

Media release by: YTL Starhill Global REIT Management Limited (YTL Starhill Global)

Manager of: Starhill Global Real Estate Investment Trust (SGREIT)

SGREIT reports DPU of 1.09 cents for 3Q FY17/18

HIGHLIGHTS

- **Completion of asset redevelopment works at Lot 10 and tenant renovations at China Property**
- **Handover of Plaza Arcade unit to anchor tenant UNIQLO**

SINGAPORE, 26 April 2018 – YTL Starhill Global REIT Management Limited, the manager of SGREIT, is pleased to announce the results for the three months ended 31 March 2018 (3Q FY17/18). Revenue for SGREIT group in 3Q FY17/18 was S\$51.7 million, a decrease of 3.0% over the previous corresponding period of three months ended 31 March 2017 (3Q FY16/17). Net Property Income (NPI) was S\$40.3 million, a decrease of 2.3% over 3Q FY16/17. The decrease in gross revenue was mainly due to weaker contributions from the office portfolio, disruption of income from asset redevelopment works at Plaza Arcade in Perth and lower revenue at Myer Centre Adelaide. The decrease in NPI for SGREIT group was largely in line with the lower revenue, partially offset by lower expenses mainly for the China Property.

In Perth, Plaza Arcade's anchor tenant UNIQLO has commenced renovation works, with targeted completion in 2H 2018. The external works to create a new entry point to Lot 10 in Kuala Lumpur has been completed, providing improved accessibility to the mall from the new MRT station exit on the ground floor. Renovations by tenant Markor International Home Furnishings Co. Ltd. at the China Property have also been completed and the tenant has officiated its opening in March 2018.

Income to be distributed to Unitholders for 3Q FY17/18 decreased by 7.6% over the previous corresponding period to S\$23.8 million, mainly due to lower NPI and higher withholding taxes. Distribution Per Unit (DPU) for 3Q FY17/18 was 1.09 cents, representing an annualised distribution yield of 6.05%¹. Unitholders can expect to receive their 3Q FY17/18 DPU on 30 May 2018. Book closure date is on 7 May 2018 at 5.00 pm.

¹ Based on the closing price of S\$0.73 as at 31 March 2018.

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Overview of Starhill Global REIT's financial results

(S\$ million)	3Q FY17/18	3Q FY16/17	Change (%)	YTD FY17/18	YTD FY16/17	Change (%)
Gross revenue	51.7	53.3	(3.0)	157.2	162.7	(3.4)
Net property income	40.3	41.2	(2.3)	122.1	125.5	(2.7)
Income available for distribution	25.4	27.1	(6.3)	77.8	84.1	(7.5)
Income to be distributed to Unitholders	23.8 ²	25.7	(7.6)	75.5	81.6	(7.5)
Distribution per Unit (cents)						
- For the period	1.09	1.18	(7.6)	3.46	3.74	(7.5)
- Annualised	4.42	4.79	(7.7)	4.61	4.98	(7.4)

Tan Sri Dato' (Dr) Francis Yeoh, Chairman of YTL Starhill Global, said: "The global economy is expected to maintain positive near-term momentum, but some risks and challenges remain, such as ongoing geopolitical tensions and uncertainties. The retail sector continues to evolve as it undergoes structural changes posed by e-commerce, coupled with an oversupply of retail space. However, our focus on niche prime locations, long-term and master leases as well as our timely rejuvenation efforts will stand us in good stead to weather the transformation of the retail landscape."

Mr Ho Sing, CEO of YTL Starhill Global, said: "Our portfolio has been relatively resilient this quarter despite a challenging market landscape and income disruption from our asset redevelopment. While we continue to see softness in the retail market, the take-up for our Singapore office space has been encouraging, with occupancy rising to 90.7%. We have made progress in our asset redevelopment initiatives, whereby the rejuvenation works at Lot 10 and tenant renovations at our China Property have been completed. The Plaza Arcade unit has been handed over to UNIQLO, with the completion of tenant renovation slated for 2H 2018. We will continue to refresh and recalibrate our portfolio, including assessing further asset enhancements, with the aim of creating long-term value for our unitholders."

² Approximately S\$1.6 million of income available for distribution for 3Q FY17/18 has been retained for working capital requirements.

Review of portfolio performance

SGREIT's Singapore portfolio, comprising interests in Wisma Atria and Ngee Ann City on Orchard Road, contributed 62.6% of total revenue, or S\$32.4 million in 3Q FY17/18. NPI for 3Q FY17/18 decreased by 2.9% y-o-y to S\$25.7 million, mainly due to lower occupancies in Singapore offices and weaker contributions from Wisma Atria Property (Retail). The Singapore office portfolio revenue and NPI declined 10.4% and 12.4% y-o-y respectively in 3Q FY17/18. However, committed office occupancies rose to 90.7% as at 31 March 2018 from 89.4% as at 31 December 2017 and 83.5% as at 30 September 2017.

Singapore retail portfolio continued to sustain high occupancy of 99.1% as at 31 March 2018. Ngee Ann City Property (Retail) maintained full occupancy while Wisma Atria Property (Retail) maintained high committed occupancy of 97.2%. Ngee Ann City Retail revenue and NPI were largely stable on the back of the Toshin master lease.

SGREIT's Australia portfolio, comprising Myer Centre Adelaide in Adelaide, South Australia, the David Jones Building and adjoining Plaza Arcade in Perth, Western Australia, contributed 21.3% of total revenue, or S\$11.0 million in 3Q FY17/18. SGREIT has long-term leases with Myer Pty Ltd and David Jones Limited, contributing approximately 6.9% and 4.7% of its portfolio gross rents respectively as at 31 March 2018. NPI for 3Q FY17/18 was S\$6.8 million, 13.8% lower than in 3Q FY16/17 mainly due to Plaza Arcade's redevelopment works, lower revenue at Myer Centre Adelaide largely due to office vacancies and allowance for rent rebates, as well as the depreciation of the Australian dollar against the Singapore dollar. The redevelopment at Plaza Arcade includes a new façade and the addition of approximately 8,000 square feet or 33% more retail space on the upper floor to cater to anchor tenant UNIQLO. The premise has been handed over to the tenant, who has commenced renovation works with expected completion targeted in 2H 2018. With the completion of the asset redevelopment, Plaza Arcade's revenue contribution is expected to improve.

SGREIT's Malaysia portfolio, comprising Starhill Gallery and interest in Lot 10 along Bukit Bintang in Kuala Lumpur, contributed 13.8% of total revenue, or S\$7.1 million in 3Q FY17/18. NPI for 3Q FY17/18 was S\$6.9 million, 6.3% higher than the previous corresponding period mainly due to the appreciation of the Malaysian ringgit against the Singapore dollar. Lot 10 has completed its internal rejuvenation works and the external works to create a new entrance from the new MRT station exit has also been completed, improving the accessibility of the mall for shoppers and commuters.

The balance of SGREIT's portfolio, which comprises a property in Chengdu, China and three properties located in central Tokyo, Japan, contributed 2.3% of total revenue, or S\$1.2 million in 3Q FY17/18. NPI for 3Q FY17/18 was S\$0.9 million, up 144.1% over 3Q FY16/17, mainly due to lower expenses for the China Property, following the conversion of the departmental store model to a single tenancy model. The renovation works by the tenant has been completed and the tenant has officiated its opening in March 2018.

Maintains strong financial position

SGREIT maintains its strong financial position with stable gearing level at 35.3% as at 31 March 2018. As at 31 March 2018, SGREIT's average debt maturity is approximately 3.8 years with no refinancing requirement for its existing debt portfolio until June 2019.

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About Starhill Global REIT

Starhill Global REIT is a Singapore-based real estate investment trust investing primarily in real estate used for retail and office purposes, both in Singapore and overseas. Since its listing on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 September 2005, Starhill Global REIT has grown its initial portfolio from interests in two landmark properties on Orchard Road in Singapore to 11 properties in Singapore, Australia, Malaysia, China, and Japan, valued at about S\$3.1 billion.

These comprise interests in Wisma Atria and Ngee Ann City on Orchard Road in Singapore, Myer Centre Adelaide, David Jones Building and Plaza Arcade in Adelaide and Perth, Australia, Starhill Gallery and Lot 10 in Kuala Lumpur, Malaysia, a retail property in Chengdu, China, and three properties in Tokyo, Japan. Starhill Global REIT remains focused on sourcing attractive property assets in Singapore and overseas, while driving organic growth from its existing portfolio, through proactive leasing efforts and creative asset enhancements.

Starhill Global REIT is managed by an external manager, YTL Starhill Global REIT Management Limited. The Manager is a wholly-owned subsidiary of YTL Starhill Global REIT Management Holdings Pte. Ltd. which is in turn an indirect wholly-owned subsidiary of YTL Corporation Berhad.

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