (repayment – borrowings proceeds) of S$16.1 million across 2H FY2024 & 1H FY2025. Most of the net repayment across 2H FY2024 & 1H FY2025 was made in 1H FY2025 (S$14.6 million).

We note that SGREIT repaid S$140 million of its S$250 million term loan (maturing in February 2026; interest rate ranging between 4.84% and 5.19% in June 2024 based on SGREIT's Annual Report for FY2024) as well as its RM330 million (S$100 million) senior Medium-Term Note ("MTN" matured in September 2024; fixed coupon rate of 5.50% per annum) in 1H FY2025.

To finance the repayment of the term loan and the MTN, SGREIT issued RM500 million (S$151 million) of senior MTN (expected maturity in September 2029; fixed coupon rate of 5.25% per annum) and fully drew down its S$75 million sustainability-linked RCF (maturing in July 2031; interest rate unstated) in 1H FY2025.

The breakdown of borrowings (in respective currencies) is shown in **Exhibit 14**. The breakdown in SGD is shown in **Exhibit 15**.

Exhibit 14: Borrowings (breakdown in respective currencies; 1H FY2022 to 1H FY2025)

	Actual						
(in respective currencies; '000)	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Term loan #1 (JPY 3.7 bil., 5.0-yr maturing Sep 2024)	-	-	-	2,000,000	3,700,000	3,700,000	3,700,000
Term loan #2 (JPY 3.7 bil., 3.0-yr maturing Sep 2027)	2,000,000	2,000,000	2,000,000	-	-	-	-
JPY term loan facility	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**	**3,700,000**	**3,700,000**	**3,700,000**
Term loan #3 (SGD 150 mil., 4.0 yr maturing Sep 2021)	-	-	-	-	-	-	-
Term loan #4 (SGD 260 mil., 5.0 yr maturing Sep 2022)	-	-	-	-	-	-	115,000
Term loan #5 (SGD 250 mil., 5.0 yr maturing Feb 2026)	110,000	250,000	250,000	250,000	250,000	250,000	250,000
Term loan #6 (SGD 60 mil., 5.5 yr maturing Sep 2027)	60,000	60,000	60,000	60,000	60,000	60,000	-
Term loan #7 (SGD 50 mil., 5.0 yr maturing Jun 2027)	50,000	50,000	50,000	50,000	50,000	50,000	-
Term loan #8 (SGD 50 mil., 5.0 yr maturing May 2028)	50,000	50,000	50,000	50,000	-	-	-
Term loan #9 (SGD 75 mil., 5.5 yr maturing Nov 2028)	75,000	75,000	75,000	75,000	-	-	-
SGD term loan facilities	**345,000**	**485,000**	**485,000**	**485,000**	**360,000**	**360,000**	**365,000**
RCF (maturing Aug 2028 to Dec 2029)	-	1,000	2,500	3,000	-	-	-
RCF (maturing Feb 2026)	-	-	-	-	-	-	-
RCF (sustainability-linked; maturing July 2031)	75,000	-	-	-	-	-	-
SGD revolving credit facilities	**75,000**	**1,000**	**2,500**	**3,000**	**-**	**-**	**-**
Term loan #10 (AUD 135 mil., maturing Nov 2021)	-	-	-	-	-	-	-
Term loan #11 (AUD 63 mil., maturing Jul 2023)	-	-	-	-	63,000	63,000	63,000
Australia loan	**-**	**-**	**-**	**-**	**63,000**	**63,000**	**63,000**
Term loan #12 (AUD 100 mil., 5.5 yr maturing Nov 2026)	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Term loan #13 (AUD 63 mil., 5.0 yr maturing Jun 2028)	63,000	63,000	63,000	63,000	-	-	-
A$ term loan facilities	**163,000**	**163,000**	**163,000**	**163,000**	**100,000**	**100,000**	**100,000**
MTN #1 (SGD 100 mil., 7.0 yr maturing Feb 2021, 3.50%)	-	-	-	-	-	-	-
MTN #2 (SGD 125 mil., 8.0 yr maturing May 2023, 3.40%)	-	-	-	-	125,000	125,000	125,000
MTN #3 (SGD 100 mil., 5.0 yr maturing Jun 2025, 3.15%)	100,000	100,000	100,000	100,000	100,000	100,000	100,000
MTN #4 (SGD 70 mil., 10.0 yr maturing Oct 2026, 3.14%)	70,000	70,000	70,000	70,000	70,000	70,000	70,000
MTN #5 (SGD 125 mil., 7.0 yr maturing Sep 2028, 2.23%)	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Singapore MTNs	**295,000**	**295,000**	**295,000**	**295,000**	**420,000**	**420,000**	**420,000**
Bond #1 (JPY 678 mil., maturing Aug 2021)	-	-	-	-	-	-	-
Bond #2 (JPY 678 mil., maturing Aug 2025)	488,000	488,000	488,000	488,000	678,000	678,000	678,000
Japan bond	**488,000**	**488,000**	**488,000**	**488,000**	**678,000**	**678,000**	**678,000**
MTN #6 (RM 330 mil., 5.0 yr maturing Sep 2024, 5.50%)	-	330,000	330,000	330,000	330,000	330,000	330,000
MTN #7 (RM 500 mil., maturing Sep 2029, 5.25%)	500,000	-	-	-	-	-	-
Malaysia MTN	**500,000**	**330,000**	**330,000**	**330,000**	**330,000**	**330,000**	**330,000**

Source: SGREIT's financial statements (1H FY2022 to 1H FY2025), FPA

Exhibit 15: Borrowings (breakdown in SGD; 1H FY2022 to 1H FY2025)

	Actual / Estimate						
(in S$ '000)	**1H FY2025**	**2H FY2024**	**1H FY2024**	**2H FY2023**	**1H FY2023**	**2H FY2022**	**1H FY2022**
Term loan #1 (JPY 3.7 bil., 5.0-yr maturing Sep 2024)	-	-	-	18,742	37,651	37,727	43,479
Term loan #2 (JPY 3.7 bil., 3.0-yr maturing Sep 2027)	17,254	16,865	18,169	-	-	-	-
JPY term loan facility	**17,254**	**16,865**	**18,169**	**18,742**	**37,651**	**37,727**	**43,479**
Term loan #3 (SGD 150 mil., 4.0 yr maturing Sep 2021)	-	-	-	-	-	-	-
Term loan #4 (SGD 260 mil., 5.0 yr maturing Sep 2022)	-	-	-	-	-	-	115,000
Term loan #5 (SGD 250 mil., 5.0 yr maturing Feb 2026)	110,000	250,000	250,000	250,000	250,000	250,000	250,000
Term loan #6 (SGD 60 mil., 5.5 yr maturing Sep 2027)	60,000	60,000	60,000	60,000	60,000	60,000	-
Term loan #7 (SGD 50 mil., 5.0 yr maturing Jun 2027)	50,000	50,000	50,000	50,000	50,000	50,000	-
Term loan #8 (SGD 50 mil., 5.0 yr maturing May 2028)	50,000	50,000	50,000	50,000	-	-	-
Term loan #9 (SGD 75 mil., 5.5 yr maturing Nov 2028)	75,000	75,000	75,000	75,000	-	-	-
SGD term loan facilities	**345,000**	**485,000**	**485,000**	**485,000**	**360,000**	**360,000**	**365,000**
RCF (maturing Aug 2028 to Dec 2029)	-	1,000	2,500	3,000	-	-	-
RCF (maturing Feb 2026)	-	-	-	-	-	-	-
RCF (sustainability-linked; maturing July 2031)	75,000	-	-	-	-	-	-
SGD revolving credit facilities	**75,000**	**1,000**	**2,500**	**3,000**	**-**	**-**	**-**
Term loan #10 (AUD 135 mil., maturing Nov 2021)	-	-	-	-	-	-	-
Term loan #11 (AUD 63 mil., maturing Jul 2023)	-	-	-	-	57,421	60,345	61,839
Australia loan	**-**	**-**	**-**	**-**	**57,421**	**60,345**	**61,839**
Term loan #12 (AUD 100 mil., 5.5 yr maturing Nov 2026)	84,627	90,463	90,008	89,663	91,144	95,786	98,157
Term loan #13 (AUD 63 mil., 5.0 yr maturing Jun 2028)	53,315	56,991	56,705	56,488	-	-	-
A$ term loan facilities	**137,942**	**147,454**	**146,713**	**146,150**	**91,144**	**95,786**	**98,157**
MTN #1 (SGD 100 mil., 7.0 yr maturing Feb 2021, 3.50%)	-	-	-	-	-	-	-
MTN #2 (SGD 125 mil., 8.0 yr maturing May 2023, 3.40%)	-	-	-	-	125,000	125,000	125,000
MTN #3 (SGD 100 mil., 5.0 yr maturing Jun 2025, 3.15%)	100,000	100,000	100,000	100,000	100,000	100,000	100,000
MTN #4 (SGD 70 mil., 10.0 yr maturing Oct 2026, 3.14%)	70,000	70,000	70,000	70,000	70,000	70,000	70,000
MTN #5 (SGD 125 mil., 7.0 yr maturing Sep 2028, 2.23%)	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Singapore MTNs	**295,000**	**295,000**	**295,000**	**295,000**	**420,000**	**420,000**	**420,000**
Bond #1 (JPY 678 mil., maturing Aug 2021)	-	-	-	-	-	-	-
Bond #2 (JPY 678 mil., maturing Aug 2025)	4,210	4,115	4,433	4,573	6,899	6,913	7,967
Japan bond	**4,210**	**4,115**	**4,433**	**4,573**	**6,899**	**6,913**	**7,967**
MTN #6 (RM 330 mil., 5.0 yr maturing Sep 2024, 5.50%)	-	94,917	94,858	95,749	100,511	104,346	106,951
MTN #7 (RM 500 mil., maturing Sep 2029, 5.25%)	152,118	-	-	-	-	-	-
Malaysia MTNs	**152,118**	**94,917**	**94,858**	**95,749**	**100,511**	**104,346**	**106,951**
Borrowings (estimate)	**1,026,523**	**1,044,351**	**1,046,673**	**1,048,214**	**1,073,626**	**1,085,118**	**1,103,393**
Borrowings (excl. unamortised expenses; actual)	1,026,713	1,043,676	1,047,305	1,048,508	1,073,580	1,084,838	1,103,022
Absolute deviation	**(190)**	**675**	**(632)**	**(294)**	**46**	**280**	**371**
Deviation (%)	**(0.0%)**	**0.1%**	**(0.1%)**	**(0.0%)**	**0.0%**	**0.0%**	**0.0%**

Source: SGREIT's financial statements (1H FY2022 to 1H FY2025), Oanda.com, FPA

The end-of-period exchange rates used in **Exhibit 15** are shown in **Exhibit 16**.

Exhibit 16: Exchange Rates (end-of-period; 1H FY2022 to 1H FY2025)

	Actual						
(end-of-period rates in resp. currencies)	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
SGD-to-AUD (Oanda.com)	1.182	1.105	1.111	1.115	1.097	1.044	1.019
SGD-to-MYR (Oanda.com)	3.287	3.477	3.479	3.447	3.283	3.163	3.086
SGD-to-JPY (Oanda.com)	115.918	118.587	110.079	106.711	98.272	98.073	85.098
SGD-to-RMB (Oanda.com)	5.372	5.357	5.356	5.349	5.159	4.818	4.710

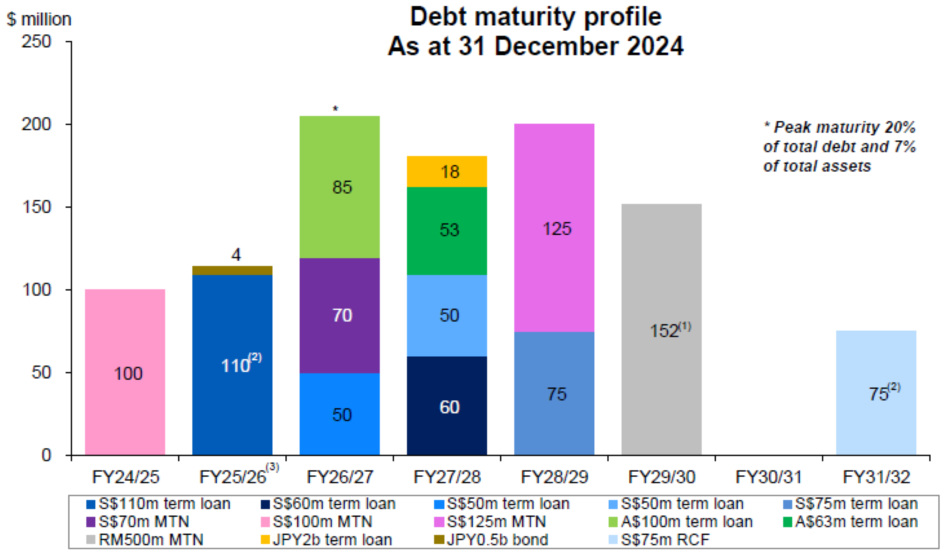
Source: Oanda.com, FPA

SGREIT also provided a visual breakdown of its debt maturity profile as shown in **Exhibit 17**.

Exhibit 17: Debt Maturity Profile (1H FY2025)

Staggered Debt Maturity Profile Averaging 3.0 years

STARHILL GLOBAL REIT



- In September 2024, SGREIT issued new 5-year RM500 million secured MTN at lower coupon to refinance existing debts
- In November 2024, SGREIT entered into a bank facility agreement for a 6.6-year unsecured sustainability-linked RCF of $75 million which was fully drawn down in December 2024 to repay down part of the term loans maturing in February 2026
- Sufficient undrawn long-term committed RCF lines to cover the remaining debts maturing in FY24/25

Notes:

1. The Group issued 5-year fixed-rate RM500 million secured MTN (maturing in September 2029) in September 2024 at lower coupon of 5.25% per annum mainly to finance the redemption of its existing RM330 million MTN upon maturity and repayment of $50 million term loans.
2. Comprises of long-term RCF (maturing in July 2031) outstanding as at 31 December 2024, which was fully drawn down to repay partially SGREIT's existing term loans, ahead of maturity in February 2026.
3. Excludes $100 million perpetual securities (classified as equity instruments) issued in December 2020 with the first distribution rate reset falling on 15 December 2025 and subsequent resets occurring every five years thereafter.

Source: SGREIT's presentation (1H FY2025)

Interest expenses:

MAS also imposed a minimum Interest Coverage Ratio ("ICR") requirement of 1.5x in November 2024. Previously, only Real Estate Investment Trusts ("REITs") looking to increase their aggregate leverage from 45% to 50% were subject to a minimum ICR requirement of 2.5x.

According to MAS's revised Code on Collective Investment Schemes (the "Code"), ICR is calculated by dividing the Trailing 12-Months ("TTM") Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA" which excludes "effects of any fair value changes of derivatives and investment properties, and foreign exchange translation") over the TTM "interest expense, borrowing-related fees and distributions on hybrid securities". Thus, SGREIT needs to include its TTM amount reserved for distribution to perpetual securities holders when calculating ICR (whereas it did not need to before November 2024).

TTM interest costs rose by 3.2% from S$40.6 million in 1H FY2024 to S$41.8 million in 1H FY2025. Meanwhile, borrowings (excluding unamortised expenses) fell by 2.0% from S$1,047.3 million in 1H FY2024 to S$1,026.7 million in 1H FY2025. Thus, the effective interest on TTM interest costs ($\frac{\text{TTM interest costs}}{\text{Borrowings (excl. unamortised expenses)}}$) rose from 3.87% to 4.08%.

However, SGREIT disclosed that its average per annum interest rate fell from 3.78% in 1H FY2024 to 3.69% in 1H FY2025. The fall in disclosed interest rate was in line with the fall in the average 3M SORA and average target federal funds rate in the same period.

Including interest expenses on lease liabilities and amount reserved for perpetual securities holders, TTM adjusted interest expenses rose by 2.9% from S$44.4 million in 1H FY2024 to S$45.7 million in 1H FY2025. Meanwhile, TTM EBITDA rose by 0.8% from S$129.8 million in 1H FY2024 to S$130.8 million in 1H FY2025. Accordingly, the adjusted ICR (or termed as "adjusted interest cover" by SGREIT prior to 1H FY2025) remained around 2.9x from 1H FY2024 to 1H FY2025, staying above MAS's minimum ICR requirement of 1.5x in 1H FY2024 & 1H FY2025.

A breakdown of SGREIT's interest expenses and ICRs from 1H FY2022 to 1H FY2025 is shown in **Exhibit 18**. The calculations of the average 3M SORA and average target federal funds rate referred to in **Exhibit 18** are shown in **Exhibit 23** (page 23).

Exhibit 18: Interest Expenses (1H FY2022 to 1H FY2025)

	Actual						
(in S$ '000)	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Interest costs	21,030	20,809	20,952	19,599	18,668	17,194	19,165
Interest costs (prev. period)	20,809	20,952	19,599	18,668	17,194	19,165	19,382
(A) Interest costs (Trailing 12-Months or "TTM")	**41,839**	**41,761**	**40,551**	**38,267**	**35,862**	**36,359**	**38,547**
Interest expenses on lease liabilities	12	14	12	11	13	16	22
Interest expenses on lease liabilities (prev. period)	14	12	11	13	16	22	13
(B) Interest expenses (TTM)	**41,865**	**41,787**	**40,574**	**38,291**	**35,891**	**36,397**	**38,582**
Amount reserved for perpetual securities holders	1,941	1,920	1,941	1,909	1,941	1,909	1,941
Amount for perpetual securities holders (prev. period)	1,920	1,941	1,909	1,941	1,909	1,941	1,909
(C) Adjusted interest expenses (TTM)	**45,726**	**45,648**	**44,424**	**42,141**	**39,741**	**40,247**	**42,432**
Interest rate:							
(A) Interest costs (TTM)	41,839	41,761	40,551	38,267	35,862	36,359	38,547
(D) Borrowings (excl. unamortised expenses)	1,026,713	1,043,676	1,047,305	1,048,508	1,073,580	1,084,838	1,103,022
(A/D) Effective interest on interest costs (TTM)	**4.08%**	**4.00%**	**3.87%**	**3.65%**	**3.34%**	**3.35%**	**3.49%**
Disclosed interest rate(1)	**3.69%**	**3.80%**	**3.78%**	**3.67%**	**3.28%**	**3.18%**	**3.02%**
Compounded 3-Month SORA ("3M SORA"; average)(2)	3.39%	3.65%	3.71%	3.47%	2.22%	0.39%	0.15%
Target federal funds rate (average)	4.88%	5.50%	5.50%	4.96%	3.33%	0.71%	0.25%
Interest Coverage Ratio ("ICR")(3):							
NPI	75,645	74,508	74,474	73,558	74,281	75,071	69,639
Management fees	(7,187)	(7,099)	(7,190)	(7,317)	(7,499)	(7,565)	(7,723)
Trust expenses	(2,908)	(2,125)	(1,830)	(1,941)	(1,849)	(1,966)	(1,954)
Add: Depreciation	-	1	1	3	7	7	7
EBITDA	**65,550**	**65,285**	**65,455**	**64,303**	**64,940**	**65,547**	**59,969**
EBITDA (prev. period)	65,285	65,455	64,303	64,940	65,547	59,969	60,204
(D) EBITDA (TTM)	**130,835**	**130,740**	**129,758**	**129,243**	**130,487**	**125,516**	**120,173**
(B/D) ICR	**3.1 x**	**3.1 x**	**3.2 x**	**3.4 x**	**3.6 x**	**3.4 x**	**3.1 x**
(C/D) Adjusted ICR(4)	**2.9 x**	**2.9 x**	**2.9 x**	**3.1 x**	**3.3 x**	**3.1 x**	**2.8 x**

(1) "Includes interest rate derivatives and benchmark rates but excludes upfront costs" as noted by SGREIT. (2) Most of SGREIT's variable-rate borrowings are in SGD. (3) Breakdown as estimated by us. (4) Includes amount reserved for distribution to perpetual securities holders as required under MAS's revised Code.

Source: SGREIT's financial statements & presentations (1H FY2022 to 1H FY2025), U.S. Federal Reserve, SingStat, FPA

ECONOMIC & INDUSTRY OUTLOOK

(I) SINGAPORE ECONOMY

According to the Ministry of Trade and Industry ("MTI"), Singapore's real GDP grew by 5.0% year-on-year ("y-o-y") in 4Q 2024. Three sectors with the highest y-o-y growth in 4Q 2024 were manufacturing (7.4%), wholesale trade (6.7%) and finance & insurance (6.1%). MTI commented in February 2025 that the "electronics cluster of the manufacturing sector and machinery, equipment & supplies segment of the wholesale trade sector grew robustly on account of the upturn in the global electronics cycle". MTI also commented that "growth in the finance & insurance sector was driven by elevated trading activity amidst shifts in global and domestic financial market sentiments, which led to strong growth in net fees and commissions among banks and fund managers". MTI noted that Singapore's real GDP grew by 4.4% y-o-y for the "whole of 2024".

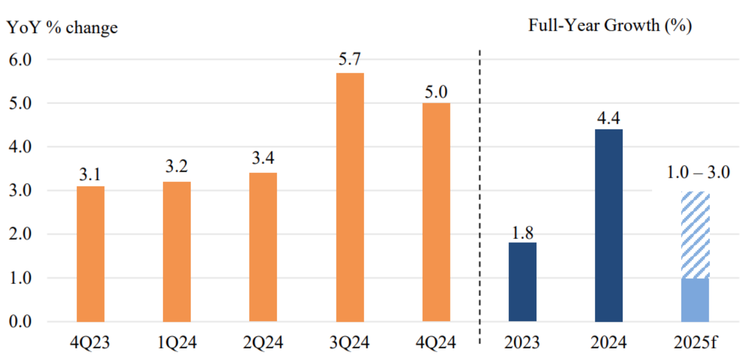
MTI added that "major economies have remained resilient" since November 2024, "performing largely in line with expectations in the fourth quarter of 2024 amidst rising global economic uncertainty". MTI remarked that "Singapore's external demand outlook for 2025 has also remained broadly unchanged, with overall GDP growth in Singapore's key trading partners expected to ease from 2024's level". For instance, MTI noted that the U.S.'s GDP growth "is projected to moderate in 2025, as private consumption growth is expected to taper over the course of the year in tandem with easing tightness in the labour market"—although "there is a large cone of uncertainty surrounding the outlook of the US economy, with its trajectory depending on the policies of the new US administration". MTI also noted that China's GDP growth "is expected to moderate on account of a slowdown in merchandise exports and investment growth due to tariff hikes and industrial overcapacity respectively".

MTI raised two downside risks to global growth: rising trade & geopolitical tensions and disruptions to global disinflation. MTI commented that "ongoing trade frictions among major economies, alongside lingering risks of escalation in geopolitical conflicts, could lead to higher production costs, as well as greater global economic policy uncertainty", thus "dampen global investment and trade" and "weigh on global growth". MTI added that "disruptions to the global disinflation process could lead to tighter financial conditions for longer, potentially triggering latent vulnerabilities in banking and financial systems".

Domestically, MTI noted that the "manufacturing and trade-related services sectors" are "expected to continue to expand in 2025, although their pace of growth is likely to moderate from 2024 levels". Meanwhile, "outward-oriented services sectors such as information & communications and finance & insurance are projected to register healthy growth". Accordingly, "barring the materialisation of downside risks", MTI projected Singapore's real GDP to rise by 1–3% in 2025 as shown in **Exhibit 19**.

MAS similarly noted in January 2025 that Singapore's GDP growth in 2025 could "decelerate over the course of the year if trade tensions intensify", especially given Singapore's "extensive trade linkages with markets that could potentially be affected by trade frictions". Likewise forecasting that Singapore's real GDP would grow by 1–3% in 2025, MAS commented that the "slowdown from 2024 would largely stem from the trade-related and modern services clusters, while the domestic-oriented and travel-related activities settle at their pre-pandemic trend growth rates".

Exhibit 19: Singapore's Real GDP Growth (4Q 2023 to 4Q 2024)



Source: MTI (published February 2025)

On the labour market, MTI noted that total employment "increased by 12,900 in the fourth quarter, a slowdown from the gains in the second (+14,900) and third (+24,900) quarters". MTI added that, broadly, "employment rose in the services (+8,500), construction (+4,300) and manufacturing (+700) sectors in the fourth quarter", with the rise in services employment mainly from the other services (+6,800) and professional services (+2,400) sectors.

MTI also mentioned that the "Median nominal gross monthly income (including employer CPF contributions) of full-time employed residents grew by 5.8 per cent to $5,500, an increase from the 2.5 per cent growth in 2023", and that the inflation-adjusted "real median income rose by 3.4 per cent in 2024".

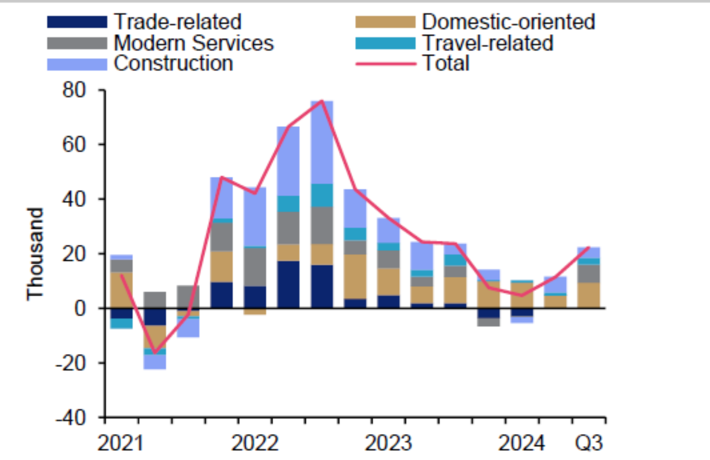
MAS commented that labour demand and supply "returned to a state of broad balance in the latter half of 2024, as firm labour demand was largely matched by an increase in labour supply". In particular, MAS pointed out that "Stronger hiring in the externally-oriented services sectors led to net job gains for residents". MAS also noted that the "previous labour market tightness continued to dissipate, with most labour market indicators now close to their historical norms". Accordingly, employment growth "picked up in Q3 2024 amid firmer labour demand and supply" as shown in **Exhibit 20**. Meanwhile, MAS added that nominal wage growth "continued on a broad moderating trend" as also shown in **Exhibit 20**.

For 2025, MAS remarked that the "labour market should stay close to full employment conditions". MAS noted that "labour demand should demonstrate some underlying resilience in spite of the elevated uncertainty in economic conditions" given that most firm-level surveys suggest "near-term hiring intentions are around their historical levels". MAS added that "downside risks to the labour market from external shocks are expected to be contained, as employment conditions should be supported by the domestic-oriented and modern services sectors". Meanwhile, MAS expected nominal wage growth to "come in lower in 2025 compared to last year as easing labour market tightness temper wage increments".

<u>Exhibit 20: Employment (1Q 2021 to 3Q 2024) & Wage Growth (1Q 2022 to 3Q 2024)</u>

Employment growth picked up in Q3 2024 amid firmer labour demand and supply.

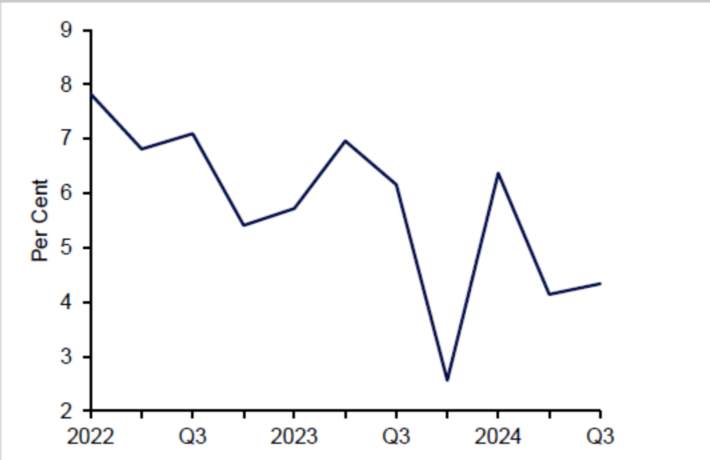
Quarterly employment change by broad sector



Source: MOM and EPG, MAS estimates
Note: Excludes Migrant Domestic Workers

Nominal wage growth continued on a broad moderating trend.

Y-O-Y Nominal wage growth



Source: CPF and EPG, MAS estimates

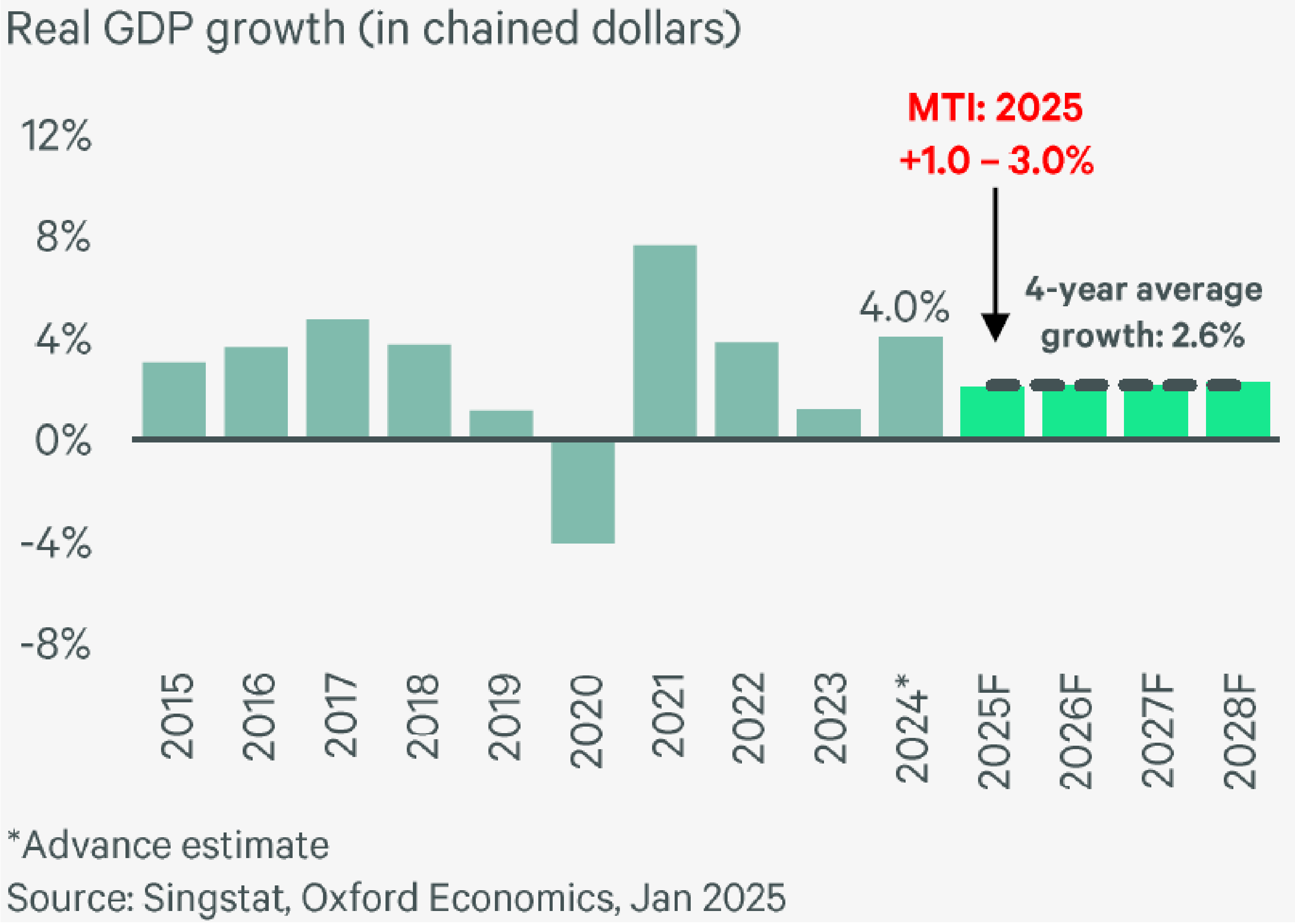
Source: MAS (published January 2025)

CBRE concurred in January 2025 that Singapore "faces significant external challenges including protectionist policies under the new Trump administration, anticipated slower growth among key trading partners, and possible escalation in geopolitical tensions". However, CBRE noted that "several positive factors could support near-term growth". For instance, CBRE commented that with 2025 "being Singapore's 60th birthday as well as an election year, more governmental and fiscal support is likely for society and businesses". CBRE added that the "continued easing of interest rates would be conducive for growth, though the magnitude of interest rate cuts may be benign".

Citing Oxford Economics, CBRE noted that Singapore's y-o-y real GDP growth was expected to average 2.6% from 2025 to 2028 as shown in **Exhibit 21**.

ADB similarly forecasted in December 2024 that Singapore's GDP would rise by 2.6% y-o-y in 2025.

__Exhibit 21: Forecasted GDP Growth for Singapore (2025–2028)__



Source: SingStat & Oxford Economics (cited by CBRE in January 2025)

In terms of interest rates, MAS does not aim to control domestic interest rates. Instead, MAS stated that it conducts monetary policy by setting a “desired path for the Singapore Dollar Nominal Effective Exchange Rate (S$NEER) to ensure medium-term price stability, which is the sole and final target of monetary policy in Singapore”.

MAS separately added that domestic interest rates are “largely determined by foreign interest rates and investor expectations of the future movements in the Singapore dollar” and that local rates “have typically been below US interest rates and reflect market expectations of a trend appreciation of the Singapore dollar over time”[1]. Thus, we shall first review the U.S.’s interest rate outlook.

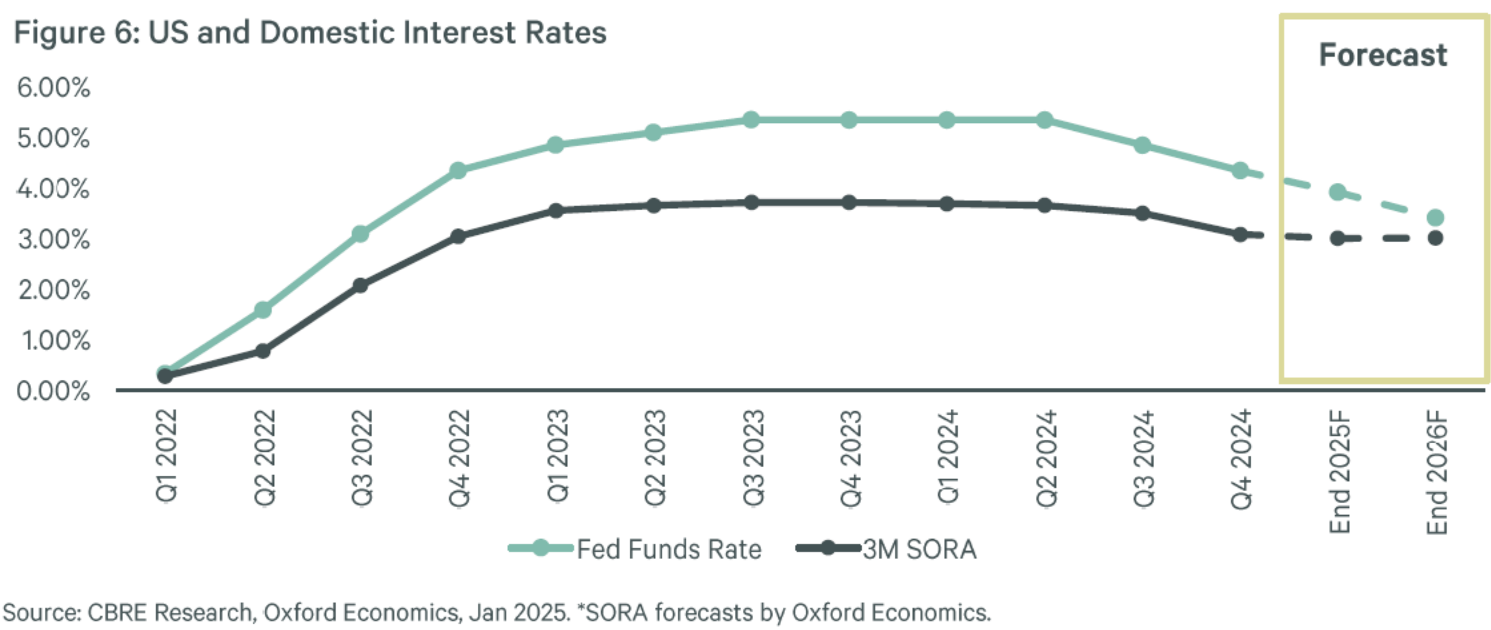
In January 2025, the U.S. Federal Open Market Committee (“FOMC”) decided to maintain the target federal funds range at 4.25–4.50%. The U.S. FOMC noted that it judged the “risks to achieving its employment and inflation goals” as “roughly in balance” partly since the “unemployment rate has stabilized at a low level in recent months, and labor market conditions remain solid” while inflation “remains somewhat elevated”.

The U.S. FOMC lowered the target federal funds range by 25 basis points (“bps”) to 4.25–4.50% in December 2024, and projected that the federal funds rate would fall to 3.9% by end-2025 and 3.4% by end-2026.

Accordingly, CBRE noted that Singapore’s domestic interest rates are expected to “follow a similar downward trend”.

CBRE illustrated the projected federal funds rate and 3M SORA as shown in **Exhibit 22**.

Exhibit 22: Projected Federal Funds Rate and Compounded 3-Months SORA (2025 & 2026)



Source: Oxford Economics (cited by CBRE in January 2025)

[1] MAS noted in its Frequently Asked Questions on Singapore’s Monetary Policy Framework that “domestic interest rates can be at a discount (premium) to global interest rates when the S$ is expected to appreciate (depreciate) against other currencies” due to “no-arbitrage conditions such as Uncovered Interest Parity (UIP) or Covered Interest Parity”. UIP and Covered Interest Parity describe the relationship between interest rates and exchange rates.

Since January 2025, however, Reuters reported in February 2025 that in view of “rising inflation”, the U.S. Federal Reserve is expected to “wait until next quarter before cutting rates again, according to a majority of economists in a Reuters poll who previously expected a March cut”. Reuters commented that economists “have raised their inflation forecasts since U.S. President Donald Trump was elected, based on concerns his policies, particularly on tariffs, could re-ignite price pressures in the economy”.

Given “a strong job market and still solid consumer spending”, Reuters added that “many economists see the world's largest economy in a sweet spot, with little need for lower rates”.

Accordingly, Reuters noted that “two-thirds majority of forecasters, 67 of 101, expected at least one rate cut by end-June with 22 saying March and 45 in the second quarter”. Reuters also mentioned that although “poll medians predict the Fed will lower rates twice this year, reaching 3.75%-4.00% by end-2025, the range of forecasts is wide, from a low of 3.00%-3.25% and a high of 4.50%-4.75%”, with “no majority view”.

Thus, to project interest income and interest costs, we assume that the U.S. Federal Reserve will lower its target federal funds range by 25 bps in June and in October (mid of 1H FY2026) in 2025. Given that the U.S. Federal Reserve projected the federal funds rate to fall to 3.4% by end-2026, we assume that the U.S. Federal Reserve would lower the target federal funds range again by 25 bps in March 2026 (mid of 2H FY2026). Accordingly, we project that the average target federal funds rate would fall to 4.46% in 2H FY2025, 4.13% in 1H FY2026 and 3.88% in 2H FY2026 as shown in **Exhibit 23**.

Both the 3M SORA and the SGS 1-year T-bills yield fell to 2.90% in January 2025. In line with both CBRE’s comment that Singapore’s domestic interest rates are expected to “follow a similar downward trend” as well as Oxford Economics’ projection of a minimal decline in 3M SORA (as shown in **Exhibit 22** on page 21), we assume that both the 3M SORA and the SGS 1-year T-bills yield would remain at 2.90% from February to December 2025 before falling by 5 bps once in January 2026. Therefore, we project that both the average 3M SORA and the average SGS 1-year T-bills yield would fall to 2.90% in 2H FY2025, remain at 2.90% in 1H FY2026 and fall to 2.85% in 2H FY2026 as shown in **Exhibit 23**.

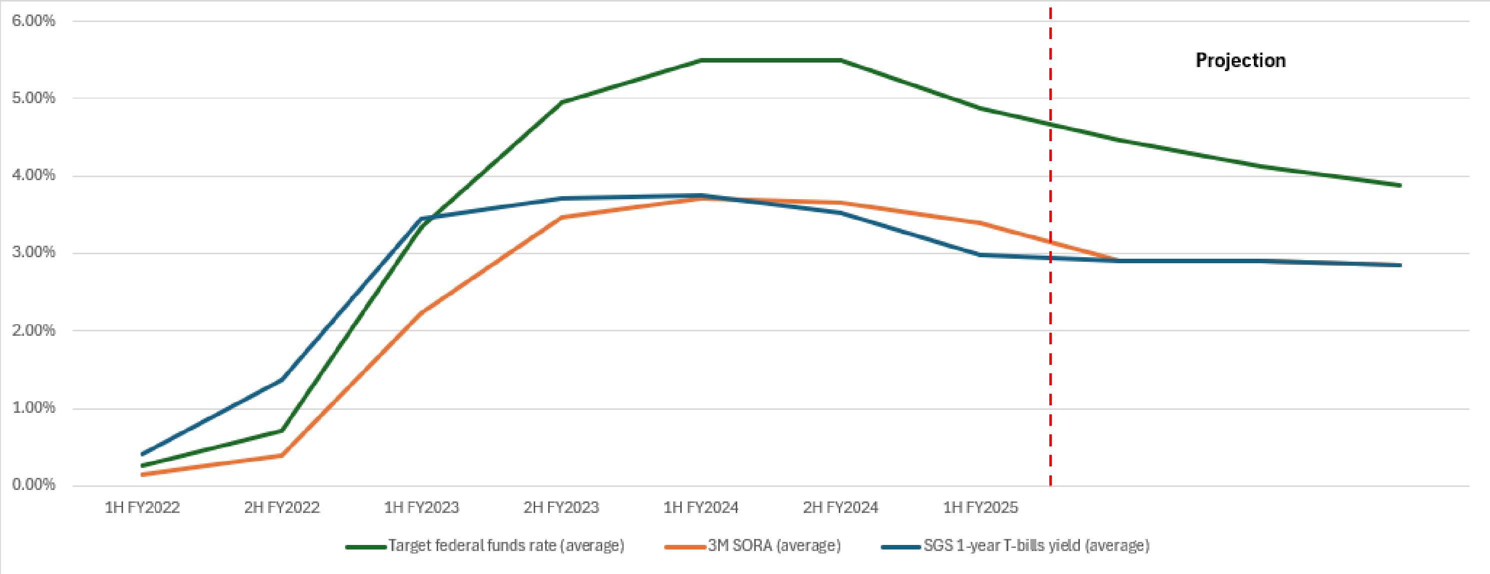
Exhibit 23: Projected Average Interest Rates (2H FY2025 to 2H FY2026)

	Actual							Projection		
(in %)	1H FY2022	2H FY2022	1H FY2023	2H FY2023	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026
January		0.25%		4.50%		5.50%		4.50%		4.00%
February		0.25%		4.75%		5.50%		4.50%		4.00%
March		0.50%		5.00%		5.50%		4.50%		4.00%
April		0.50%		5.00%		5.50%		4.50%		3.75%
May		1.00%		5.25%		5.50%		4.50%		3.75%
June		1.75%		5.25%		5.50%		4.25%		3.75%
July	0.25%		2.50%		5.50%		5.00%		4.25%	
August	0.25%		2.50%		5.50%		5.00%		4.25%	
September	0.25%		3.25%		5.50%		5.00%		4.25%	
October	0.25%		3.25%		5.50%		5.00%		4.00%	
November	0.25%		4.00%		5.50%		4.75%		4.00%	
December	0.25%		4.50%		5.50%		4.50%		4.00%	
Target federal funds rate (average)	**0.25%**	**0.71%**	**3.33%**	**4.96%**	**5.50%**	**5.50%**	**4.88%**	**4.46%**	**4.13%**	**3.88%**
January		0.21%		3.14%		3.65%		2.90%		2.85%
February		0.25%		3.22%		3.65%		2.90%		2.85%
March		0.28%		3.58%		3.68%		2.90%		2.85%
April		0.32%		3.61%		3.65%		2.90%		2.85%
May		0.53%		3.62%		3.66%		2.90%		2.85%
June		0.77%		3.65%		3.63%		2.90%		2.85%
July	0.13%		1.27%		3.67%		3.64%		2.90%	
August	0.13%		1.60%		3.70%		3.57%		2.90%	
September	0.13%		2.07%		3.70%		3.49%		2.90%	
October	0.16%		2.46%		3.75%		3.38%		2.90%	
November	0.16%		2.92%		3.75%		3.21%		2.90%	
December	0.19%		3.03%		3.70%		3.03%		2.90%	
3M SORA (average)	**0.15%**	**0.39%**	**2.22%**	**3.47%**	**3.71%**	**3.65%**	**3.39%**	**2.90%**	**2.90%**	**2.85%**
January		0.68%		3.93%		3.47%		2.90%		2.85%
February		0.73%		3.91%		3.47%		2.90%		2.85%
March		1.02%		3.69%		3.46%		2.90%		2.85%
April		1.66%		3.56%		3.57%		2.90%		2.85%
May		1.76%		3.61%		3.57%		2.90%		2.85%
June		2.31%		3.62%		3.58%		2.90%		2.85%
July	0.35%		2.85%		3.73%		3.39%		2.90%	
August	0.35%		2.89%		3.68%		3.14%		2.90%	
September	0.35%		3.24%		3.78%		3.04%		2.90%	
October	0.44%		3.71%		3.77%		2.73%		2.90%	
November	0.47%		3.80%		3.79%		2.75%		2.90%	
December	0.54%		4.24%		3.75%		2.78%		2.90%	
SGS 1-year T-bills yield (average)	**0.42%**	**1.36%**	**3.46%**	**3.72%**	**3.75%**	**3.52%**	**2.97%**	**2.90%**	**2.90%**	**2.85%**

Note: While we usually present our Exhibits in a right-to-left chronological order, we choose to present this Exhibit in a left-to-right chronological order to make it comparable to the interest rate graphs shown in **Exhibit 22** (page 21) and **Exhibit 24** (page 24).
Source: U.S. Federal Reserve, SingStat, FPA

Our interest rates projections are summarised in **Exhibit 24**.

Exhibit 24: Projected Interest Rates (2H FY2025 to 2H FY2026)



(in %)	Actual							Projection		
	1H FY2022	2H FY2022	1H FY2023	2H FY2023	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026
Target federal funds rate (average)	0.25%	0.71%	3.33%	4.96%	5.50%	5.50%	4.88%	4.46%	4.13%	3.88%
3M SORA (average)	0.15%	0.39%	2.22%	3.47%	3.71%	3.65%	3.39%	2.90%	2.90%	2.85%
SGS 1-year T-bills yield (average)	0.42%	1.36%	3.46%	3.72%	3.75%	3.52%	2.97%	2.90%	2.90%	2.85%

Note: While we usually present our Exhibits in a right-to-left chronological order, we choose to present this Exhibit in a left-to-right chronological order to make it comparable to the interest rate graph shown in **Exhibit 22** (page 21).
Source: U.S. Federal Reserve, SingStat, FPA

(I) SINGAPORE RETAIL

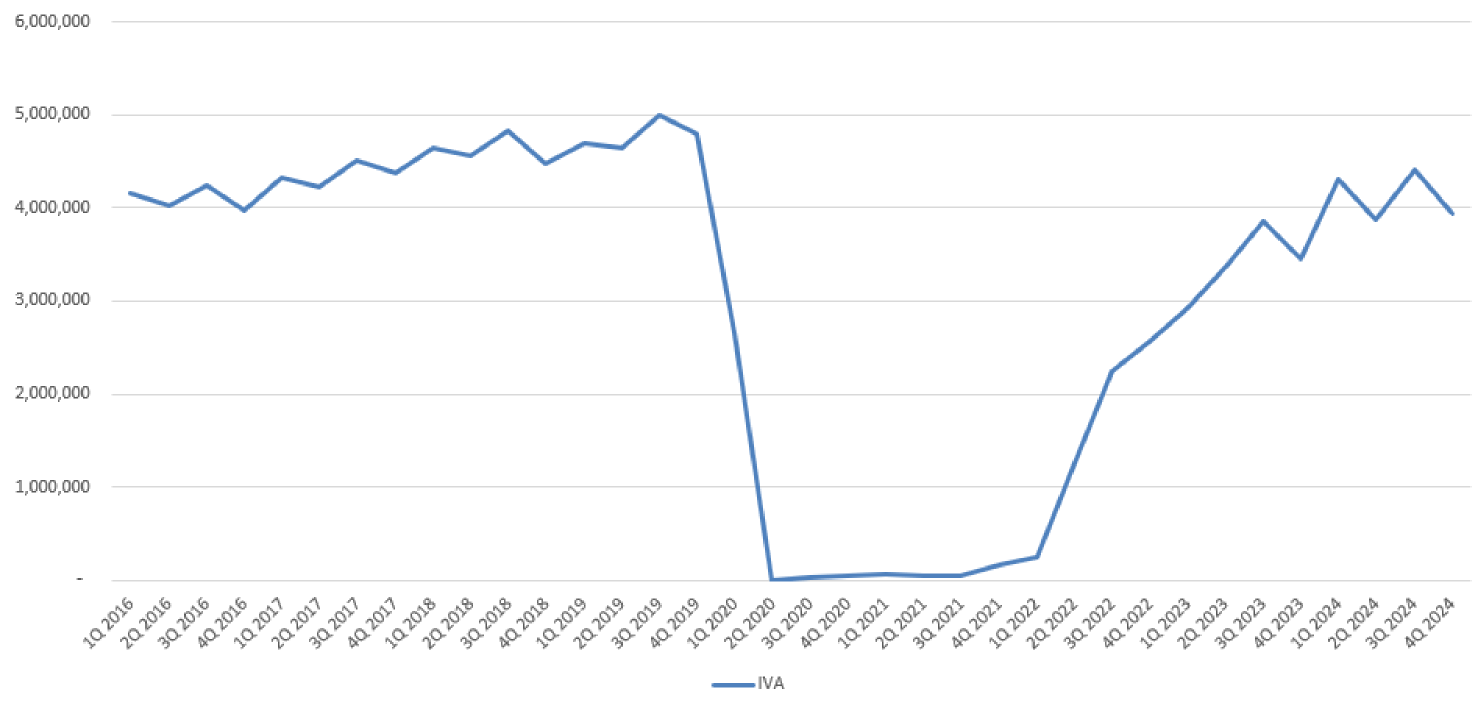
According to data from SingStat, international visitor arrivals ("IVA") rose by 13.9% from 3.5 million in 4Q 2023 to 3.9 million in 4Q 2024 as shown in **Exhibit 25**. Total IVA slightly exceeded (by <0.1 million) the higher-end of the forecast range of 15.0–16.5 million in 2024 provided by the Singapore Tourism Board ("STB") in May 2024. STB noted in February 2025 that the "Top markets for visitor arrivals were Mainland China (3.08 million), Indonesia (2.49 million) and India (1.20 million)".

STB also noted in February 2025 that Tourism Receipts ("TR") in 2024 were "likely to reach the upper bound of STB's 2024 forecast" of S$27.5–29.0 billion, which would "exceed the last TR record of $27.7 billion in 2019". STB added that "Mainland China, Indonesia, and Australia emerged as the top tourism receipts generating markets, contributing $3.58 billion, $2.13 billion, and $1.44 billion respectively (excluding Sightseeing, Entertainment and Gaming)" from January to September 2024.

According to STB, key factors that contributed to the rise in IVA included the "30-day mutual visa exemption with Mainland China, and Singapore's strong growth in air connectivity" (footnote removed from quote). STB also pointed out "Singapore's robust year-round calendar of lifestyle events and concerts, which has enhanced the city-state's appeal as a premier tourist destination".

For 2025, STB expects IVA to "reach between 17.0 to 18.5 million, bringing in approximately $29.0 to $30.5 billion in tourism receipts", even amidst "potential headwinds stemming from geopolitical tensions and macroeconomic challenges".

<u>Exhibit 25: International Visitor Arrivals (1Q 2016 to 4Q 2024)</u>



Source: SingStat, FPA

CBRE similarly noted in January 2025 that Singapore's tourism is "expected to sustain its recovery in 2025, buoyed by increasing flight capacity and connectivity, new attractions including *Singapore Oceanarium* and *Minion Land*, and the robust pipeline of concerts and MICE events". CBRE listed the events as shown in **Exhibit 26**.

Nonetheless, CBRE cautioned that the "uncertain external economic environment, coupled with the strong SGD, could deter some cost-conscious travellers, or result in them prioritising spending on attractions and accommodation over retail".

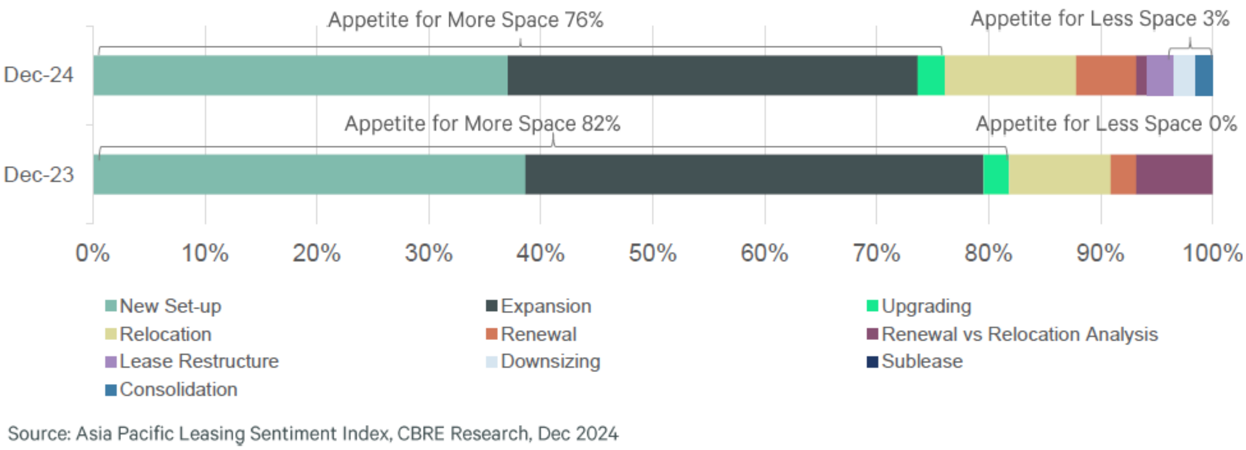
<u>Exhibit 26: Significant Events in Singapore (2025)</u>

Source: STB (cited by CBRE in January 2025)

In line with Singapore's tourism outlook, CBRE commented that Singapore's "reputation as a global tourist and business hub continues to draw significant interest from retailers" such that respondents to its Asia Pacific leasing sentiment index continued to display "an appetite for more space" in 2025 as shown in **Exhibit 27**. However, CBRE noted that "the proportion" of respondents looking for more space has "declined from a year ago".

CBRE added that respondents noted "slightly less optimistic" sentiments for 2025 due to "continued challenges faced by retailers, including manpower shortages, higher operating costs, competition from e-commerce and in the medium term, Johor Bahru, exacerbated by the upcoming Johor Bahru-Singapore Rapid Transit System, which is targeted to be operational in 2026".

<u>Exhibit 27: Retail Leasing Sentiment in Asia Pacific (December 2023 vs December 2024)</u>

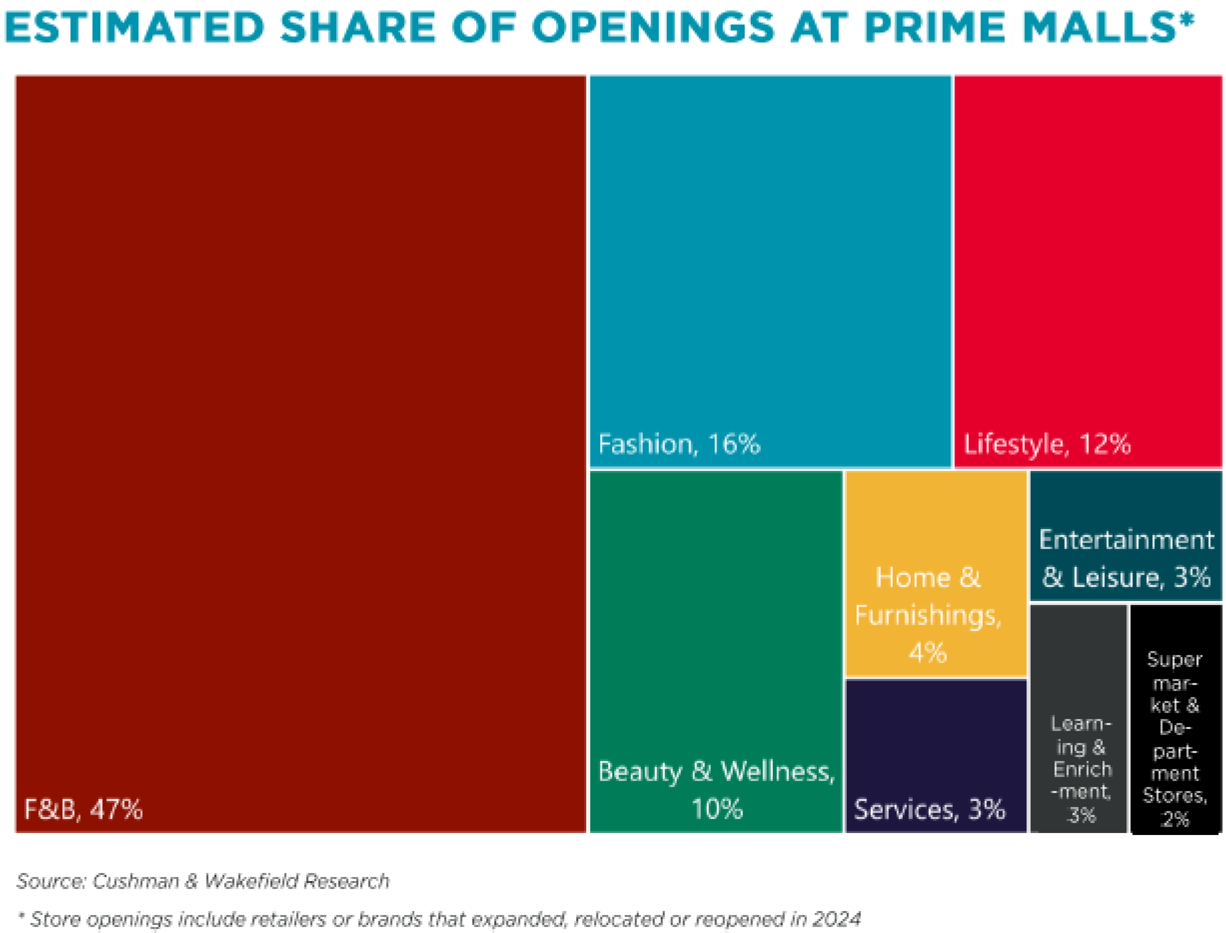


Source: CBRE (dated December 2024)

Cushman & Wakefield ("C&W") elaborated in December 2024 that while "e-commerce remains sticky, many consumers still value physical retail for social interaction and engagement". In particular, C&W noted that demand from the F&B sector remained "robust". C&W estimated that F&B accounted for the largest share of openings in prime malls in 2024 as shown in **Exhibit 28**.

C&W added that "Singapore's dense population, strong purchasing power and vibrant food scene continue to draw overseas F&B brands" such that it expected overseas F&B brands to continue to debut in local malls this year.

<u>Exhibit 28: Estimated Share of Openings at Prime Malls (2024)</u>

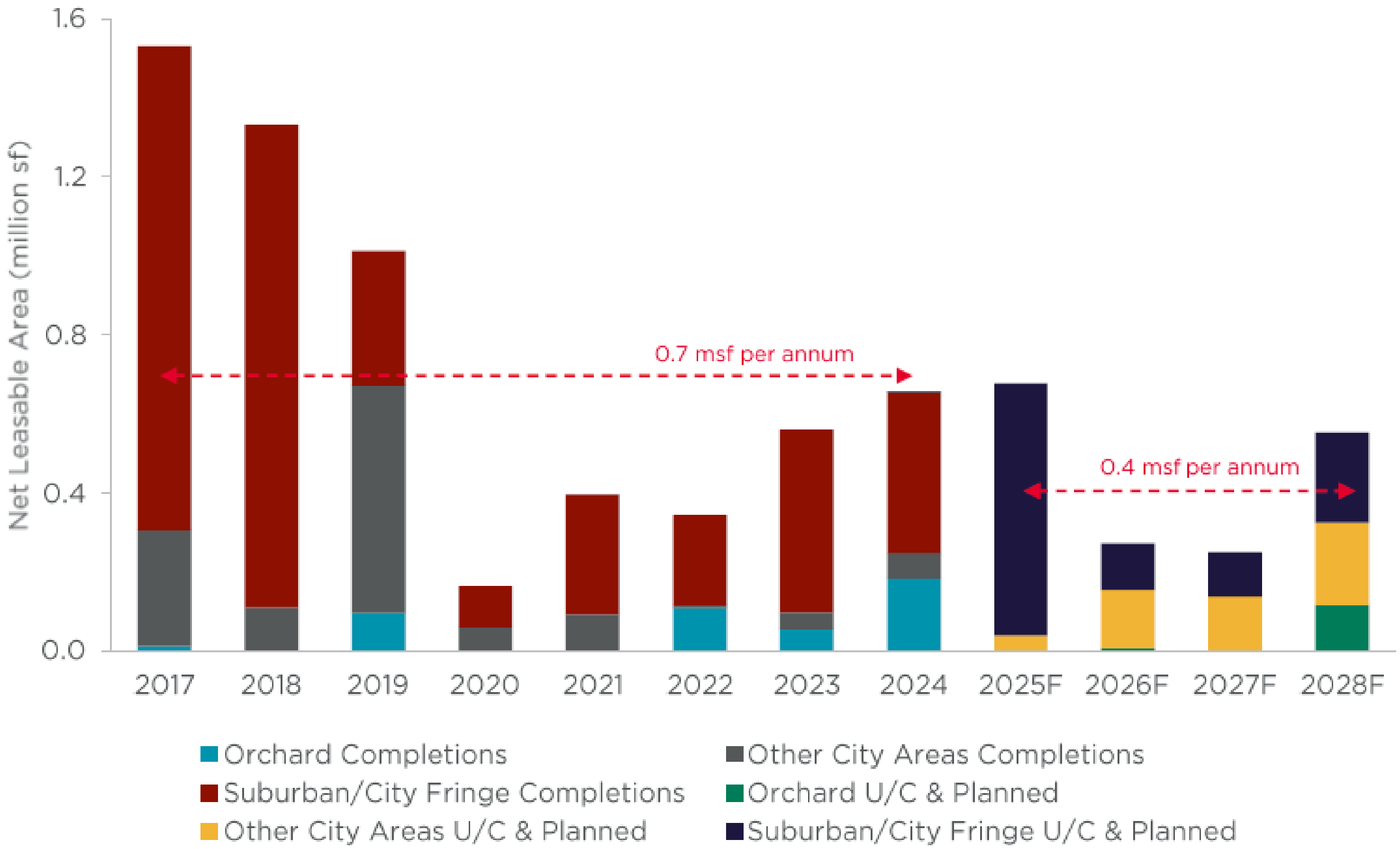


Source: C&W (published December 2024)

On retail supply, CBRE expected future annual supply to average 0.32 million sq ft from 2025 to 2027, which would be "significantly below (65.2%) 10-year historical averages" of 0.91 million sq ft from 2015 to 2024. Thus, CBRE noted that the limited future supply "should support retail rents".

C&W similarly expected the average future annual supply of 0.4 million sq ft from 2025 to 2028 to be lower than the historical average of 0.7 million sq ft from 2017 to 2024 as shown in **Exhibit 29**.

Exhibit 29: Projected Retail Supply (2025 to 2028)



Source: C&W (published December 2024)

Accordingly, CBRE forecasted that the "overall average retail prime rents" would "grow by 2% – 3%, recovering to pre-pandemic levels in 2025". Meanwhile, C&W forecasted that Orchard retail prime rents would rise by 1.5–2.5% in 2025. Knight Frank also forecasted (around January 2025) that retail prime rent would "ease and stabilise within a projected range of between 1% and 3%" in 2025. Given the forecasts provided by real estate firms, we assume that Orchard retail prime rent will rise by 2.0% y-o-y in 2025 (or 1H FY2026).

C&W also forecasted that Orchard retail prime rents would rise by 1.5–2.5% in 2026. Given C&W's forecast, we assume that Orchard retail prime rent will rise by 2.0% y-o-y in 2026 (or 1H FY2027).

The historical (1Q 2023 to 1H FY2025) and projected (2H FY2025 to 1H FY2027) Orchard retail prime rents are collated in **Exhibit 30**.

The projected y-o-y retail prime rent growths for 1H FY2026 (end-2025) & 1H FY2027 (end-2026) are based on forecasts provided by real estate firms.

We also assume that Orchard retail prime rent would rise linearly from 1H FY2025 to 1H FY2026 and from 1H FY2026 to 1H FY2027 such that the retail prime rent in 2H FY2025 (mid-2025) would be the average of those in 1H FY2025 & 1H FY2026, while the retail prime rent in 2H FY2026 (mid-2026) would be the average of those in 1H FY2026 & 1H FY2027. The projected y-o-y retail prime rent growths for 2H FY2025 & 2H FY2026 are thus derived from the respective projected retail prime rents (i.e., S$38.15 per sq ft in 2H FY2025 and S$38.90 per sq ft in 2H FY2026 as shown in **Exhibit 30**) for each semi-annual period.

Exhibit 30: Orchard Retail Prime Rent (1Q 2023 to 1H FY2025; projected to 1H FY2027)

Quarter/ Fiscal Year	Prime Rent (Orchard)	
	S$ psf pm	Y-o-Y
1Q 2023	n.a.	
2Q 2023	$35.20	
3Q 2023	$35.75	
4Q 2023	$36.30	
1Q 2024	$36.70	5.3%
2Q 2024	$37.15	5.5%
3Q 2024	$37.45	4.8%
1H FY2025	$37.75	4.0%
1Q 2025	n.a.	n.a.
2H FY2025	**$38.15**	**2.7%**
3Q 2025	n.a.	n.a.
1H FY2026	**$38.50**	**2.0%**
1Q 2026	n.a.	n.a.
2H FY2026	**$38.90**	**2.0%**
3Q 2026	n.a.	n.a.
1H FY2027	**$39.25**	**2.0%**

Note: Projections are bolded. n.a. = not available.
Source: CBRE, FPA

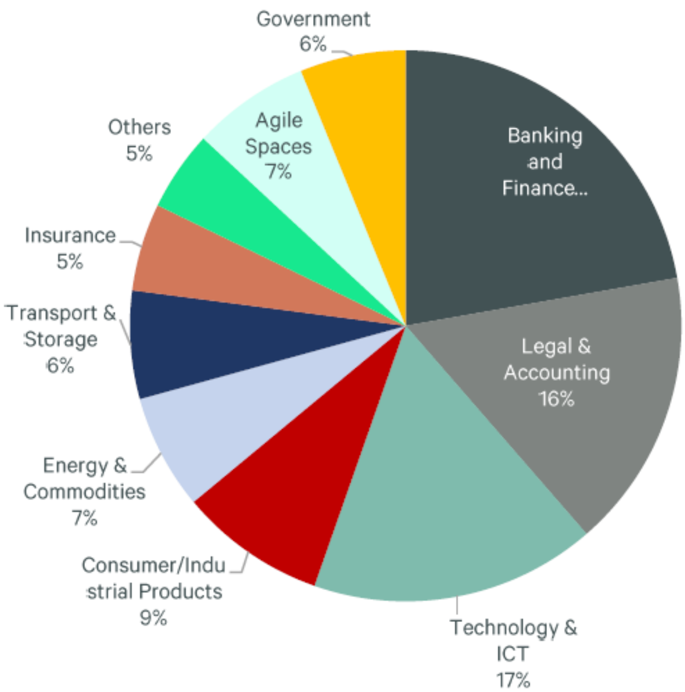
(II) SINGAPORE OFFICE

CBRE commented in January 2025 that “leasing volumes had been slow on high fit-out costs, workplace transformations and ongoing hybrid work arrangements” for “most of 2024”. However, net absorption rose to “the highest since 2017” as “two large Grade A office developments – 1.26 mil sq. ft. *IOI Central Boulevard Towers* and 0.70 mil sq. ft. *Labrador Tower* – were completed during the year, and pre-commitments over the past 2-3 years materialised into occupancy”.

CBRE added that tenants continued their “Flight to quality”, such that Core CBD (Grade A) office vacancy rates fell from a “peak” of 7.8% in 3Q 2024 to 4.9% in 4Q 2024. CBRE noted that “banking & finance (largely the asset management, investment advisory and trading companies) was the largest demand driver”, “followed closely by the legal and tech sectors”. CBRE remarked that the three sectors together accounted for “more than half of leasing demand” as shown in **Exhibit 31**.

For 2025, CBRE noted that “leasing momentum may be tempered” as economic growth is “anticipated to slow”. CBRE added that companies “might lean towards renewing leases, rather than relocate or expand”. CBRE also mentioned that the “trend of prioritising high-quality office spaces will continue to be a key focus in 2025”, as tenants seek to attract and retain talents.

Exhibit 31: Office Leasing Demand by Net Leasable Area (2024)



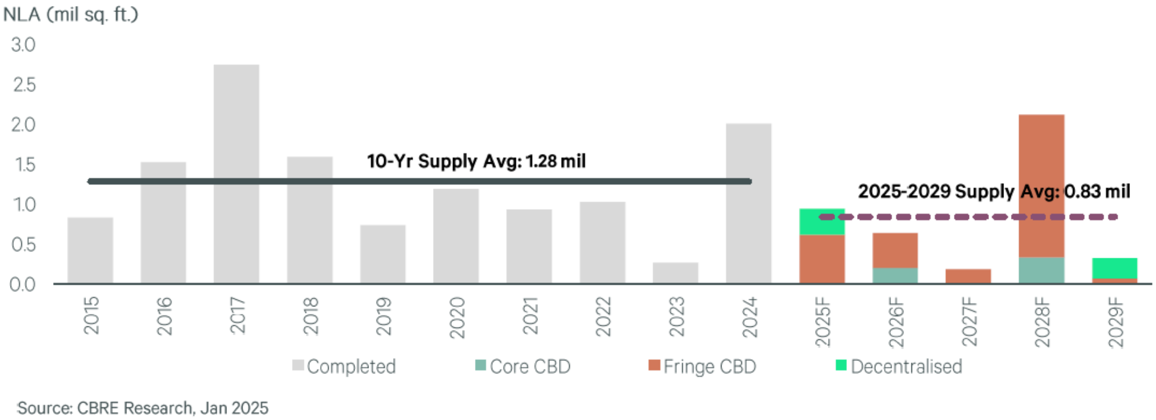
Source: CBRE (dated January 2025)

C&W noted in December 2024 that IOI Central Boulevard Towers saw “encouraging take-up of space” then and was “expected to be more than 70% occupied by the end of 2024”—which was “inline with historical commitment rates for well-located new CBD Grade A developments”. C&W also noted that the take-up of office space in IOI Central Boulevard Towers was “a testament to the continued flight to quality and demand for prime Grade A office spaces”.

C&W added that the banking & finance sector remained a “key driver of leasing demand in 2024 amidst the growing wealth management industry in Singapore” while tech demand “remained cautious amidst a relatively restrictive interest rate environment”. However, C&W commented that “Global interest rate cuts and surging investments in artificial intelligence (AI) could spur a gradual revival of technology or financial tech demand in 2025” thus raise office demand, especially when “Singapore is well-positioned to benefit due to her strategic location, skilled talent pool and strong intellectual property regime”.

On office supply, CBRE estimated annual new supply to average 0.58 million sq ft from 2025 to 2027 or "about 55% lower than the historical 10-year annual average" of 1.28 million sq ft. With "no significant new supply expected in the Core CBD (Grade A) market for the next three years", CBRE noted that vacancy in the submarket "ought to remain tight" such that there may be "limited options for occupiers keen to expand or move into Core CBD (Grade A) market". CBRE illustrated the projected islandwide office supply pipeline as shown in **Exhibit 32**.

Exhibit 32: Projected Islandwide Office Supply Pipeline (2025–2029)

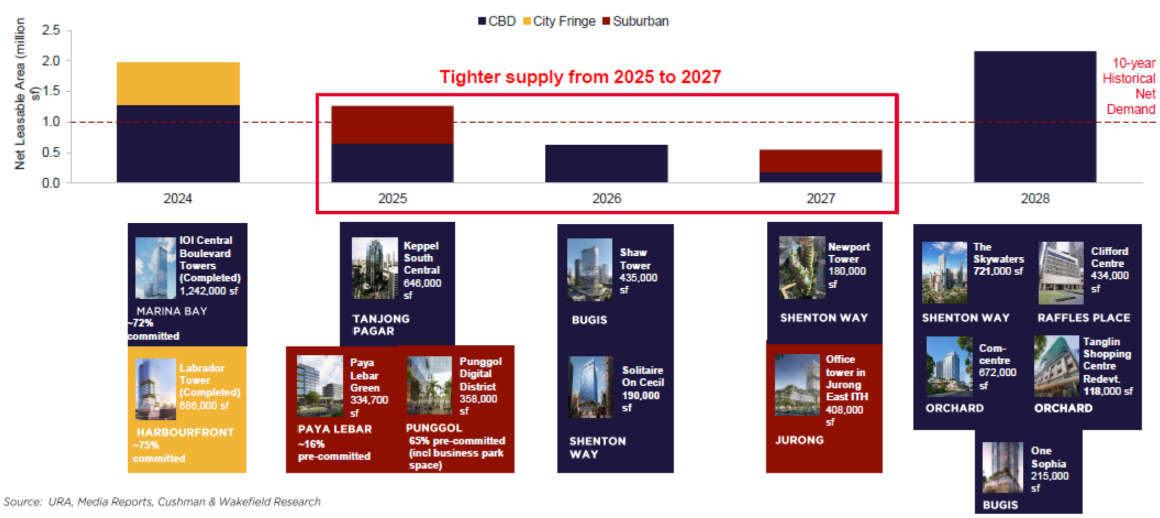


Source: CBRE (dated January 2025)

C&W added that there are "Strong pre-commitments for new developments" and expected that office supply would "tighten" in 2025. C&W mentioned that 0.8 million sq ft of secondary CBD Grade A office spaces (excluding shadow spaces) "is expected to come onto the market in 2025, stemming from natural lease expiries due to relocations and right-sizing efforts of large occupiers". However, around 80% of upcoming secondary spaces "would stem largely from two submarkets" such that C&W "did not expect a large impact on overall CBD rents". C&W further noted "encouraging signs" that upcoming secondary spaces "could be taken up relatively soon" with the uptake of vacated space at South Beach Tower.

C&W also commented that Keppel South Central would be "the only new Grade A development in the CBD to be completed in 2025". C&W noted key upcoming developments as shown in **Exhibit 33**.

Exhibit 33: Selected Office Pipeline Supply (2025–2028)



Source: Urban Redevelopment Authority ("URA", cited by C&W in December 2024)

Accordingly, CBRE projected that Core CBD (Grade A) rents would “grow modestly, at around 2% in 2025”. C&W projected that CBD (Grade A) rents would rise by 2–3% in 2025. Given the forecasts provided by real estate firms, we assume that Core CBD (Grade A) rents would rise by 2.0% y-o-y in 2025 (or 1H FY2026).

C&W also forecasted that CBD (Grade A) rents would rise by 4–5% in 2026. Given the rising uncertainty in the global economic outlook, we assume that Core CBD (Grade A) rent growth would be at the low-end of the forecast range at 4.0% y-o-y in 2026.

The historical (1Q 2023 to 1H FY2025) and projected (2H FY2025 to 1H FY2027) Core CBD (Grade A) office rents are collated in **Exhibit 34**.

The projected y-o-y office rent growth for 1H FY2026 (end-2025) & 1H FY2027 (end-2026) are based on forecasts provided by real estate firms.

We also assume that CBD office rent would rise linearly from 1H FY2025 to 1H FY2026 and from 1H FY2026 to 1H FY2027 such that the CBD office rent in 2H FY2025 (mid-2025) would be the average of those in 1H FY2025 & 1H FY2026, while the CBD office rent in 2H FY2026 (mid-2026) would be the average of those in 1H FY2026 & 1H FY2027. The projected y-o-y CBD office rent growths for 2H FY2025 & 2H FY2026 are thus derived from the projected CBD office rents (i.e., S$12.20 per sq ft in 1H FY2026 and S$12.70 per sq ft in 1H FY2027 as shown in **Exhibit 34**) for each semi-annual period.

Exhibit 34: Core CBD Grade A Office Rent (1Q 2023 to 1H FY2025; projected to 1H FY2027)

Quarter/ Fiscal Year	Core CBD (Grade A)	
	S$ psf pm	Y-o-Y
1Q 2023	n.a.	
2Q 2023	$11.80	
3Q 2023	$11.85	
4Q 2023	$11.90	
1Q 2024	$11.95	1.7%
2Q 2024	$11.95	1.3%
3Q 2024	$11.95	0.8%
1H FY2025	$11.95	0.4%
1Q 2025	n.a.	n.a.
2H FY2025	**$12.10**	**1.3%**
3Q 2025	n.a.	n.a.
1H FY2026	**$12.20**	**2.0%**
1Q 2026	n.a.	n.a.
2H FY2026	**$12.45**	**2.9%**
3Q 2026	n.a.	n.a.
1H FY2027	**$12.70**	**4.0%**

Note: Projections are bolded. n.a. = not available.
Source: CBRE, FPA

(III) AUSTRALIA ECONOMY

According to the Australian Bureau of Statistics ("ABS"), Australia's GDP grew by 0.8% y-o-y in 3Q 2024. ABS noted in December 2024 that the annual growth in 3Q 2024 was the lowest since 4Q 2020.

The Australian Treasury (the "Treasury") noted in December 2024 that the "combination of higher interest rates, cost-of-living pressures and weaker global economic conditions has caused the Australian economy to grow more slowly over the past year than initially expected". In particular, the Treasury commented that "consumption growth was the weakest in around three decades, outside of the COVID-19 pandemic and Global Financial Crisis", over the "last year" (likely from July 2023 to June 2024, or "2023–24"). The Treasury added that "households have cut back discretionary spending after an initial post-pandemic adjustment and also curtailed savings to manage cost-of-living pressures".

Over 2024–25 (July 2024 to June 2025), the Treasury noted that consumption growth is expected to "pick up gradually", "driven by a recovery in real household disposable incomes supported by moderating inflation, continuing employment and wage growth, and the Government's cost-of-living tax cuts". The Treasury added that Australia's GDP growth is expected to "increase from 1.4 per cent in 2023–24 to 1¾ per cent in 2024–25, and then to 2¼ per cent in 2025–26".

The Reserve Bank of Australia ("RBA") commented in February 2025 that Australia's GDP growth "is expected to pick up" as "consumption growth recovers and growth in public demand remains strong". RBA noted that Australia's GDP growth is expected to be 2.4% y-o-y in (the year ended December) 2025 and 2.3% y-o-y in 2026 as shown in **Exhibit 35**, "conditioned on market expectations for a cumulative 90 basis point easing in the cash rate over the forecast period" and assuming that the "effects on domestic growth and inflation from international trade ructions are limited".

RBA cautioned though that the "economic environment remains challenging due to changing global trade policies and ongoing geopolitical tensions". Noting that the "announcement of higher tariffs between the United States and some of its major trading partners, along with broader geopolitical tensions, has created a highly uncertain global environment", RBA added that the "scale and incidence of the tariffs and their effects remain highly uncertain – which may itself delay some investment until the outlook becomes clearer".

Accordingly, RBA noted that "escalation of current global trade tensions could lead to an economic slowdown in Australia", which "would probably occur through the effects of weaker growth in China and other major trading partners, disruption of supply chains, and the negative impact of trade policy uncertainty on business investment and household spending in Australia".

Exhibit 35: Forecasted Annual GDP Growth of Australia (December 2024 to June 2027)

Table 3.1: Detailed Forecast Table[(a)]

Percentage change through the four quarters to quarter shown, unless otherwise specified[(b)]

	Dec 2024	Jun 2025	Dec 2025	Jun 2026	Dec 2026	Jun 2027
Activity						
Gross domestic product	1.1	2.0	2.4	2.3	2.3	2.2
Household consumption	0.7	1.8	2.6	2.4	2.3	2.3
Dwelling investment	2.8	0.9	–0.4	0.3	1.3	2.5
Business investment	0.0	0.0	1.4	2.7	3.2	3.5
Public demand	4.9	5.3	4.3	4.3	4.0	3.0
Gross national expenditure	1.9	2.0	2.8	2.9	2.9	2.7
Major trading partner (export-weighted) GDP	3.5	3.5	3.3	3.3	3.4	3.3

(a) Forecasts finalised on 12 February.

(b) Forecasts are rounded to the first decimal point. Shading indicates historical data.

Source: RBA (published February 2025)

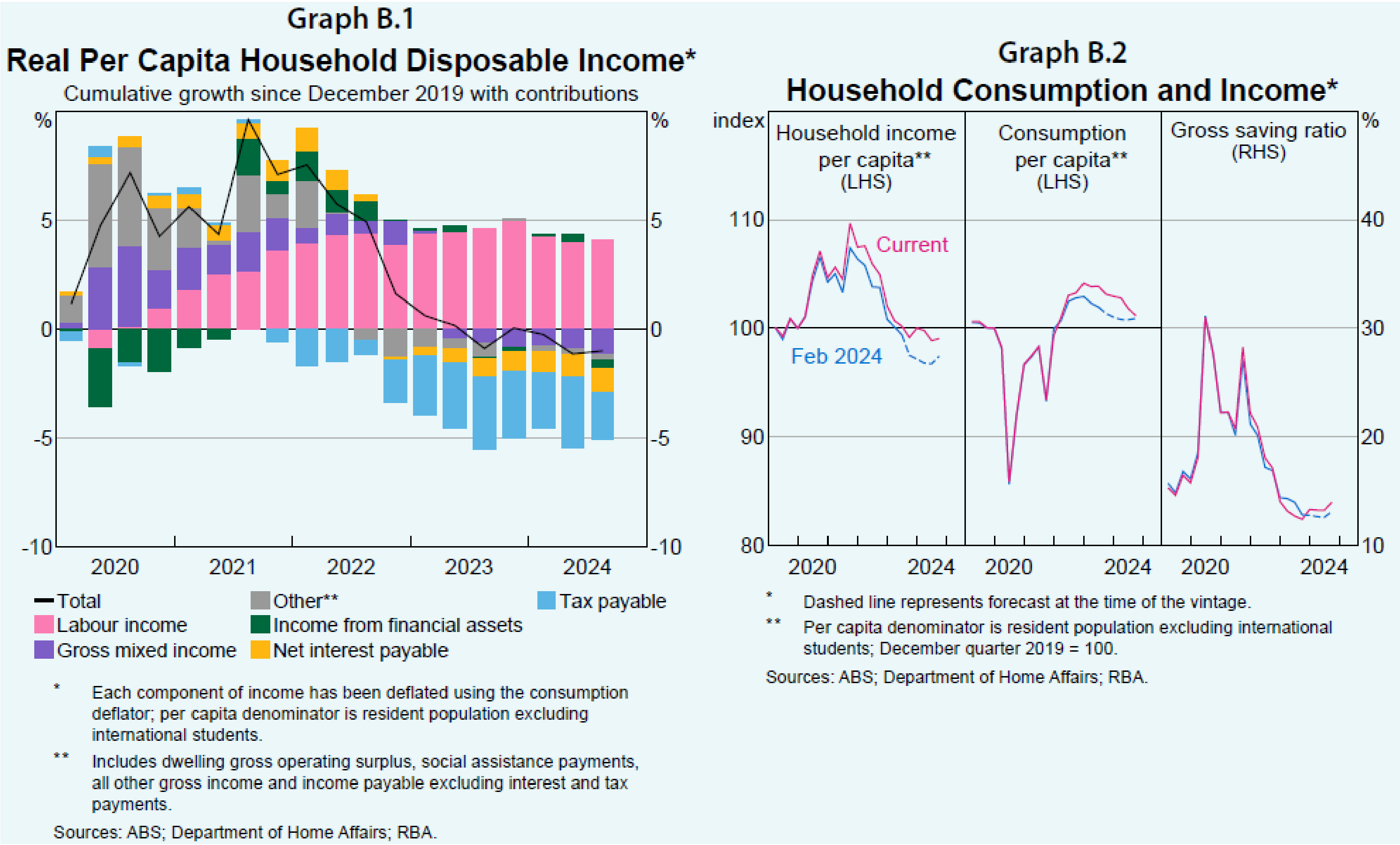
RBA also commented on the labour market, and how it "has remained strong". RBA noted that the "unemployment rate declined a little in late 2024 to 4 per cent", with "strong employment growth in the non-market sector" (e.g., healthcare and education), "which in turn affected labour market conditions in the market sector as both compete for labour". Household incomes thus rose in line with employment growth.

However, RBA added that real household disposable income per capita "has declined in recent years", which "has weighed on household consumption". RBA noted that despite the rise in real labour income "supported by other forms of compensation (e.g. promotions and bonuses), as well as switches to higher paying jobs and an increase to the employment-to-population ratio", the "combined drag from higher interest rates, lower gross mixed income (mainly small business income) and tax has reduced disposable income by 5 percentage points since December 2019" as shown in **Exhibit 36**. Thus, RBA noted that real household disposable income per capita "is around 1 per cent lower than prior to the pandemic".

Accordingly, RBA noted that "consumption growth has been soft over the past couple of years and the level has declined in per capita terms". RBA added that the slow growth was "driven by the weakness in household disposable income", "the impact of which on consumption has more than offset the impact of the 25 per cent increase in real wealth since the start of the pandemic".

Commenting that the "recovery in consumption has occurred more slowly than expected", RBA noted that the slower-than-expected consumption growth "could possibly reflect an increase in precautionary savings motives as the persistence of weakness in income growth has become more apparent over time" such that consumption growth may "slow a little in the first half of 2025".

Exhibit 36: Real Household Disposable Income and Household Consumption (1Q 2022 to 3Q 2024)

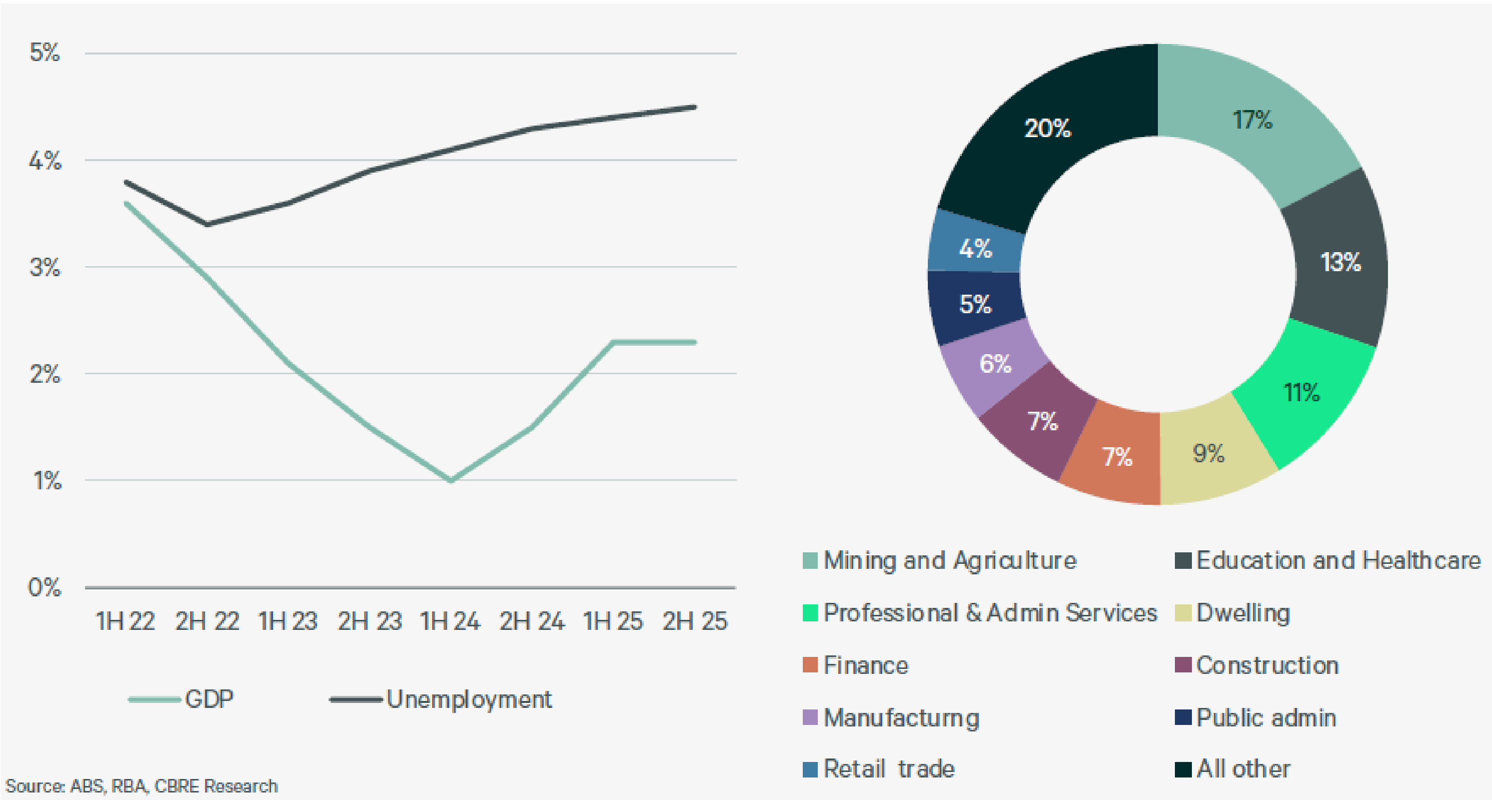


Source: ABS & Australian Department of Home Affairs (cited by RBA in February 2025)

CBRE likewise noted in January 2025 that GDP in 2024 was “well below trend rate of 2.9% and population growth of c2.3%” and commented that “Higher interest rates weighed on consumption”. CBRE added that it expected annual GDP growth in 2025 to be around 2.3% as shown in **Exhibit 37**, “broadly in-line with population growth” of 1.6% y-o-y (or +440,000) projected for 2024–25. The breakdown of Australia’s Gross Value Add is also shown in **Exhibit 37**.

CBRE mentioned that the “unemployment rate hovered near record lows of 4.1% in 2024” and that job vacancy rates “are getting back to normalised 2019 levels, although the market remains tight in construction”.

Exhibit 37: Forecasted GDP Growth for Australia (2H 2024 to 2H 2025)



Source: ABS & RBA (cited by CBRE in January 2025)

On interest rates, RBA lowered the cash rate target in February 2025 by 25 bps to 4.10%. RBA noted that "Some of the upside risks to inflation appear to have eased and there are signs that disinflation might be occurring a little more quickly than earlier expected". RBA cautioned though that if "monetary policy is eased too much and too soon, disinflation could stall and inflation would settle above the midpoint of the target range".

RBA commented that underlying inflation (as measured by trimmed mean inflation) "eased by more than expected in the December quarter" and fell by 3.2% y-o-y in 4Q 2024 as shown in **Exhibit 38**, noting that the "easing in the quarter was broadly based but also reflected some temporary factors". Meanwhile, RBA added that headline CPI inflation fell by 2.4% y-o-y in 4Q 2024 "mostly reflecting the impact of government subsidies to households". RBA expected headline inflation in 3Q 2025 to rise above the target band of 2–3% when "some of these rebates unwind (as currently legislated)".

RBA also noted that the cash rate was assumed, based on "expectations derived from financial market pricing as per 12 February", to decline to 3.5% in December 2026 as also shown in **Exhibit 38**.

Exhibit 38: Assumed Cash Rate & Forecasted Inflation in Australia (June 2025 to June 2027)

Table: Output Growth, Unemployment and Inflation Forecasts[(a)]

Per cent

	Year-ended					
	Dec 2024	June 2025	Dec 2025	June 2026	Dec 2026	June 2027
GDP growth	1.1	2.0	2.4	2.3	2.3	2.2
(previous)	(1.5)	(2.3)	(2.3)	(2.3)	(2.2)	(n/a)
Unemployment rate[(b)]	4.0	4.2	4.2	4.2	4.2	4.2
(previous)	(4.3)	(4.4)	(4.5)	(4.5)	(4.5)	(n/a)
CPI inflation	2.4	2.4	3.7	3.2	2.8	2.7
(previous)	(2.6)	(2.5)	(3.7)	(3.1)	(2.5)	(n/a)
Trimmed mean inflation	3.2	2.7	2.7	2.7	2.7	2.7
	Assumptions[(c)]					
Cash rate (%)	4.3	4.0	3.6	3.4	3.5	3.5
Trade-weighted index (index)	61.5	60.4	60.4	60.4	60.4	60.4

(a) Forecasts finalised on 12 February. Shading indicates historical data.

(b) Average rate in the quarter.

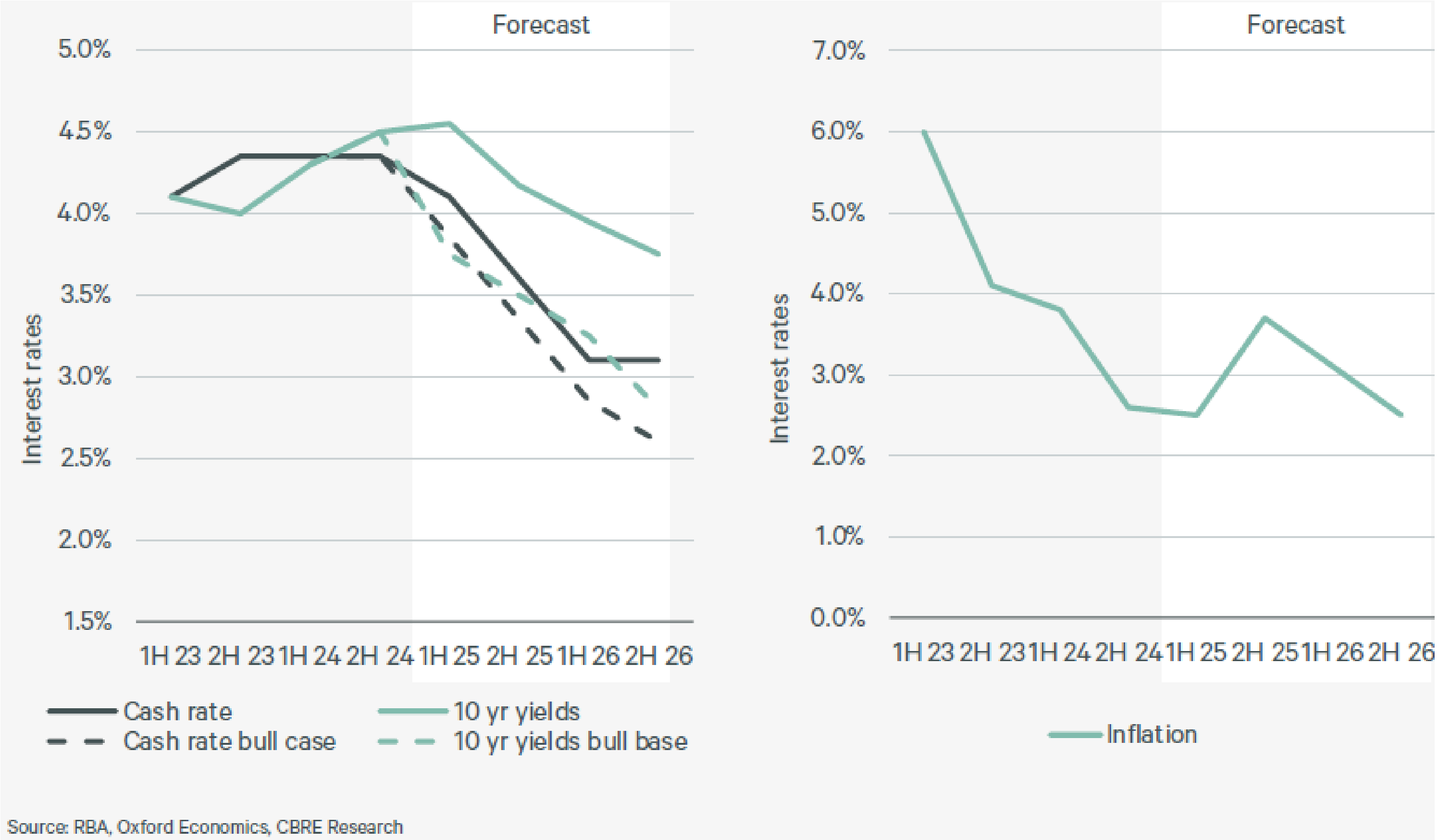
(c) The forecasts incorporate several technical assumptions. The cash rate is assumed to move in line with expectations derived from financial market pricing as per 12 February and the daily exchange rate (TWI) is assumed to be unchanged from its level at 12 February 2025 going forward.

Note: Forecasted year-average GDP growth rates (included in original table) are omitted from Exhibit.
Source: ABS & LSEG (cited by RBA in February 2024)

CBRE remarked that the cash rate ended 2024 "in restrictive territory", and added that it expected cash rates to be "near peak levels, with scope for three 25 bps cuts in 2025". CBRE also mentioned that cash rates and yields may fall faster should consumption or investment growth turn out "sluggish".

CBRE illustrated the forecasted cash rate and inflation from 1H 2025 to 2H 2026 as shown in **Exhibit 39**.

Exhibit 39: Forecasted Cash Rate and Inflation (1H 2025 to 2H 2026)



Source: RBA & Oxford Economics (cited by CBRE in January 2025)

(IV) AUSTRALIA RETAIL

CBRE noted that Australia's population is expected to rise by 1.6% (440,000) in the year ended June 2025, and rise by 9.0% (+2.4 million) "between 2022 to 2027". CBRE added that the projected population growth from 2022 to 2027 "is akin to recreating Brisbane, Australia's third largest city". To support an additional 1 million growth in population, CBRE estimated that an "incremental" retail real estate of 800,000 square metres would be "required".

Alongside population growth, CBRE noted that the rise in jobs and income is expected to boost retail real estate demand in Australia as shown in **Exhibit 40**. CBRE added that the collective "wealth effect will add ~$960 billion of income over the next decade", of which a "significant proportion" is "likely to be directed towards housing, retail and leisure".

Colliers also noted in January 2025 that retail spending has the potential to rise by 4.8% y-o-y (A$20.8 billion) in 2025 due to:

- rising per capita spending from an expected "rebound in consumer sentiment" which is "fuelled by stabilising macroeconomic conditions and the easing of interest rates" (+A$2.0 billion)

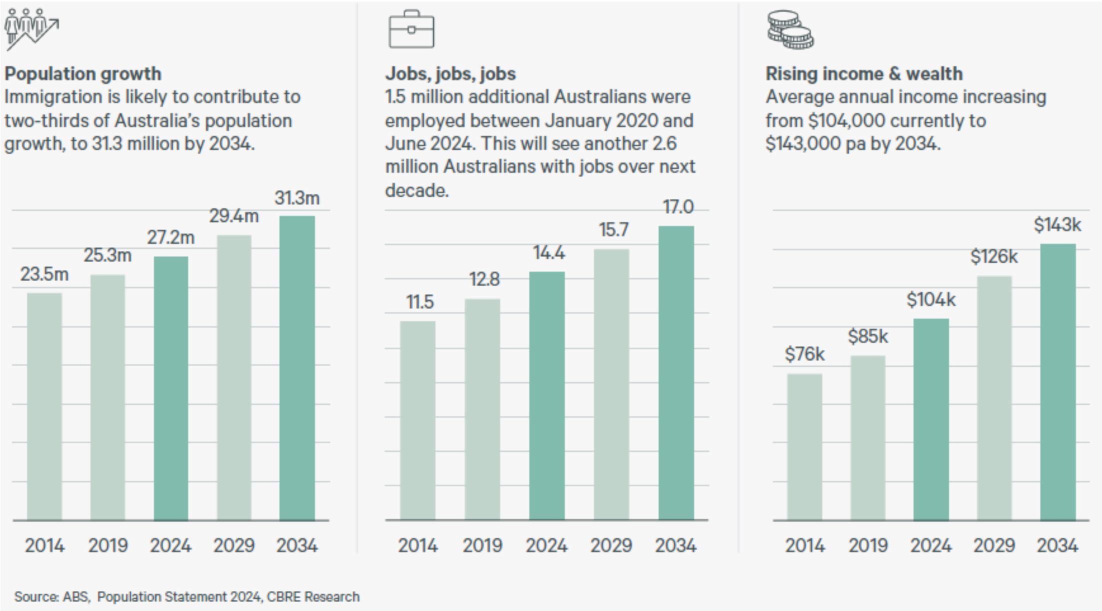
- expected population growth of 532,700 in 2025 which may lead to an "increased demand for essential goods and services", thus "naturally lead to higher consumption levels across the broader economy" (+A$8.6 billion)

- assumed "Natural" spending growth of 2.0% from an "expected stabilisation of price levels, demand, and household budgets, which are all returning to more typical patterns after the volatility experienced in recent years" (+A$8.5 billion)

- Stage 3 tax cuts effected in July 2024, which may "deliver up to $22 billion annually in savings to Australian households" of which "a portion" would "flow into discretionary retail and broader everyday goods and services" (+A$1.7 billion).

Colliers added that falling interest rates "could provide additional positive momentum for retail, boosting both sentiment and expenditure".

<u>Exhibit 40: Contributors to Rising Retail Real Estate Demand in Australia</u>



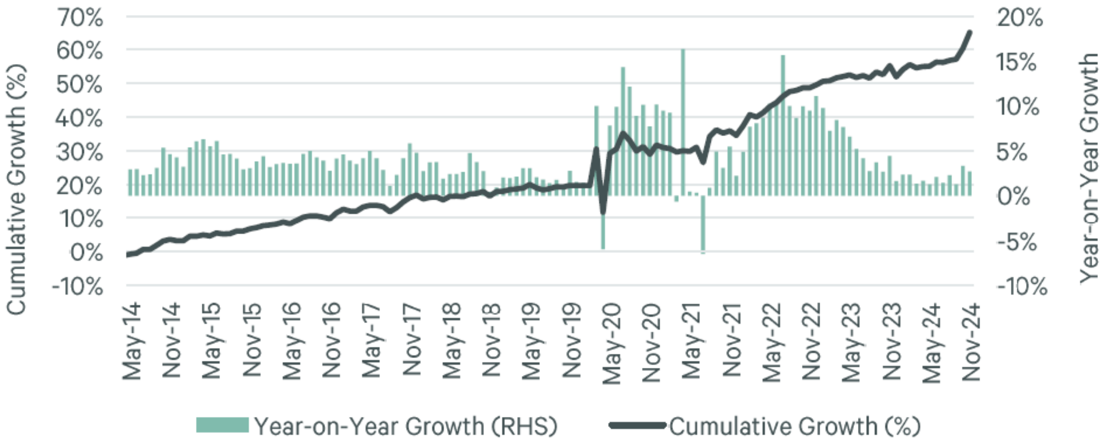
Source: ABS & Population Statement 2024 (cited by CBRE in January 2025)

South Australia (Adelaide):

According to CBRE, the Gross State Product ("GSP") of South Australia ("SA") "grew by 1.2% in FY24, following 3.6% growth in the FY23". CBRE noted in January 2025 that SA's GSP is expected to "grow 0.8% in FY25 before accelerating to 1.7% in FY26", with the FY25 economic growth "forecast to slow as an improving outlook for business investment and gains in household spending is outweighed by a weaker outlook for net exports (agricultural products)".

CBRE commented that SA retail sales growth "moderated compared with a year ago and the long-term average" due to the "restrictive interest rate environment and cost of living pressures on consumers". CBRE noted that retail sales rose by 2.4% y-o-y in the three months ended November 2024 "from the 3.6% y-o-y growth recorded over the same period of the prior year and the 30-year average of 4.7%" as shown in **Exhibit 41**.

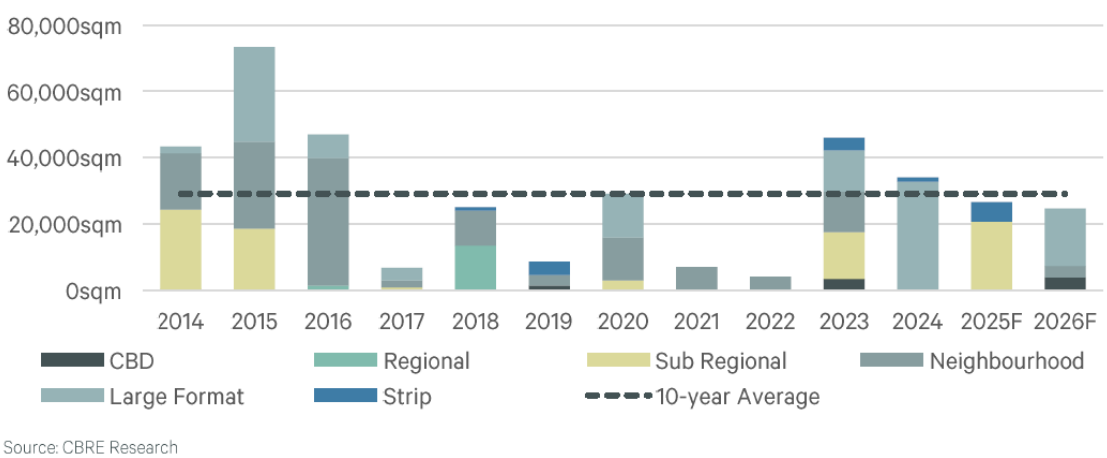
Exhibit 41: Retail Sales Growth in South Australia (May 2014 to November 2024)



Source: ABS (cited by CBRE in January 2025)

CBRE added that the "retail supply pipeline is relatively muted". CBRE commented that the "forecast retail supply for 2025 and 2026 averages c.26,000 sqm p.a. which is below the 10-year average supply level" as shown in **Exhibit 42**. CBRE also mentioned that Adelaide's overall CBD vacancy levels fell from 9.4% in 2H 2023 to 8.8% in 1H 2024, "driven by tightening in CBD centres and strips".

Exhibit 42: Forecasted Retail Supply in South Australia (2025 to 2026)



Source: CBRE (published January 2025)

Overall, CBRE summarised that the “continued population growth in Adelaide and positive outlook for household spending over the next 12 months, as interest rates begin to decline”, along with a “muted retail supply outlook”, “provides a positive view on retail rent growth in Adelaide”.

Based on CBRE’s comments, we project Super Prime retail rent in Adelaide to rise by A$225 per square metre (“psm”) to A$3,500 psm in 2H FY2025, the same as the rise in Super Prime retail rent from 1Q 2023 to 2Q 2023. Thereafter, we assume that Super Prime retail rent in Adelaide would stay at A$3,500 psm.

The historical (1Q 2023 to 1H FY2025) and projected (2H FY2025 to 1H FY2027) Super Prime retail rents in Adelaide are collated in **Exhibit 43**.

Exhibit 43: Super Prime Retail Rent in Adelaide (1Q 2023 to 1H FY2025; projected to 1H FY2027)

Quarter/ Fiscal Year	Super Prime (Adelaide)	
	A$ psm	Y-o-Y
1Q 2023	$3,050	
2Q 2023	$3,275	
3Q 2023	$3,275	
4Q 2023	$3,275	
1Q 2024	$3,275	7.4%
2Q 2024	$3,275	0.0%
3Q 2024	$3,275	0.0%
1H FY2025	$3,275	0.0%
1Q 2025	n.a.	n.a.
2H FY2025	**$3,500**	**6.9%**
3Q 2025	n.a.	n.a.
1H FY2026	**$3,500**	**6.9%**
1Q 2026	n.a.	n.a.
2H FY2026	**$3,500**	**0.0%**

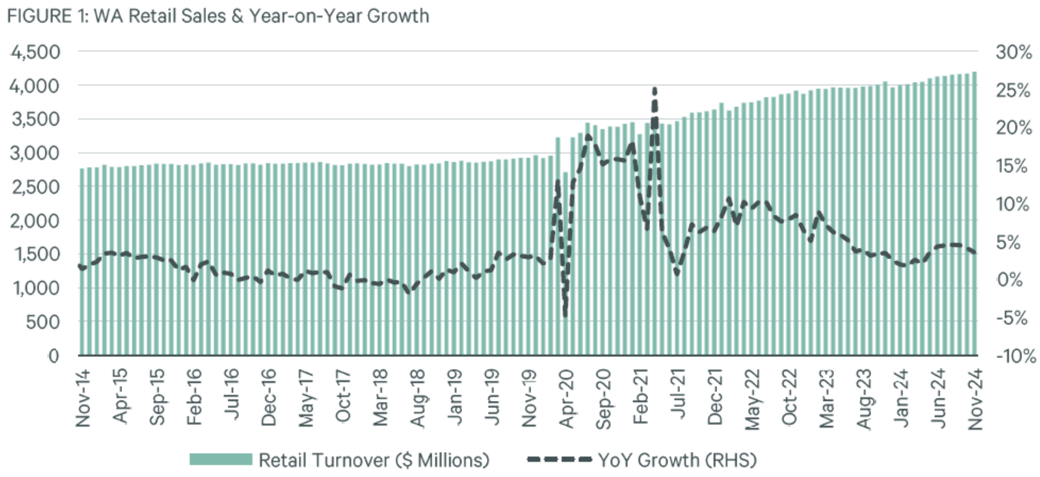
Note: Projections are bolded. n.a. = not available.
Source: CBRE, FPA

West Australia (Perth):

Meanwhile, CBRE also noted in January 2025 that the GSP growth of West Australia ("WA") "moderated to 0.5% in FY24 from 3.7% in FY23". CBRE commented that WA's GSP growth is forecasted to be "1.1% in FY25 and 1.7% in FY26", with near-term growth "expected to be softer" due to "restrictive interest rate environment as well as moderation in commodity prices and expected normalisation in population growth from historically high levels seen post pandemic".

CBRE commented that WA retail sales growth "continued to remain buoyant due to the state's strong labour market conditions and strong population growth rates". CBRE noted that retail sales rose by 4.0% y-o-y in the three months ended November 2024, "compared with the 3.3% y-o-y growth in the three months ending November 2023" as shown in **Exhibit 44**.

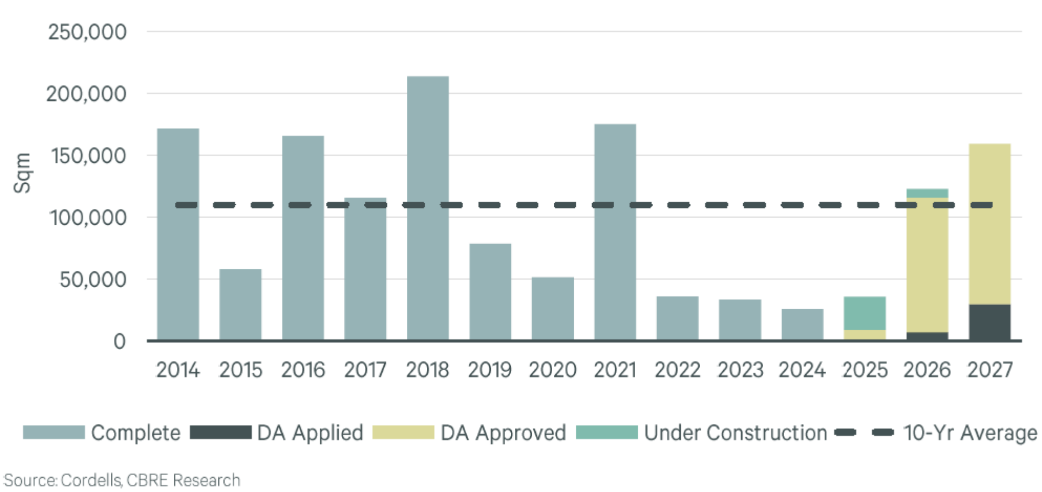
Exhibit 44: Retail Sales Growth in West Australia (November 2014 to November 2024)



Source: ABS (cited by CBRE in January 2025)

CBRE noted that retail supply in WA "is expected to remain well below the long-term average level in 2025", before picking up in 2026 and 2027 as shown in **Exhibit 45**. CBRE also mentioned that vacancy in Perth's CBD retail strips "improved 30bp half on half to 23.9% in 1H 24 driven primarily by Perth's core Murray Street Mall retail strip", which "has seen an improvement with the relocation of luxury brands to the west end of the Murray Street Mall".

Exhibit 45: Forecasted Retail Supply in West Australia (2025 to 2027)



Source: Cordells (cited by CBRE in January 2025)

On retail rents, CBRE noted that Super Prime CBD net face rents "increased by 3.7% y-o-y to $2,830/sqm". CBRE commented that the "CBD super prime rental correction has reversed in recent quarters following a contractionary period that began in mid 2016 as the state's mining sector went through a downturn", with the improvement "being driven by tighter vacancy in the Murray Street Mall due to the emergence of international anchors and relocation of luxury brands to the west end of Murray Street Mall".

CBRE also noted in January 2025 that Perth's retail rent is expected to rise by 4.1% y-o-y in 2025 (or 1H FY2026).

The historical (1Q 2023 to 1H FY2025) and projected (2H FY2025 to 1H FY2027) Super Prime retail rents in Perth are collated in **Exhibit 46**.

Based on CBRE's forecast, we project that Perth's Super Prime retail rent would rise by 4.1% y-o-y in 1H FY2026.

We also assume that the Super Prime retail rent would rise linearly from 1H FY2025 to 1H FY2026 such that it would be A$2,890 psm in 2H FY2025 (mid-2025), the average of those in 1H FY2025 & 1H FY2026. The projected y-o-y Super Prime retail rent growth for 2H FY2025 is thus derived from the projected rent of A$2,890 psm in 2H FY2025.

Thereafter, we assume that Perth's Super Prime retail rent would remain at A$2,945 psm in 2H FY2026, the same as in 1H FY2026.

Exhibit 46: Super Prime Retail Rent in Perth (1Q 2023 to 1H FY2025; projected to 1H FY2027)

Quarter/ Fiscal Year	Super Prime (Perth)	
	A$ psm	Y-o-Y
1Q 2023	$2,730	
2Q 2023	$2,730	
3Q 2023	$2,730	
4Q 2023	$2,730	
1Q 2024	$2,755	0.9%
2Q 2024	$2,830	3.7%
3Q 2024	$2,830	3.7%
1H FY2025	$2,830	3.7%
1Q 2025	n.a.	n.a.
2H FY2025	**$2,890**	**2.1%**
3Q 2025	n.a.	n.a.
1H FY2026	**$2,945**	**4.1%**
1Q 2026	n.a.	n.a.
2H FY2026	**$2,945**	**1.9%**

Note: Projections are bolded. n.a. = not available.
Source: CBRE, FPA

RECENT UNIT PRICE PERFORMANCE

Since the publication of our initiation report (dated 19 June 2024), SGREIT's unit price has risen by 2.1% from S$0.475 on 19 June 2024 to S$0.485 on 18 February 2025 as shown in **Exhibit 47**.

Exhibit 47: Unit Price Performance

Source: SGX Stock Screener

On 29 July 2024, SGREIT released its 2H FY2024 results. While EPU (basic & diluted in cents) rose from negative 0.86 in 2H FY2023 to positive 1.02 in 2H FY2024, DPU (cents) fell by 6.6% from 1.98 in 2H FY2023 to 1.85 in 2H FY2024. SGREIT's unit price fell by 5.1% from S$0.490 on 29 July 2024 to S$0.465 on 5 August 2024.

On 23 August 2024, U.S. Federal Reserve Chair Jerome Powell noted that the "upside risks to inflation have diminished" while the "downside risks to employment have increased" such that the "time has come for policy to adjust". SGREIT's unit price rose by 4.1% from S$0.490 on 23 August 2024 to S$0.510 on 30 August 2024.

On 18 September 2024, the U.S. Federal Reserve announced that the U.S. Federal Open Market Committee ("FOMC") would lower the target federal funds range by 50 bps from 5.25–5.50% to 4.75–5.00%. In the lead-up to the interest rate cut, SGREIT's unit price rose by 2.9% from S$0.520 on 11 September 2024 to S$0.535 on 18 September 2024. SGREIT's unit price remained at S$0.535 on 26 September 2024.

On 7 November 2024, the U.S. Federal Reserve announced that the U.S. FOMC would lower the target federal funds range by 25 bps to 4.50–4.75%. In the lead-up to the interest rate cut, SGREIT's unit price fell by 2.0% from S$0.510 on 30 October 2024 to S$0.500 on 7 November 2024. SGREIT's unit price remained at S$0.500 on 14 November 2024.

On 18 December 2024, the U.S. Federal Reserve announced that the U.S. FOMC would lower the target federal funds range by 25 bps to 4.25–4.50%. SGREIT's unit price showed little movement before and after the announcement, remaining around S$0.485 to S$0.495 from 11 December 2024 to 26 December 2024.

On 23 January 2025, SGREIT released its 1H FY2025 results. EPU (basic & diluted in cents) rose by 8.0% from 1.76 in 1H FY2024 to 1.90 in 1H FY2025 while DPU (cents) rose by 1.1% from 1.78 in 1H FY2024 to 1.80 in 1H FY2025. SGREIT's unit price rose by 2.0% from S$0.500 on 23 January 2025 to S$0.510 on 31 January 2025.

FINANCIAL PROJECTIONS

(I) REVENUE & NPI PROJECTIONS

To project gross revenue, we project the revenue separately for each property or property group for which SGREIT disclosed the semi-annual revenue and NPI.

Singapore Properties:

Singapore Properties comprise NAC Property and WA Property.

For NAC Property (Retail), we note that the rent from Toshin Development Singapore Pte Ltd ("Toshin") comprises the majority of NAC Property (Retail)'s rent from FY2022 to FY2024. Toshin's annual rent is fixed from 8 June 2022 to 7 June 2025 (i.e., around FY2023 to FY2025). Given that Toshin's annual rent is generally fixed, we shall estimate and project Toshin's rent to, thereafter, estimate and project the remaining rent of NAC Property (Retail).

SGREIT disclosed the annual rent contribution of Toshin to NAC Property (Retail) for FY2022 to FY2024. Using the disclosed percentages, we estimate Toshin's rent to be around S$43.5–43.7 million annually from FY2022 to FY2024 as shown in **Exhibit 48**. Given that Toshin's rent is fixed from June 2022 to June 2025 (or around FY2023 to FY2025), we assume that Toshin's rent will be S$43.6 million in FY2025, the average from FY2023 to FY2024.

SGREIT announced in November 2023 that it renewed its master lease to Toshin. Under the renewed master lease, the new annual fixed rent from 8 June 2025 to 7 June 2028 would be the "higher of" (based on SGREIT's announcement):

- the "agreed amount that is approximately 1.0% higher than the existing base rent under the Current Master Lease"; and
- "the prevailing market annual rental value as at the commencement of the Renewed Master Lease, to be agreed between the parties or failing such agreement, based on the average market rental values determined by three licensed valuers but not exceeding 125% of the agreed amount" in the first bullet point.

Based on CBRE's data, Orchard retail prime rent was S$34.20 per sq ft in 2Q 2022 (around June 2022). We project that Orchard retail prime rent would rise to S$38.15 per sq ft in 2Q 2025 (around June 2025; as shown in **Exhibit 30** on page 29), which represents an increase of 11.5% from 2Q 2022. Given that the increase in Orchard retail prime rent from 2Q 2022 to 2Q 2025 was larger than 1% but smaller than 25%, we project that Toshin's rent would rise by 11.5% from S$43.6 million in FY2025 to S$48.6 million in FY2026.

<u>Exhibit 48: Estimated Breakdown of NAC Property (Retail)'s Revenue (FY2022 to FY2024)</u>

(in S$ '000 unless otherwise stated)	Actual / Estimate		
	FY2024	FY2023	FY2022
Ngee Ann City Property (Retail)	50,286	49,630	49,371
Toshin's rent as % of NAC Property's rent	86.5%	88.0%	88.1%
(Estimate) Toshin's rent	**43,497**	**43,674**	**43,496**

(in S$ '000)	Actual / Estimate		
	FY2024	FY2023	FY2022
Ngee Ann City Property (Retail; less Toshin)	6,789	5,956	5,875
(Estimate) Toshin's rent	43,497	43,674	43,496
Ngee Ann City Property (Retail)	**50,286**	**49,630**	**49,371**

Source: SGREIT's Annual Reports (FY2022 to FY2024), presentations (1H FY2023 to 2H FY2024) & announcements, FPA

SGREIT also noted that "an annual turnover rent is payable comprising a portion of Toshin's annual operating income over and above agreed revenue and profit margin thresholds", and that the "Current Master Lease does not have a turnover rent component". However, as we have little prior reference of what the turnover rent will be, we assume no turnover rent.

To estimate NAC Property (Retail)'s non-Toshin semi-annual rent, we assume that Toshin's rent in each semi-annual period would be half of the annual rent in the financial year (e.g., rent in 1H FY2024 & 2H FY2024 would be half of the rent for whole of FY2024). Thus, we estimate NAC Property (Retail)'s non-Toshin rent from 1H FY2022 to 1H FY2025 as shown in **Exhibit 49**.

Based on CBRE's forecasts, we expect that Orchard retail prime rent would rise by 2.7% y-o-y in 2H FY2025, 2.0% y-o-y in 1H FY2026 and 2.0% y-o-y in 2H FY2026 (as shown in **Exhibit 30** on page 29). We project that NAC Property (Retail)'s non-Toshin rent and WA Property (Retail)'s rent would rise by the same amount in each respective period.

Based on CBRE's forecasts, we also expect that Core CBD (Grade A) office rent would rise by 1.3% y-o-y in 2H FY2025, 2.0% y-o-y in 1H FY2026 and 2.9% y-o-y in 2H FY2026 (as shown in **Exhibit 34** on page 32). We project that NAC Property (Office)'s rent would rise by the same amount in each respective period.

For WA Property (Office), SGREIT divested around 7,653 sq ft of NLA on 28 October 2024 (1H FY2025), which represented around 7.7% of WA Property (Office)'s NLA as at end-FY2024. To account for the fall in NLA, we project that WA Property (Office)'s rent would rise by 1.2% (instead of 1.3%) y-o-y in 2H FY2025 as follows:

$$\begin{aligned}\text{WA Property (Office)'s y-o-y rent growth (2H FY2025)} &= \text{Projected Core CBD (Grade A) y-o-y rent growth (2H FY2025)}\\ &\quad \times (1 - \text{percentage fall in NLA})\\ &= 1.3\% \times (1 - 7.7\%) = 1.2\%\end{aligned}$$

Taking into account that the office space was divested on 28 October 2024, we project that WA Property (Office)'s rent would rise by 1.9% (instead of 2.0%) y-o-y in 1H FY2026 as follows:

$$\begin{aligned}\text{WA Property (Office)'s y-o-y rent growth (1H FY2026)} &= \text{Projected Core CBD (Grade A) y-o-y rent growth (1H FY2026)}\\ &\quad \times \left(1 - \text{percentage fall in NLA} \times \frac{\text{Days (1 Jul 2024 to 28 Oct 2024)}}{\text{Days (1 Jul 2024 to 31 Dec 2024)}}\right)\\ &= 2.0\% \times \left(1 - 7.7\% \times \frac{119}{183}\right) = 1.9\%\end{aligned}$$

We project that WA Property (Office)'s y-o-y rent growth would remain at 2.9% in 2H FY2026 as we assume no change in WA Property (Office)'s NLA from 2H FY2025 to 2H FY2026 (i.e., after 1H FY2025).

Accordingly, we project NAC Property's revenue to be S$33.3 million in 2H FY2025 (totalling S$66.3 million in FY2025), S$35.8 million in 1H FY2026 and S$36.1 million in 2H FY2026 (totalling S$71.9 million in FY2026). We also project WA Property's revenue to be S$27.6 million in 2H FY2025 (totalling S$54.4 million in FY2025), S$27.3 million in 1H FY2026 and S$28.2 million in 2H FY2026 (totalling S$55.5 million in FY2026).

Our projections for Singapore Properties' revenue from 2H FY2025 to 2H FY2026 are shown in **Exhibit 49**.

Exhibit 49: Projected Revenue for Singapore Properties (2H FY2025 to 2H FY2026)

(revenue in S$ '000)	Projection			Actual / Estimate							
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Ngee Ann City Property (Retail; less Toshin)	3,697	3,536	3,625	3,467	3,530	3,258	2,940	3,016	3,228	2,647
(Estimate) Toshin's rent	24,310	24,310	21,793	21,793	21,749	21,749	21,837	21,837	21,748	21,748
Ngee Ann City Property (Retail)	28,007	27,846	25,418	25,260	25,279	25,007	24,777	24,853	24,976	24,395
Ngee Ann City Property (Office)	8,077	7,946	7,850	7,790	7,753	7,486	7,462	7,177	7,002	6,995
Ngee Ann City Property revenue	**36,084**	**35,792**	**33,269**	**33,050**	**33,032**	**32,493**	**32,239**	**32,030**	**31,978**	**31,390**
Wisma Atria Property (Retail)	22,438	21,672	22,006	21,247	21,429	20,734	20,252	20,462	20,113	19,741
Wisma Atria Property (Office)	5,766	5,611	5,604	5,506	5,540	5,484	5,388	5,205	5,108	4,895
Wisma Atria Property revenue	**28,205**	**27,283**	**27,610**	**26,753**	**26,969**	**26,218**	**25,640**	**25,667**	**25,221**	**24,636**

(y-o-y growth in %)	Projection			Actual / Estimate						
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Ngee Ann City Property (Retail; less Toshin)	2.0%	2.0%	2.7%	6.4%	20.1%	8.0%	(8.9%)	13.9%	n.a.	n.a.
(Estimate) Toshin's rent	11.5%	11.5%	0.2%	0.2%	(0.4%)	(0.4%)	0.4%	0.4%	n.a.	n.a.
Ngee Ann City Property (Retail)	10.2%	10.2%	0.6%	1.0%	2.0%	0.6%	(0.8%)	1.9%	n.a.	n.a.
									n.a.	n.a.
Ngee Ann City Property (Office)	2.9%	2.0%	1.3%	4.1%	3.9%	4.3%	6.6%	2.6%	n.a.	n.a.
Ngee Ann City Property revenue	**8.5%**	**8.3%**	**0.7%**	**1.7%**	**2.5%**	**1.4%**	**0.8%**	**2.0%**	**n.a.**	**n.a.**
									n.a.	n.a.
Wisma Atria Property (Retail)	2.0%	2.0%	2.7%	2.5%	5.8%	1.3%	0.7%	3.7%	n.a.	n.a.
Wisma Atria Property (Office)	2.9%	1.9%	1.2%	0.4%	2.8%	5.4%	5.5%	6.3%	n.a.	n.a.
Wisma Atria Property revenue	**2.2%**	**2.0%**	**2.4%**	**2.0%**	**5.2%**	**2.1%**	**1.7%**	**4.2%**	**n.a.**	**n.a.**

n.a. = not available (based on presented data in Exhibit).

Source: SGREIT's presentations (1H FY2023 to 1H FY2025) & announcements, FPA

Australia Properties:

Australia Properties comprise Myer Centre Adelaide (Adelaide), David Jones Building (Perth) and Plaza Arcade (Perth).

To project Australia Properties' revenue, we begin by converting the disclosed annual revenue for each of the Australia Properties to AUD by using the average end-of-month SGD-to-AUD exchange rates (from Oanda.com) as shown in **Exhibit 50**.

Exhibit 50: Conversion of Australia Properties' Revenue to AUD (FY2022 to FY2024)

	Actual		
(revenue in S$ million)	FY2024	FY2023	FY2022
Myer Centre Adelaide	28.1	27.4	28.7
David Jones Building	10.0	10.0	11.6
Plaza Arcade	2.5	2.4	2.5
Australia Revenue	**40.6**	**39.8**	**42.8**
SGD-to-AUD (Oanda.com; average)	**1.129**	**1.093**	**1.017**

	Actual		
(revenue in A$ million)	FY2024	FY2023	FY2022
Myer Centre Adelaide	31.7	29.9	29.2
David Jones Building	11.3	10.9	11.8
Plaza Arcade	2.8	2.6	2.5
Australia Revenue	**45.8**	**43.5**	**43.5**

Source: SGREIT's Annual Reports (FY2022 to FY2024), Oanda.com, FPA

Then, we estimate the semi-annual breakdown (in percentage) of Australia Properties' revenue using the annual breakdown as both disclosed by SGREIT and derived from our estimates of Australia Properties' revenue in AUD as shown in **Exhibit 51**.

Thereafter, we derive the semi-annual breakdown (in AUD) of Australia Properties' revenue using our estimated semi-annual breakdown (in percentage), as well as both the disclosed semi-annual revenue of Australia Properties and the average end-of-month SGD-to-AUD exchange rates (from Oanda.com) as also shown in **Exhibit 51**.

Exhibit 51: Estimated Australia Properties' Revenue in AUD (1H FY2022 to 1H FY2025)

	Actual						
(revenue in S$ '000)	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Australia Revenue	**20,651**	**19,939**	**20,623**	**19,329**	**20,422**	**20,888**	**21,914**
SGD-to-AUD (Oanda.com; average)	**1.146**	**1.125**	**1.133**	**1.114**	**1.072**	**1.022**	**1.011**

	Estimate						
(revenue in A$ '000)	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Myer Centre Adelaide	16,378	15,525	16,173	14,819	15,078	14,320	14,855
David Jones Building	5,828	5,525	5,755	5,408	5,503	5,788	6,004
Plaza Arcade	1,457	1,381	1,439	1,298	1,321	1,247	1,294
Australia Revenue	**23,663**	**22,431**	**23,367**	**21,525**	**21,902**	**21,355**	**22,154**

	Estimate						
(proportion of revenue in %)	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Myer Centre Adelaide	69.2%	69.2%	69.2%	68.8%	68.8%	67.1%	67.1%
David Jones Building	24.6%	24.6%	24.6%	25.1%	25.1%	27.1%	27.1%
Plaza Arcade	6.2%	6.2%	6.2%	6.0%	6.0%	5.8%	5.8%
Australia Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

	Actual		
(revenue in S$ million)	FY2024	FY2023	FY2022
Australia Revenue	**40.6**	**39.8**	**42.8**
SGD-to-AUD (Oanda.com; average)	**1.129**	**1.093**	**1.017**

	Actual		
(revenue in A$ million)	FY2024	FY2023	FY2022
Myer Centre Adelaide	31.7	29.9	29.2
David Jones Building	11.3	10.9	11.8
Plaza Arcade	2.8	2.6	2.5
Australia Revenue	**45.8**	**43.5**	**43.5**

	Actual / Estimate		
(proportion of revenue in %)	FY2024	FY2023	FY2022
Myer Centre Adelaide	69.2%	68.8%	67.1%
David Jones Building	24.6%	25.1%	27.1%
Plaza Arcade	6.2%	6.0%	5.8%
Australia Revenue	**100.0%**	**100.0%**	**100.0%**

Source: SGREIT's Annual Reports (FY2022 to FY2024) & presentations (1H FY2023 to 1H FY2025), Oanda.com, FPA

Based on CBRE's comments, we project that Super Prime retail rent in Adelaide would rise by 6.9% y-o-y in 2H FY2025, 6.9% y-o-y in 1H FY2026 and remain the same on a y-o-y basis in 2H FY2026 (as shown in **Exhibit 43** on page 40). We assume that Myer Centre Adelaide's rent will rise by the same amount in each respective period.

Based on CBRE's comments, we also project that Super Prime retail rent in Perth would rise by 2.1% y-o-y in 2H FY2025, 4.1% y-o-y in 1H FY2026 and 1.9% y-o-y in 2H FY2026 (as shown in **Exhibit 46** on page 42). We assume that David Jones Building's rent and Plaza Arcade's rent will rise by the same amount in each respective period.

By assuming that the end-of-month SGD-to-AUD exchange rate as shown in **Exhibit 52** would remain at 1.189 from February 2025 to June 2026, the same as at 31 January 2025, we thus project Australia Properties' revenue to be S$19.9 million in 2H FY2025 (totalling S$40.5 million in FY2025), S$21.1 million in 1H FY2026 and S$20.0 million in 2H FY2026 (totalling S$41.1 million in FY2026) as shown in **Exhibit 53**.

Exhibit 52: Average End-of-Month SGD-to-AUD Rates (1H FY2022 to 1H FY2025; projected for 2H FY2025 onwards)

	Projection			Actual						
End-of-month exchange rates	**2H FY2026**	**1H FY2026**	**2H FY2025**	**1H FY2025**	**2H FY2024**	**1H FY2024**	**2H FY2023**	**1H FY2023**	**2H FY2022**	**1H FY2022**
January	1.189		1.189		1.130		1.075		1.053	
February	1.189		1.189		1.142		1.102		1.021	
March	1.189		1.189		1.135		1.123		0.983	
April	1.189		1.189		1.120		1.132		1.016	
May	1.189		1.189		1.117		1.133		1.018	
June	1.189		1.189		1.105		1.115		1.044	
July		1.189		1.137		1.128		1.035		1.002
August		1.189		1.130		1.143		1.039		1.018
September		1.189		1.131		1.135		1.074		1.019
October		1.189		1.150		1.150		1.104		0.985
November		1.189		1.146		1.132		1.086		1.023
December		1.189		1.182		1.111		1.097		1.019
SGD-to-AUD (Oanda.com; average)	**1.189**	**1.189**	**1.189**	**1.146**	**1.125**	**1.133**	**1.114**	**1.072**	**1.022**	**1.011**
SGD-to-AUD (Oanda.com; annual average)	**1.189**		**1.167**		**1.129**		**1.093**		**1.017**	

Source: Oanda.com, FPA

Exhibit 53: Projected Revenue for Australian Properties (2H FY2025 to 2H FY2026)

	Projection			Actual / Estimate						
(revenue in S$ '000)	**2H FY2026**	**1H FY2026**	**2H FY2025**	**1H FY2025**	**2H FY2024**	**1H FY2024**	**2H FY2023**	**1H FY2023**	**2H FY2022**	**1H FY2022**
Myer Centre Adelaide	13,953	14,720	13,953	14,293	13,800	14,274	13,318	14,071	14,007	14,695
David Jones Building	4,835	5,103	4,745	5,086	4,911	5,080	4,832	5,106	5,661	5,939
Plaza Arcade	1,209	1,276	1,186	1,272	1,228	1,270	1,179	1,246	1,220	1,280
Australia Revenue	**19,997**	**21,098**	**19,884**	**20,651**	**19,939**	**20,623**	**19,329**	**20,422**	**20,888**	**21,914**
SGD-to-AUD (Oanda.com; average)	**1.189**	**1.189**	**1.189**	**1.146**	**1.125**	**1.133**	**1.114**	**1.072**	**1.022**	**1.011**

	Projection			Estimate						
(revenue in A$ '000)	**2H FY2026**	**1H FY2026**	**2H FY2025**	**1H FY2025**	**2H FY2024**	**1H FY2024**	**2H FY2023**	**1H FY2023**	**2H FY2022**	**1H FY2022**
Myer Centre Adelaide	16,591	17,503	16,591	16,378	15,525	16,173	14,831	15,090	14,320	14,855
David Jones Building	5,749	6,067	5,642	5,828	5,525	5,755	5,381	5,475	5,788	6,004
Plaza Arcade	1,437	1,517	1,410	1,457	1,381	1,439	1,313	1,336	1,247	1,294
Australia Revenue	**23,778**	**25,087**	**23,644**	**23,663**	**22,431**	**23,367**	**21,525**	**21,902**	**21,355**	**22,154**

	Projection			Estimate						
(y-o-y growth in %)	**2H FY2026**	**1H FY2026**	**2H FY2025**	**1H FY2025**	**2H FY2024**	**1H FY2024**	**2H FY2023**	**1H FY2023**	**2H FY2022**	**1H FY2022**
Myer Centre Adelaide (Adelaide)	0.0%	6.9%	6.9%	1.3%	4.7%	7.2%	3.6%	1.6%	(3.5%)	0.3%
David Jones Building (Perth)	1.9%	4.1%	2.1%	1.3%	2.7%	5.1%	(7.0%)	(8.8%)	(3.2%)	0.7%
Plaza Arcade (Perth)	1.9%	4.1%	2.1%	1.3%	5.2%	7.7%	5.3%	3.2%	0.2%	4.1%
Australia Revenue	**0.6%**	**6.0%**	**5.4%**	**-**	**5.4%**	**5.4%**	**(0.0%)**	**(0.0%)**	**(1.3%)**	**(1.3%)**

Source: SGREIT's Annual Reports (FY2022 to FY2024) & presentations (1H FY2023 to 1H FY2025), Oanda.com, FPA

Malaysia Properties:

Malaysia Properties comprise The Starhill and Lot 10 Property.

To project Malaysia Properties' revenue, we begin by converting the disclosed annual revenue for each of the Malaysia Properties to MYR using the average end-of-month SGD-to-MYR exchange rates (from Oanda.com). Then, we estimate the semi-annual breakdown (in percentage) of Malaysia Properties' revenue using the annual breakdown as both disclosed by SGREIT and derived from our estimates of Malaysia Properties' revenue in MYR as shown in **Exhibit 54**.

Thereafter, we derive the semi-annual breakdown (in MYR) of Malaysia Properties' revenue using our estimated semi-annual breakdown (in percentage), as well as both the disclosed semi-annual revenue of Malaysia Properties and the average end-of-month SGD-to-MYR exchange rates (from Oanda.com) as also shown in **Exhibit 54**.

Exhibit 54: Estimated Malaysian Properties' Revenue in MYR (1H FY2022 to 1H FY2025)

	Actual						
(revenue in S$ '000)	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Malaysia Revenue	**14,359**	**13,551**	**13,750**	**14,188**	**14,575**	**15,148**	**10,689**
SGD-to-MYR (Oanda.com)	**3.313**	**3.504**	**3.457**	**3.343**	**3.259**	**3.133**	**3.089**

	Estimate						
(revenue in RM million)	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
The Starhill	30,145	30,089	30,123	30,025	30,070	n.a.	n.a.
Lot 10 Property	17,425	17,392	17,412	17,408	17,434	n.a.	n.a.
Malaysia Revenue	**47,569**	**47,481**	**47,535**	**47,433**	**47,504**	**47,458**	**33,015**

	Estimate						
(proportion of revenue in %)	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
The Starhill	63.4%	63.4%	63.4%	63.3%	63.3%	n.a.	n.a.
Lot 10 Property	36.6%	36.6%	36.6%	36.7%	36.7%	n.a.	n.a.
Malaysia Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**n.a.**	**n.a.**

	Actual		
(revenue in S$ '000)	FY2024	FY2023	FY2022
Malaysia Revenue	**27.3**	**28.8**	**25.8**
SGD-to-MYR (Oanda.com; average)	**3.480**	**3.301**	**3.111**

	Actual		
(revenue in RM million)	FY2024	FY2023	FY2022
The Starhill	60.2	60.1	45.4
Lot 10 Property	34.8	35.0	34.8
Malaysia Revenue	**95.0**	**95.1**	**80.3**

	Actual / Estimate		
(proportion of revenue in %)	FY2024	FY2023	FY2022
The Starhill	63.4%	63.3%	56.7%
Lot 10 Property	36.6%	36.7%	43.3%
Malaysia Revenue	**100.0%**	**100.0%**	**100.0%**

n.a. = not available. Given that The Starhill's revenue rose by 32.4% from RM45.4 million in FY2022 to an average of RM60.1 million in FY2023 and FY2024 while Lot 10 Property's revenue remained around RM34.9 million from FY2022 to FY2024, we note that the annual breakdown of Malaysia Properties' revenue in FY2022 may not be reflective of the semi-annual breakdown in 1H FY2022 & 2H FY2022.

Source: SGREIT's Annual Reports (FY2022 to FY2024) & presentations (1H FY2023 to 1H FY2025), Oanda.com, FPA

Based on the respective Master Tenancy Agreements, the respective annual rents for The Starhill and Lot 10 Property are fixed from FY2023 to FY2025. Thereafter, the annual rent for The Starhill is expected to rise by 4.75% from FY2025 to FY2026 while the annual rent for Lot 10 Property is expected to rise by 6.0% from FY2025 to FY2026.

Accordingly, we assume that the respective rents for The Starhill and Lot 10 Property in 2H FY2025 would be the respective average rents from 1H FY2023 to 1H FY2025. Thereafter, we project that The Starhill's rent would rise by 4.75% y-o-y in 1H FY2026 & 2H FY2026, while Lot 10 Property's rent would rise by 6.0% y-o-y in 1H FY2026 & 2H FY2026.

By assuming that the end-of-month SGD-to-MYR exchange rate as shown in **Exhibit 55** would remain at 3.249 from February 2025 to June 2026, the same as at 31 January 2025, we thus project Malaysia Properties' revenue to be S$14.6 million in 2H FY2025 (totalling S$29.0 million in FY2025), S$15.4 million in 1H FY2026 and S$15.4 million in 2H FY2026 (totalling S$30.8 million in FY2026) as shown in **Exhibit 56**.

Exhibit 55: Average End-of-Month SGD-to-MYR Rates (1H FY2022 to 1H FY2025; projected for 2H FY2025 onwards)

	Projection			Actual						
End-of-month exchange rates	**2H FY2026**	**1H FY2026**	**2H FY2025**	**1H FY2025**	**2H FY2024**	**1H FY2024**	**2H FY2023**	**1H FY2023**	**2H FY2022**	**1H FY2022**
January	3.249		3.249		3.528		3.229		3.087	
February	3.249		3.249		3.539		3.316		3.099	
March	3.249		3.249		3.494		3.326		3.106	
April	3.249		3.249		3.504		3.339		3.149	
May	3.249		3.249		3.481		3.403		3.194	
June	3.249		3.249		3.477		3.447		3.163	
July		3.249		3.441		3.414		3.220		3.119
August		3.249		3.309		3.433		3.206		3.091
September		3.249		3.217		3.438		3.227		3.077
October		3.249		3.309		3.483		3.343		3.067
November		3.249		3.313		3.496		3.276		3.093
December		3.249		3.287		3.479		3.283		3.086
SGD-to-MYR (Oanda.com; average)	**3.249**	**3.249**	**3.249**	**3.313**	**3.504**	**3.457**	**3.343**	**3.259**	**3.133**	**3.089**
SGD-to-MYR (Oanda.com; annual average)	**3.249**		**3.281**		**3.480**		**3.301**		**3.111**	

Source: Oanda.com, FPA

Exhibit 56: Projected Revenue for Malaysian Properties (2H FY2025 to 2H FY2026)

	Projection			Actual / Estimate						
(revenue in S$ '000)	**2H FY2026**	**1H FY2026**	**2H FY2025**	**1H FY2025**	**2H FY2024**	**1H FY2024**	**2H FY2023**	**1H FY2023**	**2H FY2022**	**1H FY2022**
The Starhill	9,701	9,718	9,261	9,099	8,587	8,713	8,981	9,226	n.a.	n.a.
Lot 10 Property	5,681	5,684	5,359	5,260	4,964	5,037	5,207	5,349	n.a.	n.a.
Malaysia Revenue	**15,381**	**15,402**	**14,620**	**14,359**	**13,551**	**13,750**	**14,188**	**14,575**	**15,148**	**10,689**
SGD-to-MYR (Oanda.com; average)	**3.249**	**3.249**	**3.249**	**3.313**	**3.504**	**3.457**	**3.343**	**3.259**	**3.133**	**3.089**

	Projection			Estimate						
(revenue in RM million)	**2H FY2026**	**1H FY2026**	**2H FY2025**	**1H FY2025**	**2H FY2024**	**1H FY2024**	**2H FY2023**	**1H FY2023**	**2H FY2022**	**1H FY2022**
The Starhill	31,520	31,577	30,090	30,145	30,089	30,123	30,025	30,070	n.a.	n.a.
Lot 10 Property	18,459	18,470	17,414	17,425	17,392	17,412	17,408	17,434	n.a.	n.a.
Malaysia Revenue	**49,979**	**50,047**	**47,505**	**47,569**	**47,481**	**47,535**	**47,433**	**47,504**	**47,458**	**33,015**

Source: SGREIT's Annual Reports (FY2022 to FY2024) & presentations (1H FY2023 to 1H FY2025), Oanda.com, FPA

Other Properties:

Other Properties comprise China Property and Ebisu Fort.

As a percentage of SGREIT's gross revenue (excluding Other Properties), Other Properties' revenue fell from 2.6% in 1H FY2022 to 1.5% in 1H FY2025. We assume that the percentage would remain at 1.5% from 2H FY2025 to 2H FY2026. Thus, we project that Other Properties' revenue would remain around S$1.5 million from 2H FY2025 to 2H FY2026.

Overall, we project that SGREIT's gross revenue would be S$96.9 million in 2H FY2025 (totalling S$193.1 million in FY2025), S$101.1 million in 1H FY2026 and S$101.2 million in 2H FY2026 (totalling S$202.3 million in FY2026) as shown in **Exhibit 57**.

Exhibit 57: Projected Gross Revenue (2H FY2025 to 2H FY2026)

	Projection			Actual						
(revenue in S$ '000)	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Ngee Ann City Property (Retail)	28,007	27,846	25,418	25,260	25,279	25,007	24,777	24,853	24,976	24,395
Ngee Ann City Property (Office)	8,077	7,946	7,850	7,790	7,753	7,486	7,462	7,177	7,002	6,995
Wisma Atria Property (Retail)	22,438	21,672	22,006	21,247	21,429	20,734	20,252	20,462	20,113	19,741
Wisma Atria Property (Office)	5,766	5,611	5,604	5,506	5,540	5,484	5,388	5,205	5,108	4,895
Australia Properties	19,997	21,098	19,884	20,651	19,939	20,623	19,329	20,422	20,888	21,914
Malaysia Properties	15,381	15,402	14,620	14,359	13,551	13,750	14,188	14,575	15,148	10,689
Other Properties	1,539	1,538	1,473	1,464	1,695	1,549	1,647	2,035	2,228	2,342
Gross revenue	**101,206**	**101,113**	**96,856**	**96,277**	**95,186**	**94,633**	**93,043**	**94,729**	**95,463**	**90,971**

	Projection			Actual						
(y-o-y growth in %)	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Ngee Ann City Property (Retail)	10.2%	10.2%	0.6%	1.0%	2.0%	0.6%	(0.8%)	1.9%	(7.4%)	8.1%
Ngee Ann City Property (Office)	2.9%	2.0%	1.3%	4.1%	3.9%	4.3%	6.6%	2.6%	1.1%	(0.6%)
Wisma Atria Property (Retail)	2.0%	2.0%	2.7%	2.5%	5.8%	1.3%	0.7%	3.7%	(0.3%)	(4.6%)
Wisma Atria Property (Office)	2.9%	1.9%	1.2%	0.4%	2.8%	5.4%	5.5%	6.3%	7.1%	0.6%
Australia Properties	0.6%	2.2%	(0.3%)	0.1%	3.2%	1.0%	(7.5%)	(6.8%)	(7.5%)	0.8%
Malaysia Properties	5.2%	7.3%	7.9%	4.4%	(4.5%)	(5.7%)	(6.3%)	36.4%	66.6%	16.6%
Other Properties	4.5%	5.0%	(13.1%)	(5.5%)	2.9%	(23.9%)	(26.1%)	(13.1%)	(5.8%)	-
Gross revenue	**4.5%**	**5.0%**	**1.8%**	**1.7%**	**2.3%**	**(0.1%)**	**(2.5%)**	**4.1%**	**2.8%**	**2.9%**

Source: SGREIT's presentations (1H FY2023 to 1H FY2025), FPA

We assume that NPI margins from 2H FY2025 to 2H FY2026 for each property or property group will be the respective averages from 1H FY2023 to 1H FY2025 as shown in **Exhibit 58**.

Accordingly, we project that NPI will be S$76.3 million in 2H FY2025 (totalling S$151.9 million in FY2025), S$79.7 million in 1H FY2026 and S$79.9 million in 2H FY2026 (totalling S$159.6 million in FY2026) as also shown in **Exhibit 58**.

Exhibit 58: Projected NPI and NPI margin (2H FY2025 to 2H FY2026)

	Projection			Actual						
(NPI in S$ '000)	**2H FY2026**	**1H FY2026**	**2H FY2025**	**1H FY2025**	**2H FY2024**	**1H FY2024**	**2H FY2023**	**1H FY2023**	**2H FY2022**	**1H FY2022**
Ngee Ann City Property (Retail)	23,079	22,947	20,946	20,863	20,862	20,537	20,396	20,493	20,476	20,046
Ngee Ann City Property (Office)	6,450	6,345	6,269	6,246	6,315	5,942	6,000	5,587	5,818	5,545
Wisma Atria Property (Retail)	17,268	16,678	16,935	16,438	16,387	15,846	15,772	15,683	15,077	14,760
Wisma Atria Property (Office)	4,227	4,113	4,109	4,074	3,974	4,025	3,934	3,874	3,719	3,550
Australia Properties	12,735	13,436	12,663	12,924	12,519	13,540	12,451	12,859	13,537	13,703
Malaysia Properties	14,936	14,956	14,197	13,933	13,150	13,361	13,782	14,158	14,712	10,261
Other Properties	1,199	1,198	1,148	1,167	1,301	1,223	1,223	1,627	1,732	1,774
Net Property Income ("NPI")	**79,894**	**79,673**	**76,265**	**75,645**	**74,508**	**74,474**	**73,558**	**74,281**	**75,071**	**69,639**

	Projection			Actual						
(margins in %)	**2H FY2026**	**1H FY2026**	**2H FY2025**	**1H FY2025**	**2H FY2024**	**1H FY2024**	**2H FY2023**	**1H FY2023**	**2H FY2022**	**1H FY2022**
Ngee Ann City Property (Retail)	82.4%	82.4%	82.4%	82.6%	82.5%	82.1%	82.3%	82.5%	82.0%	82.2%
Ngee Ann City Property (Office)	79.9%	79.9%	79.9%	80.2%	81.5%	79.4%	80.4%	77.8%	83.1%	79.3%
Wisma Atria Property (Retail)	77.0%	77.0%	77.0%	77.4%	76.5%	76.4%	77.9%	76.6%	75.0%	74.8%
Wisma Atria Property (Office)	73.3%	73.3%	73.3%	74.0%	71.7%	73.4%	73.0%	74.4%	72.8%	72.5%
Australia Properties	63.7%	63.7%	63.7%	62.6%	62.8%	65.7%	64.4%	63.0%	64.8%	62.5%
Malaysia Properties	97.1%	97.1%	97.1%	97.0%	97.0%	97.2%	97.1%	97.1%	97.1%	96.0%
Other Properties	77.9%	77.9%	77.9%	79.7%	76.8%	79.0%	74.3%	80.0%	77.7%	75.7%
NPI margin	**78.9%**	**78.8%**	**78.7%**	**78.6%**	**78.3%**	**78.7%**	**79.1%**	**78.4%**	**78.6%**	**76.6%**

Source: SGREIT's presentations (1H FY2023 to 1H FY2025), FPA

(II) NET PROFIT PROJECTION

Interest income:

The difference (B – A) between the average SGS 1-year T-bills yield (B) and annualised effective interest on interest income (A) rose from 0.1% in 1H FY2022 to 1.8% in 1H FY2023 before generally falling to 0.2% in 1H FY2025 as shown in **Exhibit 59**.

We assume that the difference would remain at 0.2% from 2H FY2025 to 2H FY2026, the same as in 1H FY2025. We also assume that cash & cash equivalents would remain at S$69.2 million from 2H FY2025 to 2H FY2026, the same as in 1H FY2025. Thus, we project that interest income would remain around S$0.9 million from 2H FY2025 to 2H FY2026 as shown in **Exhibit 59**, in line with our projections of the average SGS 1-year T-bills yield previously shown in **Exhibit 23** (page 23).

Exhibit 59: Projected Interest Income (2H FY2025 to 2H FY2026)

	Projection			Actual						
(in S$ '000 unless otherwise stated)	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Interest income	919	936	936	961	920	926	1,117	590	225	162
Cash & cash equivalents	69,209	69,209	69,209	69,209	60,574	62,716	68,302	72,995	85,663	90,562
(A) Eff. interest on interest income (annualised)	**2.7%**	**2.7%**	**2.7%**	**2.8%**	**3.0%**	**3.0%**	**3.3%**	**1.6%**	**0.5%**	**0.4%**
(B - A) SGS T-bills yield - effective interest	0.2%	0.2%	0.2%	0.2%	0.5%	0.8%	0.4%	1.8%	0.8%	0.1%
(B) SGS 1-year T-bills yield (average)	**2.85%**	**2.90%**	**2.90%**	**2.97%**	**3.52%**	**3.75%**	**3.72%**	**3.46%**	**1.36%**	**0.42%**

Source: SGREIT's financial statements (1H FY2023 to 1H FY2025), SingStat, FPA

Finance expenses:

The difference (A – B) between the annualised effective interest on interest costs (A) and the average 3M SORA (B) fell from 3.3% in 1H FY2022 to 0.2% in 2H FY2023 before rising to 0.6% in 1H FY2025 as shown in **Exhibit 60**.

Despite us projecting that the 3M SORA would fall by around 0.5% from 3.39% in 1H FY2025 to 2.90% in 2H FY2025 (previously shown in **Exhibit 23** on page 23), we assume that the annualised effective interest on interest costs will fall by only 0.2% from 4.0% in 1H FY2025 to 3.8% in 2H FY2025 as SGREIT has a substantial portion of fixed-rate borrowings. Thereafter, we assume that the difference between the annualised effective interest on interest costs and the average 3M SORA will remain at 0.9% in 1H FY2026 & 2H FY2026, the same as in 2H FY2025.

We also assume that SGREIT would draw additional loans to repay its maturing loans such that borrowings (excluding unamortised expenses) would remain at S$1,026.7 million in 2H FY2025 & 1H FY2026, the same as in 1H FY2025.

However, in 2H FY2026, we assume that borrowings would rise by S$100.0 million to S$1,126.7 million as SGREIT may borrow the additional sum to redeem its perpetual securities. SGREIT drew the perpetual securities (with a distribution rate of 3.85%) in December 2020 when the 3M SORA was 0.17%, thus implying a spread of 3.68% over the 3M SORA (the actual benchmark used was the 5-Year Swap Offer Rate, which was discontinued by the Association of Banks in Singapore from 1 July 2023).

The perpetual securities' distribution rate will reset on 15 December 2025 (near the end of 1H FY2026). As we project that the 3M SORA will be 2.90% in December 2025, we project that the perpetual securities' distribution rate may rise to 6.58% by assuming that the spread will remain around 3.68% over the 3M SORA—which is likely higher than the interest rate that SGREIT can obtain through a new MTN, term loan or RCF. Accordingly, we expect that SGREIT will borrow additional sums to redeem, on 15 December 2025, the S$100.0 million perpetual securities.

Thus, we project that finance expenses will be S$20.1 million in 2H FY2025, S$20.1 million in 1H FY2026 and S$21.8 million in 2H FY2026 as shown in **Exhibit 60**.

Exhibit 60: Projected Finance Expenses (2H FY2025 to 2H FY2026)

(in S$ '000 unless otherwise stated)	Projection			Actual						
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Interest costs	21,126	19,508	19,508	21,030	20,809	20,952	19,599	18,668	17,194	19,165
Finance expenses	21,816	20,145	20,145	21,819	21,435	21,609	20,240	19,261	17,844	20,005
Interest costs as % of finance expenses	**96.8%**	**96.8%**	**96.8%**	**96.4%**	**97.1%**	**97.0%**	**96.8%**	**96.9%**	**96.4%**	**95.8%**
Interest costs	21,126	19,508	19,508	21,030	20,809	20,952	19,599	18,668	17,194	19,165
Borrowings (excl. unamortised exp.; prev. period)	1,126,713	1,026,713	1,026,713	1,043,676	1,047,305	1,048,508	1,073,580	1,084,838	1,103,022	1,109,777
(A) Eff. interest on interest costs (annualised)	**3.8%**	**3.8%**	**3.8%**	**4.0%**	**4.0%**	**4.0%**	**3.7%**	**3.4%**	**3.1%**	**3.5%**
(A - B) Effective interest - 3M SORA	0.9%	0.9%	0.9%	0.6%	0.3%	0.3%	0.2%	1.2%	2.7%	3.3%
(B) 3M SORA (average)	**2.85%**	**2.90%**	**2.90%**	**3.39%**	**3.65%**	**3.71%**	**3.47%**	**2.22%**	**0.39%**	**0.15%**

Source: SGREIT's financial statements (1H FY2023 to 1H FY2025), SingStat, FPA

Management fees:

As an annualised percentage of investment properties' value (including right-of-use or "ROU" assets), management fees averaged 0.52% from 1H FY2023 to 1H FY2025. We assume that the percentage would remain at 0.52% from 2H FY2025 to 2H FY2026. Given that we projected the average 3M SORA to fall from 2.90% in 2H FY2025 to 2.85% in 2H FY2026, we assume that investment properties' value (including ROU assets) would remain at S$2,753.8 million from 2H FY2025 to 2H FY2026, the same as in 1H FY2025. Thus, we project that management fees will remain at S$7.1 million from 2H FY2025 to 2H FY2026 as shown in **Exhibit 61**.

Trust expenses:

As an annualised percentage of investment properties' value (including ROU assets), trust expenses were generally higher in 2H than 1H of each financial year from FY2022 to FY2024 as shown in **Exhibit 61**. However, SGREIT noted that trust expenses were higher in 1H FY2025 (rose by 58.9% from S$1.8 million in 1H FY2024 to S$2.9 million in 1H FY2025) "mainly attributed to legal and professional fees incurred for the ongoing arbitration case in Australia".

As SGREIT noted that the "hearing is currently scheduled for August 2025" (1H FY2026), we assume that SGREIT will continue, in 2H FY2025, to incur higher legal and professional fees in relation to the ongoing arbitration case such that trust expenses as an annualised percentage of investment properties' value would be 0.22% in 2H FY2025, slightly higher than 0.21% in 1H FY2025. We also assume that the percentage would remain slightly elevated at 0.15% in 1H FY2026, as compared to 0.13% in 1H of FY2022 to FY2024, due to arbitration-related fees from July to August 2025. Thereafter, we assume that the percentage would be 0.14% in 2H FY2026, the same as in 2H FY2022 & 2H FY2023. Accordingly, we project that trust expenses would be S$3.0 million in 2H FY2025, S$2.1 million in 1H FY2026 and S$1.9 million in 2H FY2026 as shown in **Exhibit 61**.

Exhibit 61: Projected Management Fees and Trust Expenses (2H FY2025 to 2H FY2026)

(in S$ '000 unless otherwise stated)	Projection			Actual						
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Management fees	7,117	7,117	7,117	7,187	7,099	7,190	7,317	7,499	7,565	7,723
Investment properties' value (incl. ROU assets)	2,753,842	2,753,842	2,753,842	2,753,842	2,762,160	2,772,919	2,767,811	2,865,832	2,893,294	2,960,211
Mgmt fees as % of properties' value (annualised)	**0.52%**	**0.52%**	**0.52%**	**0.52%**	**0.52%**	**0.51%**	**0.52%**	**0.51%**	**0.52%**	**0.51%**
Trust expenses	1,931	2,119	3,029	2,908	2,125	1,830	1,941	1,849	1,966	1,954
Investment properties' value (incl. ROU assets)	2,753,842	2,753,842	2,753,842	2,753,842	2,762,160	2,772,919	2,767,811	2,865,832	2,893,294	2,960,211
Trust exp. as % of properties' value (annualised)	**0.14%**	**0.15%**	**0.22%**	**0.21%**	**0.15%**	**0.13%**	**0.14%**	**0.13%**	**0.14%**	**0.13%**

Source: SGREIT's financial statements (1H FY2023 to 1H FY2025), FPA

Total return before tax:

We assume that there will be no change in fair value of derivative instruments, change in fair value of investment properties (as elaborated on page 54), foreign exchange gain/loss, nor any further gain on divestment of investment property. Accordingly, we project that total return before tax will be S$46.9 million in 2H FY2025 (totalling S$94.9 million in FY2025), S$51.2 million in 1H FY2026 and S$49.9 million in 2H FY2026 (totalling S$101.2 million in FY2026).

Income tax:

While income tax as a percentage of total return before tax fluctuated between negative 3.2% (2H FY2023) and positive 11.4% (2H FY2024) from 1H FY2022 to 1H FY2025, we note that income tax averaged S$3.1 million from 1H FY2023 to 1H FY2025 (excluding 2H FY2023 where the percentage was negative). Therefore, we project that income tax would be S$3.1 million from 2H FY2025 to 2H FY2026 as shown in **Exhibit 62**, as the projected income tax for 2H FY2025 to 2H FY2026 will otherwise be higher than the income tax from 1H FY2022 to 1H FY2025 should we take the average percentage from 1H FY2023 to 1H FY2025 except 2H FY2023.

Exhibit 62: Projected Income Tax (2H FY2025 to 2H FY2026)

	Projection			Actual						
(in S$ '000 unless otherwise stated)	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Income tax	3,058	3,058	3,058	2,711	3,199	3,100	547	3,223	861	1,390
Total return before tax	49,948	51,228	46,909	48,021	28,119	44,712	(16,913)	52,706	9,141	46,907
Income tax as % of total return before tax	**6.1%**	**6.0%**	**6.5%**	**5.6%**	**11.4%**	**6.9%**	**(3.2%)**	**6.1%**	**9.4%**	**3.0%**

Source: SGREIT's financial statements (1H FY2023 to 1H FY2025), FPA

Total return after tax:

After deducting income tax from total return before tax, we project that total return after tax would be S$43.9 million in 2H FY2025 (totalling S$89.2 million in FY2025), S$48.2 million in 1H FY2026 and S$46.9 million in 2H FY2026 (totalling S$95.1 million in FY2026) as shown in **Exhibit 63** (annual projections are shown in **Exhibit 64**).

Total return attributable to unitholders:

We project that the amount reserved for perpetual securities holders would be S$1.92 million in 2H FY2025, the same as in 2H FY2024. Thereafter, we assume that SGREIT would fully redeem its perpetual securities on 15 December 2025, the distribution reset date. Thus, we project that the reserved amount would fall to S$1.77 million in 1H FY2026 (reserved amount of S$1.94 million in 1H FY2025 (based on amount in 1H FY2024) × $\frac{\text{Days (1 Jul 2025 to 15 Dec 2025)}}{\text{Days (1 Jul 2025 to 31 Dec 2025)}}$) and zero in 2H FY2026. Accordingly, we project that total return attributable to unitholders would be S$41.9 million in 2H FY2025 (totalling $85.3 million in FY2025), S$46.4 million in 1H FY2026 and S$46.9 million in 2H FY2026 (totalling $93.3 million in FY2026) as shown in **Exhibit 63** (shown in **Exhibit 64**).

Earnings Per Unit ("EPU"):

We assume that the weighted average number of units (basic & diluted) for 2H FY2025 to 2H FY2026 would remain the same as in 1H FY2025. Thus, we project that EPU (basic & diluted in cents) will be 1.84 in 2H FY2025 (totalling 3.74 in FY2025), 2.04 in 1H FY2026 and 2.06 in 2H FY2026 (totalling 4.09 in FY2026) as shown in **Exhibit 63** (shown in **Exhibit 64**).

Exhibit 63: Projected Financial Performance (2H FY2025 to 2H FY2026)

(in S$ '000)	Projection			Actual						
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Gross revenue	**101,206**	**101,113**	**96,856**	**96,277**	**95,186**	**94,633**	**93,043**	**94,729**	**95,463**	**90,971**
Property operating expenses	(21,313)	(21,440)	(20,591)	(20,632)	(20,678)	(20,159)	(19,485)	(20,448)	(20,392)	(21,332)
Net Property Income ("NPI")	**79,894**	**79,673**	**76,265**	**75,645**	**74,508**	**74,474**	**73,558**	**74,281**	**75,071**	**69,639**
Interest income	919	936	936	961	920	926	1,117	590	225	162
Management fees	(7,117)	(7,117)	(7,117)	(7,187)	(7,099)	(7,190)	(7,317)	(7,499)	(7,565)	(7,723)
Trust expenses	(1,931)	(2,119)	(3,029)	(2,908)	(2,125)	(1,830)	(1,941)	(1,849)	(1,966)	(1,954)
Finance expenses	(21,816)	(20,145)	(20,145)	(21,819)	(21,435)	(21,609)	(20,240)	(19,261)	(17,844)	(20,005)
Change in fair value of derivative instruments	-	-	-	213	(202)	(378)	(368)	6,712	12,368	7,585
Foreign exchange (loss)/gain	-	-	-	(383)	(139)	535	(1,206)	(85)	(1,755)	(603)
Total return before change in properties' value	**49,948**	**51,228**	**46,909**	**44,522**	**44,428**	**44,928**	**43,603**	**52,889**	**58,534**	**47,101**
Change in fair value of investment properties	-	-	-	(132)	(16,309)	(216)	(65,328)	(183)	(49,393)	(194)
Gain on divestment of investment property	-	-	-	3,631	-	-	4,812	-	-	-
Total return before tax	**49,948**	**51,228**	**46,909**	**48,021**	**28,119**	**44,712**	**(16,913)**	**52,706**	**9,141**	**46,907**
Income tax	(3,058)	(3,058)	(3,058)	(2,711)	(3,199)	(3,100)	(547)	(3,223)	(861)	(1,390)
Total return after tax	**46,890**	**48,170**	**43,851**	**45,310**	**24,920**	**41,612**	**(17,460)**	**49,483**	**8,280**	**45,517**
Less: Amount reserved for perp. securities holders	-	(1,771)	(1,920)	(1,941)	(1,920)	(1,941)	(1,909)	(1,941)	(1,909)	(1,941)
Total return attributable to unitholders	**46,890**	**46,398**	**41,931**	**43,369**	**23,000**	**39,671**	**(19,369)**	**47,542**	**6,371**	**43,576**
Weighted average no. of units ('000)	2,278,523	2,278,523	2,278,523	2,278,523	2,261,446	2,256,154	2,251,597	2,244,016	2,235,377	2,222,751
Weighted average no. of units ('000; diluted)	2,278,515	2,278,515	2,278,515	2,278,515	2,261,437	2,256,146	2,251,589	2,244,008	2,235,369	2,225,875
Earnings per Unit ("EPU" in cents):										
Basis	2.06	2.04	1.84	1.90	1.02	1.76	(0.86)	2.12	0.28	1.96
Diluted	2.06	2.04	1.84	1.90	1.02	1.76	(0.86)	2.12	0.28	1.96

Source: SGREIT's financial statements (1H FY2023 to 1H FY2025), FPA

Exhibit 64: Projected Financial Performance (FY2025 to FY2026)

(in S$ '000)	Projection		Actual		
	FY2026	FY2025	FY2024	FY2023	FY2022
Gross revenue	**202,319**	**193,133**	**189,819**	**187,772**	**186,434**
Property operating expenses	(42,752)	(41,223)	(40,837)	(39,933)	(41,724)
NPI	**159,567**	**151,910**	**148,982**	**147,839**	**144,710**
Interest income	1,855	1,897	1,846	1,707	387
Management fees	(14,235)	(14,304)	(14,289)	(14,816)	(15,288)
Trust expenses	(4,050)	(5,937)	(3,955)	(3,790)	(3,920)
Finance expenses	(41,961)	(41,964)	(43,044)	(39,501)	(37,849)
Change in fair value of derivative instruments	-	213	(580)	6,344	19,953
Foreign exchange (loss)/gain	-	(383)	396	(1,291)	(2,358)
Total return before change in properties' value	**101,176**	**91,431**	**89,356**	**96,492**	**105,635**
Change in fair value of investment properties	-	(132)	(16,525)	(65,511)	(49,587)
Gain on divestment of investment property	-	3,631	-	4,812	-
Total return before tax	**101,176**	**94,930**	**72,831**	**35,793**	**56,048**
Income tax	(6,117)	(5,769)	(6,299)	(3,770)	(2,251)
Total return after tax	**95,059**	**89,161**	**66,532**	**32,023**	**53,797**
Less: Amount reserved for perp. securities holders	(1,771)	(3,861)	(3,861)	(3,850)	(3,850)
Total return attributable to unitholders	**93,288**	**85,300**	**62,671**	**28,173**	**49,947**
Weighted average no. of units ('000)	2,278,523	2,278,523	2,258,782	2,247,771	2,229,003
Weighted average no. of units ('000; diluted)	2,278,515	2,278,515	2,258,777	2,247,767	2,229,000
EPU (cents):					
Basis	4.09	3.74	2.77	1.25	2.24
Diluted	4.09	3.74	2.77	1.25	2.24

Source: SGREIT's financial statements (1H FY2023 to 1H FY2025), FPA

(III) DISTRIBUTION PROJECTION

Net tax & other adjustments and income available for distribution:

Management fees paid/payable in units as a percentage of total management fees fell from 52.3% in 1H FY2022 to 21.5% in 1H FY2023 before rising to and staying at 21.6% from 2H FY2023 onwards. We assume that the percentage will stay at 21.6% from 2H FY2025 to 2H FY2026, thus project that management fees paid/payable in units will be S$1.5 million for 2H FY2025 to 2H FY2026 as shown in **Exhibit 65**.

Finance costs as a percentage of finance expenses fluctuated between 1.8% (2H FY2023 to 2H FY2024) and 2.3% (2H FY2022) from 1H FY2022 to 1H FY2025. We assume that the percentage will be 1.9% from 2H FY2025 to 2H FY2026, the average from 1H FY2023 to 1H FY2025, thus project that finance costs will be around S$0.4 million for 2H FY2025 to 2H FY2026 as also shown in **Exhibit 65**.

Exhibit 65: Projected Management Fees Paid/Payable in Units and Finance Costs (2H FY2025 to 2H FY2026)

	Projection			Actual						
(in S$ '000 unless otherwise stated)	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Management fees paid/payable in units	1,534	1,534	1,534	1,549	1,535	1,556	1,581	1,615	1,625	4,039
Management fees	7,117	7,117	7,117	7,187	7,099	7,190	7,317	7,499	7,565	7,723
% paid/payable in units	**21.6%**	**21.6%**	**21.6%**	**21.6%**	**21.6%**	**21.6%**	**21.6%**	**21.5%**	**21.5%**	**52.3%**

	Projection			Actual						
(in S$ '000 unless otherwise stated)	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Finance costs	410	379	379	474	380	386	363	362	407	424
Finance expenses	21,816	20,145	20,145	21,819	21,435	21,609	20,240	19,261	17,844	20,005
Finance costs as % of finance expenses	**1.9%**	**1.9%**	**1.9%**	**2.2%**	**1.8%**	**1.8%**	**1.8%**	**1.9%**	**2.3%**	**2.1%**

Source: SGREIT's financial statements (1H FY2023 to 1H FY2025), FPA

Sinking fund contribution rose from S$774,000 in 1H FY2022 to S$824,000 in 2H FY2023, before falling to S$819,000 in 1H FY2025. We assume that sinking fund contribution will be S$819,000 for 2H FY2025 to 2H FY2026, the same as in 1H FY2025. Depreciation fell from S$7,000 in 1H FY2022 to zero in 1H FY2025. We assume that depreciation will remain at zero for 2H FY2025 to 2H FY2026.

Deferred taxes were positive in 1H of each financial year from FY2022 to FY2024 (zero in 1H FY2025) and negative in 2H of FY2022 to FY2024. Thus, we assume that deferred taxes for 2H FY2025 & 2H FY2026 will be negative S$0.1 million, the average of 2H of FY2022 to FY2024, and that it will be S$51,000 in 1H FY2026, the average of 1H of FY2023 to FY2025.

We assume no change in fair value of derivative instruments, change in fair value of investment properties, foreign exchange gain/loss nor any further gain on divestment of investment property from 2H FY2025 to 2H FY2026, thus project their respective adjustments to also be zero in the same period. We project other items (less reversal of gain on divestment) to remain at S$143,000 from 2H FY2025 to 2H FY2026, the average from 1H FY2023 to 1H FY2025.

Accordingly, we project that net tax & other adjustments will be S$2.5 million in 2H FY2025, S$2.6 million in 1H FY2026 and S$2.5 million in 2H FY2026, such that income available for distribution (given period) will be S$44.4 million in 2H FY2025 (S$87.7 million in FY2025), S$49.0 million in 1H FY2026 and S$49.4 million in 2H FY2026 (S$98.4 million in FY2025) as shown in **Exhibit 66** (shown in **Exhibit 67**).

Distribution amount:

The distribution amount as a percentage of income available for distribution (given period) was generally higher in 2H than 1H of each financial year from FY2022 to FY2024. Thus, we project that the percentage will be 97.5% in 2H FY2025 & 2H FY2026, the average of 2H of FY2022 to FY2024, and project that the percentage will be 95.1% in 1H FY2026, the average of 1H of FY2023 to FY2025 as shown in **Exhibit 66**.

Distribution Per Unit ("DPU"):

We assume that the units entitled for distribution for 2H FY2025 to 2H FY2026 will remain the same as in 1H FY2025. Thus, we project that DPU (cents) will be 1.89 in 2H FY2025 (totalling 3.69 in FY2025), 2.03 in 1H FY2026 and 2.10 in 2H FY2026 (totalling 4.14 in FY2026) as shown in **Exhibit 66** (shown in **Exhibit 67**).

Exhibit 66: Projected Distribution (2H FY2025 to 2H FY2026)

	Projection			Actual						
(in S$ '000 unless otherwise stated)	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Total return attributable to unitholders	**46,890**	**46,398**	**41,931**	**43,369**	**23,000**	**39,671**	**(19,369)**	**47,542**	**6,371**	**43,576**
Non-tax items and other adjustments:										
Management fees paid/payable in units	1,534	1,534	1,534	1,549	1,535	1,556	1,581	1,615	1,625	4,039
Finance costs	410	379	379	474	380	386	363	362	407	424
Sinking fund contribution	819	819	819	819	823	824	824	774	775	774
Depreciation	-	-	-	-	1	1	3	7	7	7
Change in fair value of derivative instruments	-	-	-	(213)	202	378	368	(6,712)	(11,983)	(7,638)
Change in fair value of investment properties	-	-	-	132	16,309	216	65,328	183	49,393	194
Deferred tax	(103)	51	(103)	-	(180)	74	(110)	78	(20)	83
Foreign exchange loss/(gain)	-	-	-	149	267	(355)	1,496	411	1,802	682
Reversal of gain on divestment (incl. in other items)	-	-	-	(3,631)	-	-	(4,812)	-	-	-
Other items (less reversal of gain)	(143)	(143)	(143)	655	464	(846)	(307)	(680)	(1,256)	517
Net tax and other adjustments	**2,517**	**2,640**	**2,486**	**(66)**	**19,801**	**2,234**	**64,734**	**(3,962)**	**40,750**	**(918)**
Income available for distribution (given period)	**49,407**	**49,038**	**44,417**	**43,303**	**42,801**	**41,905**	**45,365**	**43,580**	**47,121**	**42,658**
Distribution amount	48,164	46,615	43,300	41,255	41,925	40,210	44,666	40,942	45,257	39,739
Distrib. amount as % of income avail. for distribution	**97.5%**	**95.1%**	**97.5%**	**95.3%**	**98.0%**	**96.0%**	**98.5%**	**93.9%**	**96.0%**	**93.2%**
Distribution Per Unit ("DPU" in cents)	**2.10**	**2.03**	**1.89**	**1.80**	**1.85**	**1.78**	**1.98**	**1.82**	**2.02**	**1.78**

Source: SGREIT's financial statements (1H FY2023 to 1H FY2025), FPA

Exhibit 67: Projected Distributions (FY2025 to FY2026)

(in S$ '000 unless otherwise stated)	Projection		Actual		
	FY2026	FY2025	FY2024	FY2023	FY2022
Total return attributable to unitholders	**93,288**	**85,300**	**62,671**	**28,173**	**49,947**
Non-tax items and other adjustments:					
Management fees paid/payable in units	3,068	3,083	3,091	3,196	5,664
Finance costs	789	853	766	725	831
Sinking fund contribution	1,638	1,638	1,647	1,598	1,549
Depreciation	-	-	2	10	14
Change in fair value of derivative instruments	-	(213)	580	(6,344)	(19,621)
Change in fair value of investment properties	-	132	16,525	65,511	49,587
Deferred tax	(53)	(103)	(106)	(32)	63
Foreign exchange loss/(gain)	-	149	(88)	1,907	2,484
Reversal of gain on divestment (incl. in other items)	-	(3,631)	-	(4,812)	-
Other items (less reversal of gain)	(286)	512	(382)	(987)	(739)
Net tax and other adjustments	**5,157**	**2,420**	**22,035**	**60,772**	**39,832**
Income available for distribution (given period)	**98,445**	**87,720**	**84,706**	**88,945**	**89,779**
Distribution amount	94,779	84,555	82,135	85,608	84,996
Distribution amt as % of income avail. for distribution	**96.3%**	**96.4%**	**97.0%**	**96.2%**	**94.7%**
DPU (cents)	**4.14**	**3.69**	**3.63**	**3.80**	**3.80**

Source: SGREIT's financial statements (1H FY2023 to 1H FY2025), FPA

VALUATION ANALYSIS

(I) PEER VALUATION ANALYSIS

We performed a peer comparison analysis to review how SGREIT is faring against industry peers in terms of valuation metrics. We selected peer companies which were also SGX-listed REITs that invested in retail properties. Then, we compared SGREIT against its peers in terms of P/E multiple, P/B multiple and dividend yield.

Below, we list the peer companies that have been selected to compare with SGREIT. We have included a brief description of each company as follows:

i. CapitaLand Integrated Commercial Trust ("CICT")

CICT is the largest SGX-listed REIT. According to CICT, it "owns and invests in quality income-producing assets primarily used for commercial (including retail and/or office) purpose, located predominantly in Singapore". CICT also noted that its portfolio "comprises 21 properties in Singapore, two properties in Frankfurt, Germany, and three properties in Sydney, Australia with a total property value of S$26.0 billion based on valuations of its proportionate interests in the portfolio as at 31 December 2024".

ii. Mapletree Pan Asia Commercial Trust ("MPACT")

MPACT invests in office and/or retail-related Asia assets. According to MPACT, its portfolio "comprises 17 commercial properties across five key gateway markets of Asia – four in Singapore, one in Hong Kong, two in China, nine in Japan and one in South Korea" following the "divestment of Mapletree Anson". MPACT also noted that its properties "have a total lettable area of 10.5 million square feet independently valued at S$15.7 billion".

iii. Frasers Centrepoint Trust ("FCT")

FCT is a retail REIT that owns suburban retail malls in Singapore. According to FCT, its portfolio "comprises NEX (50.0% effective interest), Causeway Point, Waterway Point (50.0% interest), Tampines 1, Northpoint City North Wing (including Yishun 10 Retail Podium), Tiong Bahru Plaza, Central Plaza (office property), Century Square, Hougang Mall and White Sands" and that it has an asset under management of "approximately $7.1 billion" as at 30 September 2024.

iv. Suntec REIT

Suntec REIT owns "office properties, complemented by retail and convention components". Suntec REIT has ownership interest in ten properties (three in Singapore, two in Sydney, two in Melbourne, one in Adelaide and two in the U.K.) and has an asset under management of S$12.1 billion as at 31 December 2024.

v. Paragon REIT ("PARAGON")

PARAGON invests mainly in retail real estate and related assets in Asia Pacific. According to PARAGON, its portfolio "comprises a 99-year leasehold interest in Paragon that commenced on 24 July 2013 and a 99-year leasehold interest in The Clementi Mall that commenced on 31 August 2010", as well as a "50% freehold interest in Westfield Marion Shopping Centre, the largest regional shopping centre in Adelaide, South Australia". PARAGON has total assets of S$4.3 billion as at 31 December 2024.

vi. Lendlease Global Commercial REIT (“LREIT”)

LREIT invests mainly in retail- and office-related real estate assets. According to LREIT, its portfolio “comprises leasehold properties in Singapore namely Jem (an office and retail property) and 313@somerset (a prime retail property) as well as freehold interest in Sky Complex (three Grade A commercial buildings) in Milan”, and that the “five properties have a total net lettable area of approximately 2.0 million square feet, with an appraised value of S$3.68 billion as at 30 June 2024”. LREIT also noted that it has a “stake in Parkway Parade (an office and retail property) and development of a multifunctional event space on a site adjacent to 313@somerset”.

The results of our peer comparison analysis are shown in **Exhibit 68**.

Exhibit 68: Peer Comparison Analysis

Company	Stock Symbol	Price as at 18 Feb '25	Market Cap (S$ million)	Diluted EPU (cents)(1)	P/E	DPU (cents)(2)	Dividend Yield (%)	NAV per unit (dollars)(3)	P/B
Starhill Global REIT	P40U	0.485	1,111.6	2.91	**16.7 x**	3.65	**7.5%**	0.71	**0.68 x**
Peers:									
CapitaLand Integrated Commercial Trust	C38U	1.970	14,451.0	13.57	**14.5 x**	10.88	**5.5%**	2.12	**0.93 x**
Mapletree Pan Asia Commercial Trust	N2IU	1.180	6,264.0	8.49	**13.9 x**	8.36	**7.1%**	1.73	**0.68 x**
Frasers Centrepoint Trust	J69U	2.090	3,835.0	11.07	**18.9 x**	12.04	**5.8%**	2.29	**0.91 x**
Suntec REIT	T82U	1.170	3,418.1	3.85	**30.4 x**	6.19	**5.3%**	2.05	**0.57 x**
Paragon REIT(4)	SK6U	0.980	2,824.8	10.79	**9.1 x**	4.65	**4.7%**	0.94	**1.04 x**
Lendlease Global Commercial REIT	JYEU	0.510	1,223.5	2.41	**21.2 x**	3.57	**7.0%**	0.74	**0.69 x**
Peer average	-	-	-	-	**18.0 x**	-	**5.9%**	-	**0.80 x**

(1) & (2) TTM data. (3) Based on the most recent financial statement. (4) Price based on privatisation offer of S$0.9800 per unit which “will not be reduced or otherwise adjusted for the 2H FY2024 Distribution” of 2.33 cents per unit according to Paragon REIT. Market capitalisation based on units in issue of 2,839,010,006 as at 11 February 2025.
Source: SGX Stock Screener, respective companies’ financial statements, FPA

(a) P/E multiple

Based on the results in **Exhibit 68**, SGREIT is currently trading at a P/E multiple of 16.7x which is lower than the peer average P/E of 18.0x. This suggests that SGREIT is undervalued at the current unit price. Adopting a relative valuation approach, we estimate a target price of S$0.523 if SGREIT is to trade at the peer average P/E multiple of 18.0x as follows:

$$\begin{aligned}\text{Estimated Target Price} &= \text{Peer Average P/E} \times \text{SGREIT's TTM EPU}\\ &= 18.0 \times \text{S\$}0.0291\\ &= \text{S\$}0.523\end{aligned}$$

The estimated target price of S$0.523 implies an upside potential of 7.8% from the current unit price of S$0.485.

(b) P/B multiple

Based on the results in **Exhibit 68**, SGREIT is currently trading at a P/B multiple of 0.68x which is lower than the peer average P/B of 0.80x. This suggests that SGREIT is undervalued at the current unit price. Adopting a relative valuation approach, we estimate a target price of S$0.572 if SGREIT is to trade at the peer average P/B multiple of 0.80x as follows:

$$\text{Estimated Target Price} = \text{Peer Average P/B} \times \text{SGREIT's NAV per unit}$$

$$= 0.80 \times \text{S\$0.71}$$

$$= \text{S\$0.572}$$

The estimated target price of S$0.572 implies an upside potential of 17.9% from the current unit price of S$0.485.

(c) Dividend yield

Based on the results in **Exhibit 68**, SGREIT's current dividend yield of 7.5% is higher than the peer average yield of 5.9%. This suggests that SGREIT is undervalued at the current unit price. Adopting a relative valuation approach, we estimate a target price of S$0.619 as follows:

$$\text{Estimated Target Price} = \frac{\text{SGREIT's Dividend Yield}}{\text{Peer Average Yield}} \times \text{SGREIT's current unit price}$$

$$= \frac{7.5\%}{5.9\%} \times \text{S\$0.485}$$

$$= \text{S\$0.619}$$

The estimated target price of S$0.619 implies an upside potential of 27.6% from the current unit price of S$0.485.

(d) Target price

From our analysis, SGREIT seems to be undervalued in terms of its P/E multiple, P/B multiple and dividend yield. By averaging our estimated target prices based on P/E multiple, P/B multiple and dividend yield, we derive a target price of S$0.571 as follows:

$$\text{Target Price} = \frac{1}{3} \times [\text{Estimated Target Price (P/E multiple)} + \text{Estimated Target Price (P/B multiple)} + \text{Estimated Target Price (Dividend yield)}]$$

$$= \frac{1}{3} \times [\text{S\$0.523} + \text{S\$0.572} + \text{S\$0.619}]$$

$$= \text{S\$0.571}$$

The target price of S$0.571 implies an upside potential of 17.7% from the current unit price of S$0.485.

POTENTIAL CATALYSTS

(I) INCLUSION OF TURNOVER COMPONENT IN TOSHIN'S RENEWED MASTER LEASE

SGREIT announced in November 2023 that it renewed its master lease with Toshin. Under the renewed master lease, SGREIT noted that "an annual turnover rent is payable comprising a portion of Toshin's annual operating income over and above agreed revenue and profit margin thresholds" and that the current master lease "does not have a turnover rent component". SGREIT also noted that the renewed master lease will last "for an initial term of 12 years commencing from 8 June 2025" (i.e., end of 2H FY2025).

Takashimaya Group, the parent company of Toshin, disclosed in December 2024 that Toshin's cumulative operating profit from March to November 2024 was JPY 3.6 billion (or S$31.8 million based on the exchange rate of "1SGD=113.38JPY" for the "Current FY" as noted by Takashimaya Group).

SGREIT's revenue is thus likely to rise from 1H FY2026 with the inclusion of turnover component from the end of 2H FY2025. Thus, SGREIT's earnings and DPU may rise from 1H FY2026.

(II) REPURPOSING OF WISMA ATRIA CAR PARK FOR OFFICE USE

According to SGREIT, it will repurpose "part of Wisma Atria car park for office use" as part of its asset enhancement works. SGREIT noted in January 2025 that the repurposing project would free up "3,250 square feet of office space in Ngee Ann City for lease", and that the project cost was "estimated at $4 million" with a "projected return on investment of above 8%". SGREIT also noted that works were "targeted to start in 4Q FY24/25".

We estimate that the NLA of NAC Property (Office) may thus rise by 2.3% (or 3,250 sq ft) from its last-disclosed NLA of 139,558 sq ft as at 30 June 2024. Accordingly, NAC Property (Office)'s revenue and NPI may rise by an additional 2.3% from 1H FY2026 or 2H FY2026 (after the completion of the repurposing project).

(III) POTENTIAL PRIVATISATION OF SGREIT

We note that as at 26 August 2024, YTL Corporation Berhad held 37.94% total (9.28% direct + 28.66% indirect) interest in SGREIT. YTL Corporation Berhad is SGREIT's sponsor. We also note that SGREIT is currently trading at S$0.485 which represents a discount of approximately 32% to NAV. Further, we note that there was a privatisation offer for Paragon REIT recently (as first mentioned under **Exhibit 68** on page 62 and shown in **Exhibit 69** below). Thus, while unlikely, we consider it possible that YTL Corporation Berhad may attempt to privatise SGREIT.

At an offer price of S$0.9800 per unit, the privatisation offer for Paragon REIT represented a price premium of 10.1% and a P/B multiple of 1.04x (or a premium of approximately 4% to NAV) as shown in **Exhibit 69**. As SGREIT is currently trading at a lower P/B multiple of 0.68x, the price premium of a privatisation offer for SGREIT may thus exceed 10.1%.

Exhibit 69: Privatisation Offers for SGREIT's Peers

Company	Offeror	Last transaction		Latest offer price per unit	Price premium	Latest NAV per unit	P/B[2]
		Date[1]	Price				
Paragon REIT	PARAGON REIT Management Pte. Ltd. & Times Properties Private Limited (wholly-owned subsidiary of Cuscaden Peak Pte. Ltd.)	10 Feb '25	0.890	0.9800	**10.1%**	0.938	**1.04** x

[1] Day before privatisation offer. [2] Based on the latest offer price per unit.
Source: SGX Stock Screener, respective companies' announcements, FPA

INVESTMENT RECOMMENDATION

SGREIT is currently trading at a P/E multiple of 16.7x which is lower than the peer average P/E of 18.0x. This suggests that SGREIT is undervalued at its current unit price. Adopting a relative valuation approach, we estimate a target price of S$0.523 if SGREIT is to trade at the peer average P/E of 18.0x.

Based on SGREIT's NAV per unit of S$0.71 as at 31 December 2024, SGREIT is currently trading at a P/B multiple of 0.68x which represents a discount of approximately 32% to NAV. In contrast, the peer average P/B of 0.80x represents a discount of approximately 20% to NAV. We estimate a target price of S$0.572 if SGREIT is to trade at the peer average P/B of 0.80x.

SGREIT's current dividend yield of 7.5% is more attractive than the peer average yield of 5.9%, which also suggests that SGREIT is undervalued at the current unit price. Adopting a relative valuation approach, we estimate a target price of S$0.619.

By averaging our estimated target prices based on peer average P/E multiple, P/B multiple and dividend yield, we derive our overall target price of S$0.571 as follows:

$$\begin{aligned}\text{Overall Target Price} \quad &= \frac{1}{3} \times [\text{Estimated Target Price (P/E multiple)} + \text{Estimated Target Price (P/B multiple)} \\ &\qquad + \text{Estimated Target Price (Dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$0.523} + \text{S\$0.572} + \text{S\$0.619}] \\ &= \text{S\$0.571}\end{aligned}$$

The overall target price of S$0.571 implies an upside potential of 17.7% from the current unit price of S$0.485.

The upside potential may be supported by our projections of DPU (cents) rising by 13.0% y-o-y to 2.03 in 1H FY2026 and by 11.2% y-o-y to 2.10 in 2H FY2026, along with the inclusion of turnover component in SGREIT's renewed master lease with Toshin mainly from 1H FY2026. Further, the upside potential may be realised should the major shareholder & sponsor, YTL Corporation Berhad, attempt to privatise SGREIT given SGREIT's current low P/B valuation.

Accordingly, the upside potential may warrant a buy recommendation. While the upside potential may take time to materialise, investors stand to benefit from the higher-than-peers yield in meantime.

We recognise though that there are risks to the target price (and our DPU projections) which we highlight in the next section.

RISKS TO TARGET PRICE

(I) MYER LEASE ARBITRATION

SGREIT announced in March 2023 that it received a notice of arbitration from Myer Pty Ltd (“Myer”), which relates to the lease by Myer that occupied “approximately 52.0% of the net lettable area in the Myer Centre Adelaide (the “Myer Lease”) as at 31 December 2022”. SGREIT also noted that Myer alleged there was a “breach of the Myer Lease (which currently runs until June 2032)”, claimed “unspecified damages” and sought a “declaration that Myer is entitled to terminate the Myer Lease (“the Arbitration Claim”)”.

SGREIT noted in January 2025 that the Myer Lease “contributed approximately 7.1% (or $6.8 million) and 9.0% of the Group’s total portfolio revenue and net property income respectively for 1H FY24/25”. SGREIT added that the “landlord has filed its defence with the arbitration tribunal in December 2024” and that the “hearing is currently scheduled for August 2025” (or mid of 1H FY2026). SGREIT’s revenue, earnings and DPU may thus fall in 1H FY2026 should Myer succeed in its Arbitration Claim.

(II) UPCOMING JOHOR BAHRU-SINGAPORE RAPID TRANSIT SYSTEM (“RTS”)

According to The Straits Times (“ST”), the Johor Bahru-Singapore RTS is expected to be completed by end-2026. ST reported in February 2025 that the “RTS Link rail shuttle service connecting Woodlands and Johor Bahru will have a capacity of 10,000 passengers per hour in one direction, and an expected ridership of about 40,000 passengers per day upon opening”. ST also reported that an “RM2.6 billion (S$788 million) development including a mall topped by four towers is being planned at the Johor Bahru terminus”, which will be “connected to existing and future public transport services in state capital Johor Bahru, such as the KTM electric train service and city buses”. ST noted too that “Johor is considering a tram-bus system linking the RTS to three key areas in Johor: Iskandar Puteri, Tebrau and Skudai”.

Given that goods & services are generally cheaper in Johor than in Singapore, locals may prefer to shop in Johor than locally after the opening of the Johor Bahru-Singapore RTS. Shopper traffic and retail sales in NAC Property (Retail) and WA Property (Retail) may thus fall. Accordingly, SGREIT’s revenue, earnings and DPU may decline after 2H FY2026.

(III) ESCALATION OF GEOPOLITICAL CONFLICTS

MTI noted in February 2025 that “ongoing trade frictions among major economies, alongside lingering risks of escalation in geopolitical conflicts, could lead to higher production costs, as well as greater global economic policy uncertainty”, thus “dampen global investment and trade” and “weigh on global growth”. MTI’s assessment was echoed by the RBA in February 2025, which added that “the announcement of higher tariffs between the United States and some of its major trading partners, along with broader geopolitical tensions, has created a highly uncertain global environment”.

Rising geopolitical tensions could weaken both consumer sentiments and businesses’ growth, thereby limit the demand and rental growth of both retail and office real estate. Accordingly, SGREIT’s earnings and DPU may thus show slower growth.

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