

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

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

SGREIT registered 2.7% DPU increase in 1Q FY19/20 over 4Q FY18/19

HIGHLIGHTS

- **DPU for 1Q FY19/20 rose 2.7% q-o-q and lower by 1.7% y-o-y**
- **Singapore operations rebounded with an NPI gain of 0.3% y-o-y given improved occupancy at Wisma Atria Property (Retail) and lower operating expenses. Retail tenant sales at Wisma Atria Property also increased by 12.7% y-o-y in 1Q FY19/20**
- **In Malaysia, all requisite approvals for the planned asset enhancement of Starhill Gallery have been obtained and renovation works have commenced in October 2019**

SINGAPORE, 29 October 2019 – YTL Starhill Global REIT Management Limited, the manager of SGREIT, is pleased to announce the results for the three months ended 30 September 2019 (1Q FY19/20). Revenue for SGREIT Group in 1Q FY19/20 was S\$48.0 million, declining 7.8% over the previous corresponding period of three months ended 30 September 2018 (1Q FY18/19). Net property income (NPI) for SGREIT Group decreased by 8.7% over 1Q FY18/19 to S\$36.9 million. The decline in revenue and NPI for 1Q FY19/20 was mainly in line with the partial income disruption from the planned asset enhancement of Starhill Gallery in Malaysia, which will be largely mitigated by the Manager receiving part of its base management fees in units¹.

Excluding Starhill Gallery, revenue and NPI for SGREIT Group in 1Q FY19/20 decreased by 2.4% and 1.7% over 1Q FY18/19 respectively, partly due to the depreciation of the Australian dollar against Singapore dollar during the current quarter.

NPI for the Singapore assets, our largest revenue contributor, improved by 0.3% year-on-year (y-o-y) in 1Q FY19/20, on the back of higher occupancy at Wisma Atria Property (Retail) y-o-y.

¹ Please refer to the Circular to Unitholders dated 25 April 2019 for more information.

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Income available for distribution for 1Q FY19/20 decreased by 3.4% over 1Q FY18/19 to S\$25.3 million. Distribution per Unit (DPU) for 1Q FY19/20 is at 1.13 cents, declining by 1.7% y-o-y but higher by 2.7% when compared to the previous quarter ended 30 June 2019. This represents an annualised distribution yield of 6.01%². Unitholders can expect to receive their 1Q FY19/20 DPU on 29 November 2019. Book closure date is on 6 November 2019 at 5.00 pm.

Overview of Starhill Global REIT's financial results

(S\$ million)	1Q FY19/20	1Q FY18/19	Y-O-Y Change (%)	4Q FY18/19	Q-O-Q Change (%)
Gross revenue	48.0	52.0	(7.8)	51.9	(7.5)
Gross revenue (excluding Starhill Gallery)	46.6	47.7	(2.4)		
Net property income	36.9	40.4	(8.7)	39.9	(7.5)
Net property income (excluding Starhill Gallery)	35.6	36.2	(1.7)		
Income available for distribution	25.3	26.2	(3.4)	24.9	1.7
Income to be distributed to Unitholders	24.7 ³	25.1	(1.6)	24.0	2.9
Distribution per Unit (cents)					
- For the period	1.13	1.15	(1.7)	1.10	2.7

Tan Sri Dato' (Dr) Francis Yeoh, Chairman of YTL Starhill Global, said: "Trade uncertainties and geopolitical tensions continue to impact global economic growth, with signs of synchronised slowdown across a majority of the countries in the world. However, this backdrop provides an opportunity for us to revamp our asset in Malaysia, namely Starhill Gallery, which will stand us in good stead when the economy improves. The recently concluded new master tenancy agreements for Malaysia Properties with their long tenures and built-in periodic rental step-ups will provide income certainty and growth amidst uncertain macroeconomic conditions."

² Based on the closing unit price of S\$0.745 as at 30 September 2019.

³ Approximately S\$0.7 million of income available for distribution for 1Q FY19/20 (1Q FY18/19: S\$1.1 million) has been retained for working capital requirements.

Mr Ho Sing, CEO of YTL Starhill Global, said: “Our Singapore portfolio performed well on the back of higher occupancies. Steady tourism growth in the first eight months of 2019, boosted by growth in Chinese and Japanese tourists, helped Wisma Atria Property’s tenant sales to increase by 12.7% y-o-y in 1Q FY19/20. Singapore retail occupancy continues to exhibit resilience, achieving full occupancy⁴ on a committed basis as at 30 September 2019. Backed by our healthy financial standing, we will continue to explore new opportunities to deliver sustainable value to our Unitholders.”

Review of portfolio performance

SGREIT’s Singapore portfolio, comprising interests in Wisma Atria and Ngee Ann City on Orchard Road, contributed 65.9% of total revenue, or S\$31.6 million in 1Q FY19/20. NPI for 1Q FY19/20 rose by 0.3% y-o-y to S\$25.3 million, mainly due to lower operating expenses for Wisma Atria Property (Retail) and the Singapore office portfolio. Singapore retail portfolio’s actual occupancy improved to 99.7%⁵ as at 30 September 2019. On a committed basis, Singapore retail portfolio achieved full occupancy⁴ as at 30 September 2019. Retail tenant sales for Wisma Atria Property continued to grow at 12.7% y-o-y while footfall traffic rose 2.8% y-o-y in 1Q FY19/20. Meanwhile, actual occupancy rate for the Singapore office portfolio was stable at 93.6%⁵ as at 30 September 2019 compared to 93.2%⁵ as at 30 June 2019. Wisma Atria has an existing unutilised plot ratio amounting to approximately 100,000 sq ft of gross floor area and the Manager is exploring options to potentially unlock the value of the space, in view of the upcoming new Orchard MRT Station serving the new Thomson-East Coast Line.

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 23.1% of total revenue, or S\$11.1 million in 1Q FY19/20. SGREIT Group has long-term leases with Myer Pty Ltd and David Jones Limited, contributing approximately 7.1% and 4.6% of its portfolio gross rents respectively as at 30 September 2019. NPI for 1Q FY19/20 was S\$6.8 million, 9.5% lower than in 1Q FY18/19, mainly due to the depreciation of the Australian dollar against Singapore dollar and the lower contributions from the retail portfolio in Australia. In Australian dollar terms, NPI declined by a lower 4% y-o-y in 1Q FY19/20. The Australia’s office portfolio continued to improve as committed occupancy rose to 94.2%⁴ as at 30 September 2019, from 87.1%⁴ as at 30 June 2019.

⁴ Includes leases that have been contracted but have not commenced as at the reporting date.

⁵ Based on commenced leases as at reporting date.

SGREIT's Malaysia portfolio, comprising Starhill Gallery and interest in Lot 10 along Bukit Bintang in Kuala Lumpur, contributed 8.5% of total revenue, or S\$4.1 million in 1Q FY19/20. NPI for 1Q FY19/20 was S\$3.8 million. The lower contribution from the Malaysia Properties for 1Q FY19/20 was mainly in line with the partial income disruption from the planned asset enhancement of Starhill Gallery. All the requisite approvals for the asset enhancement works under the Starhill Gallery master tenancy agreement dated 18 March 2019 were obtained and renovation works have commenced. As such, the annual rent of RM52 million (subject to rent rebate of RM26 million per annum) for the first two years of the initial three-year term of the Starhill Gallery master tenancy agreement has commenced in October 2019. Please refer to the Circular to Unitholders dated 25 April 2019 for more information.

Starhill Gallery remains partially open during the period of asset enhancement works which will convert the mall into an integrated development comprising retail and hotel elements. Completion of the first phase of the asset enhancement is scheduled for 2020 and the official launch of the revamped mall with hotel rooms is scheduled for 2021. Following the asset enhancement, Starhill Gallery will be renamed The Starhill.

The balance of SGREIT's portfolio, which comprises a property in Chengdu, China, and two properties located in central Tokyo, Japan, contributed 2.5% of total revenue, or S\$1.2 million in 1Q FY19/20. NPI for 1Q FY19/20 was S\$0.9 million, 2.9% higher than in 1Q FY18/19.

Maintains strong financial position

SGREIT maintains its strong financial position with stable gearing level at 36.2% and hedged about 90% of its borrowings as at 30 September 2019. During the current quarter, SGREIT has refinanced JPY3.7 billion unsecured loan for five years, ahead of its maturity in July 2020, as well as RM330 million senior MTN upon maturity via a new unrated issuance of five-year secured senior MTN of the same amount, thereby extending its average debt maturity to approximately 3.2 years as at 30 September 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 10 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 two 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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