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

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

SGREIT's DPU for 3Q FY18/19 rises by 0.9% year-on-year

HIGHLIGHTS

- **DPU for 3Q FY18/19 stood at 1.10 cents, higher by 0.9% y-o-y**
- **Singapore office portfolio recorded a higher revenue and NPI of 4.2% and 3.8% y-o-y respectively for 3Q FY18/19**
- **Entered into new conditional master tenancy agreements for Malaysia Properties, which include asset enhancement works on Starhill Gallery**

SINGAPORE, 25 April 2019 – YTL Starhill Global REIT Management Limited, the manager of SGREIT, is pleased to announce the results for the three months ended 31 March 2019 (3Q FY18/19). Revenue for SGREIT Group in 3Q FY18/19 was S$51.3 million, easing 0.9% over the previous corresponding period of three months ended 31 March 2018 (3Q FY17/18). Net property income (NPI) for SGREIT Group was S$39.6 million, decreasing by 1.8% over 3Q FY17/18. The higher contributions year-on-year (y-o-y) from Myer Centre Adelaide, Plaza Arcade and Ngee Ann City Property (Office) were offset by lower contributions from the retail portfolio in Singapore and the depreciation of the Australian dollar against the Singapore dollar. Notwithstanding that, overall actual occupancy for SGREIT Group improved to 95.7% as at 31 March 2019 on the more than doubling of actual occupancy for Myer Centre Adelaide (Office).

Income available for distribution for 3Q FY18/19 decreased by 1.4% over 3Q FY17/18 to S$25.0 million. Distribution per Unit (DPU) for 3Q FY18/19 was 1.10 cents, higher by 0.9% y-o-y over 3Q FY17/18 mainly due to lower tax expenses and distributable income retained, partially offset by lower NPI and higher interest costs. This represents an annualised distribution yield of 6.11%[1]. Unitholders can expect to receive their 3Q FY18/19 DPU on 30 May 2019. Book closure date is on 6 May 2019 at 5.00 pm.

[1] Based on the closing unit price of S$0.73 as at 31 March 2019.

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Overview of Starhill Global REIT's financial results

(S$ million)	3Q FY18/19	3Q FY17/18	Y-O-Y change (%)	YTD FY18/19	YTD FY17/18	Y-O-Y change (%)
Gross revenue	51.3	51.7	(0.9)	154.3	157.2	(1.8)
Net property income	39.6	40.3	(1.8)	119.5	122.1	(2.2)
Income available for distribution	25.0	25.4	(1.4)	76.4	77.8	(1.8)
Income to be distributed to Unitholders	24.0[2]	23.8	0.9	73.7	75.5	(2.3)
Distribution per Unit (cents)						
- For the period	1.10	1.09	0.9	3.38	3.46	(2.3)
- Annualised	4.46	4.42	0.9	4.50	4.61	(2.4)

Tan Sri Dato' (Dr) Francis Yeoh, Chairman of YTL Starhill Global, said: "As the global economy slows down amidst challenging macroeconomic factors and as consumer preferences evolve, these present possibilities for us to rejuvenate our portfolio. The new conditional master tenancy agreements for Malaysia Properties, which include asset enhancement works on Starhill Gallery, allow us to tap on the new vibrancy of Bukit Bintang as rail network improves with completion of new MRT lines and stations located in the vicinity. Besides refreshed interior and exterior, the asset enhancement will turn Starhill Gallery into an integrated development with retail and hotel elements, in line with global trend. Our strong financial standing and our prudence over the years have enabled us to undertake such upgrading projects."

Mr Ho Sing, CEO of YTL Starhill Global, said: "Our DPU for 3Q FY18/19 grew by 0.9% y-o-y, boosted by better performance from our office portfolio. The revenue and NPI for the Singapore office portfolio rose 4.2% and 3.8% y-o-y in 3Q FY18/19, while committed occupancy continue to rise to 94.4%[3] as at 31 March 2019 from 90.7%[3] as at 31 March 2018. In Australia, the lease for the new anchor tenant for our office asset in Adelaide has commenced, which led to the more than doubling of its actual occupancy to 74.9% as at 31 March 2019, amid an improving office landscape in Adelaide. Singapore retail occupancy continues to be resilient, achieving a higher committed occupancy of 99.7%[3] as at 31 March 2019, even as retail supply islandwide continues to rise amidst soft consumer sentiment. The

[2] Approximately S$1.0 million of income available for distribution for 3Q FY18/19 (3Q FY17/18: S$1.6 million) has been retained for working capital requirements.

[3] Based on committed leases as at reporting date.

new master tenancy agreements for Malaysia Properties will provide income certainty and allow us to explore opportunities for the rest of the portfolio going forward."

Review of portfolio performance

SGREIT's Singapore portfolio, comprising interests in Wisma Atria and Ngee Ann City on Orchard Road, contributed 62.0% of total revenue, or S$31.8 million in 3Q FY18/19. NPI for 3Q FY18/19 decreased by 3.1% y-o-y to S$25.0 million, mainly due to lower contributions from Wisma Atria Property. The Singapore office portfolio maintains its upward momentum with revenue and NPI for 3Q FY18/19 rising by 4.2% and 3.8% y-o-y respectively, while committed occupancy rose to 94.4%[3] as at 31 March 2019 from 90.7%[3] as at 31 March 2018.

Singapore retail portfolio's actual and committed occupancies were 97.3% and 99.7%[3] respectively as at 31 March 2019, albeit at a softer rent. Ngee Ann City Property (Retail) maintained full occupancy. Wisma Atria Property (Retail) recorded actual and committed occupancies of 91.7% and 99.0%[3] respectively as at 31 March 2019, while achieving a 4.9% y-o-y tenant sales growth in the quarter. Toshin master lease is due for a rent review in June 2019, with a flat or higher rent.

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 22.2% of total revenue, or S$11.4 million in 3Q FY18/19. SGREIT Group has long-term leases with Myer Pty Ltd and David Jones Limited, contributing approximately 6.8% and 4.6% of its portfolio gross rents respectively as at 31 March 2019. NPI for 3Q FY18/19 was S$7.0 million, 2.8% higher than in 3Q FY17/18 mainly due to higher contributions from Myer Centre Adelaide and Plaza Arcade, partially offset by the depreciation of the Australian dollar against the Singapore dollar and higher operating expenses for Plaza Arcade. Actual occupancy of Australia's office portfolio more than doubled to 74.9% as at 31 March 2019, following the commencement of the lease with a digital media solutions provider as the office anchor tenant at Myer Centre Adelaide during the current quarter, on the back of an improving office landscape in Adelaide.

SGREIT's Malaysia portfolio, comprising Starhill Gallery and interest in Lot 10 along Bukit Bintang in Kuala Lumpur, contributed 13.5% of total revenue, or S$6.9 million in 3Q FY18/19. NPI for 3Q FY18/19 was S$6.7 million, lower by 2.5% compared to 3Q FY17/18. In March 2019, new conditional master tenancy agreements for the Malaysia Properties have been entered into with the current master tenant, Katagreen Development Sdn Bhd, an indirect wholly-owned subsidiary of YTL Corporation Berhad, which include asset enhancement works (AEW) for Starhill Gallery (Proposed Transaction). The

Manager intends to finance the cost of the AEW via a combination of external borrowings and/or internal working capital. For illustrative purposes, the pro forma financial effects on Starhill Global REIT's DPU is expected to be neutral, on the assumption that, among others, the Manager's management fees are partially paid in units during the AEW and after the completion of AEW, as a demonstration of its alignment of interest and support to the minority Unitholders. The initial annual rents under the new master tenancy agreements following the completion of the AEW (comprising RM52 million for Starhill Gallery and RM33.7 million for Lot 10 Property) represent an increase of 1.5% or RM1.3 million compared to the expiring rents under the existing master tenancy agreements[4]. Assuming that (i) no master tenancy agreement has been entered into in relation to Starhill Gallery after the expiry of the existing master tenancy agreement for Starhill Gallery; and (ii) no AEW will be performed on Starhill Gallery, the estimated annual market net rental of Starhill Gallery assessed by independent valuer, IVPS Property Consultant Sdn Bhd, in their valuation report dated 1 March 2019 is RM44.0 million. An extraordinary general meeting has been convened on 16 May 2019 to seek Unitholders' approval for the Proposed Transaction. For more details, please refer to the SGX-ST announcement issued on 18 March 2019 and the circular to Unitholders dated 25 April 2019. The RM330 million (approximately S$110 million) medium term notes secured by the Malaysia Properties will mature in September 2019 and the refinancing negotiations are ongoing. SGREIT has available undrawn long-term committed Singapore dollar revolving credit facilities to cover the maturing medium term notes.

The balance of SGREIT's portfolio, which comprises a property in Chengdu, China and two properties located in central Tokyo, Japan, contributed 2.3% of total revenue, or S$1.2 million in 3Q FY18/19. NPI for 3Q FY18/19 was S$0.9 million, 4.5% higher than in 3Q FY17/18 mainly in line with lower operating expenses.

Maintains strong financial position

SGREIT maintains its strong financial position with stable gearing level at 35.7% and hedged about 91% of its borrowings as at 31 March 2019. As at 31 March 2019, SGREIT's average debt maturity is approximately 3.0 years. In March 2019, Standard and Poor's affirmed SGREIT's "BBB+" corporate rating and revised the outlook from stable to negative, on likely weaker leverage ratios.

- End –

[4] Assuming that all approvals for the AEW on Starhill Gallery are obtained by 30 June 2019 and the AEW are completed prior to the commencement of Year 3 of the new master tenancy agreement for Starhill Gallery.

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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