

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

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

SGREIT's 1Q FY16/17 DPU stable at 1.30 cents

HIGHLIGHTS

- Higher rent from master tenants in Singapore and Malaysia contributed positively to portfolio
- Asset redevelopment plans for Plaza Arcade in Perth, Australia, have been finalised and new anchor tenant has been secured
- Renhe Spring Zongbei in China secured new long-term tenant which will provide income stability

SINGAPORE, 28 October 2016 – YTL Starhill Global REIT Management Limited, the manager of SGREIT, is pleased to announce the results for the three months ended 30 September 2016 (1Q FY16/17). Revenue for SGREIT group in 1Q FY16/17 declined 2.7% over the previous corresponding period to S\$55.3 million and net property income (“NPI”) for 1Q FY16/17 eased 1.7% over the previous corresponding period to S\$42.9 million. The higher contributions from Singapore and Malaysia Properties mitigated the lower contributions from Australia, China and Japan Properties. Income to be distributed to Unitholders for 1Q FY16/17 was stable at S\$28.4 million.

Distribution Per Unit (“DPU”) for 1Q FY16/17 was 1.30 cents, representing an annualised distribution yield of 6.30%¹. Unitholders can expect to receive their 1Q FY16/17 DPU on 29 November 2016. Book closure date is on 7 November 2016 at 5.00 pm.

Tan Sri Dato’ (Dr) Francis Yeoh, Chairman of YTL Starhill Global, said, “Despite the economic headwinds, SGREIT continued to deliver stable returns for investors. We will continue to focus on growing the REIT and building value for our Unitholders through organic growth, creative asset enhancement initiatives, mall repositioning and prudent capital management.”

¹ Based on the closing price of S\$0.820 as at 30 September 2016.

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Overview of Starhill Global REIT's financial results

(S\$ million)	1Q FY16/17	1Q FY15/16	Change (%)
Revenue	55.3	56.8	(2.7)
Net property income	42.9	43.6	(1.7)
Income available for distribution	29.5	30.0	(2.0)
Income to be distributed to Unitholders ²	28.4	28.6	(0.8)
Distribution per Unit (cents)			
- For the period 1 July – 30 September	1.30	1.31	(0.8)
- Annualised	5.17	5.20	(0.6)

Mr Ho Sing, CEO of YTL Starhill Global, said, “Amidst challenging market conditions, the rental uplift from our master leases in Singapore and Malaysia contributed positively to the performance this quarter. For the coming quarters, the focus will be on the redevelopment of Plaza Arcade in Perth. With the anchor tenancy secured and approval from the local authorities received, we target to commence work in the middle of next year for completion by the first quarter of 2018. At an estimated construction cost of under S\$10 million, the redevelopment is expected to be accretive to Unitholders. As part of our efforts to mitigate the challenges of the high-end retail market in China, we have secured a new long-term tenant, Markor International Home Furnishings, which is one of the largest furniture retailers in China. The new fixed lease structure will stabilise income for the REIT upon commencement of its lease in early 2017.”

Review of portfolio performance

SGREIT's Singapore portfolio, comprising interests in Wisma Atria and Ngee Ann City on Orchard Road, contributed 63.4% of total revenue, or S\$35.0 million in 1Q FY16/17. NPI for 1Q FY16/17 increased 4.4% y-o-y to S\$28.1 million mainly due to full-quarter contribution from higher rent from master tenant at Ngee Ann City Property effective from June 2016 and the recognition of S\$1.9 million pre-termination rental compensation for a lease at Wisma Atria Property which has been filled up. Wisma Atria retail revenue rose 4.0% y-o-y and its NPI rose 8.1% over the previous corresponding period. Committed occupancy improved from the last quarter to 99.5% as at 30 September 2016 as a number of tenants including Joe and the Juice and Vivre Activewear commenced operations during the quarter. Shopper traffic at Wisma Atria rose 6.6% y-o-y in 1Q

² Approximately S\$1.1 million of income available for distribution for the quarter ended 30 September 2016 has been retained for working capital requirements (1Q FY15/16: S\$1.5 million).

FY16/17 benefiting partly from the progressive re-opening of Isetan's strata owned retail space while tenant sales declined 5.4% y-o-y. Ngee Ann City retail revenue gained 4.9% y-o-y while NPI rose 5.7% y-o-y largely attributable to the increase in base rent from the Toshin master lease at Ngee Ann City Property. The Singapore office portfolio revenue and NPI declined 4.7% and 5.9% y-o-y respectively in 1Q FY16/17 over the previous corresponding period mainly due to lower occupancies which stood at 94.7% as at 30 September 2016. As a result of our proactive leasing approach, approximately 28% of the office leases by gross rent due for expiry in FY 2016/17 have been committed as at 30 September 2016.

SGREIT's Australia portfolio, comprising Myer Centre Adelaide in Adelaide, South Australia, and the David Jones Building and adjoining Plaza Arcade in Perth, Western Australia, contributed 21.2% of total revenue, or S\$11.7 million in 1Q FY16/17. NPI for 1Q FY16/17 was S\$7.5 million, 13.2% decline from the previous corresponding period mainly due to an overall decline in occupancies which was largely attributed to unfilled vacancies at Myer Centre Adelaide office and Plaza Arcade's lease terminations leading up to the planned enhancement works. A new anchor tenant for Plaza Arcade has been secured and approvals on asset redevelopment plans have been received from local authorities. The redevelopment, which includes a new facade and an increase in the total retail floor area by over 33% to 32,000 sq ft by activating upper floor space for retail use, is estimated at under S\$10 million and will be funded by borrowings. The asset redevelopment and repositioning will improve the leasability of the mall. We are in talks with the existing affected tenants on the ground level for progressive vacant possession of the units and construction is expected to commence in mid-2017 for completion by the first quarter of 2018.

SGREIT's Malaysia portfolio, comprising Starhill Gallery and interest in Lot 10 along Bukit Bintang in Kuala Lumpur, contributed 12.7% of total revenue, or S\$7.0 million in 1Q FY16/17. NPI for 1Q FY16/17 was S\$6.8 million, 8.1% higher than the previous corresponding period mainly due to the full-quarter contribution of the approximately 6.7% rental uplift from the extension of the master leases with Katagreen Development Sdn Bhd for the Malaysia Properties effective from 28 June 2016. Isetan opened its new six-storey "Isetan Cool Japan" department store – featuring Japanese fashion, arts, furniture and fine dining – in its own strata area at Lot 10 in October 2016, after its closure for renovations since August 2015.

The balance of SGREIT's portfolio, which comprises of Renhe Spring Zongbei in Chengdu, China and the four Japan Properties located in central Tokyo, contributed 2.7% of total revenue, or S\$1.5 million in 1Q FY16/17. NPI for 1Q FY16/17 was S\$0.6 million, a decline of 68.7% from the previous corresponding period. The decline was largely attributed to lower contribution from Renhe Spring

Zongbei and depreciation of the Chinese renminbi against the Singapore dollar, as well as loss of contribution from the divestment of Roppongi Terzo in January 2016, partially offset by appreciation of the Japanese yen against the Singapore dollar. Renhe Spring Zongbei has secured a new long-term tenant, Markor International Home Furnishings, one of the largest furniture retailers in China and listed on the Shanghai Stock Exchange. This new tenancy agreement which incorporates a fixed rent lease with periodic rental step-up over a lease period of 10 years will provide income stability amidst the challenging market landscape in Chengdu which has been impacted by increased competition and austerity measures by the central government. NPI contribution from China assuming the average rental under the new long-term tenancy on a stabilised basis is approximately 1% of the Group's NPI on a pro forma historical FY 2015/16 basis³. Handover is expected in early 2017.

The asset redevelopment at Plaza Arcade and the tenant transition for Renhe Spring Zongbei will impact SGREIT's revenue until completion.

Proactive capital management

In October 2016, SGREIT group issued 10-year S\$70 million unsecured medium term notes bearing a fixed interest rate of 3.14% per annum, where the net proceeds will be used to refinance existing borrowings, meet capital expenditure requirements and/or for working capital purposes of SGREIT. Following the issuance of the notes and repayment of borrowings, SGREIT's average debt maturity will be extended from 2.9 years as at 30 September 2016 to approximately 3.4 years and there is no refinancing requirement until May 2018. Gearing level remains stable at 35.1% as at 30 September 2016.

- End -

³ Assuming that the new long-term tenancy commenced on 1 July 2015. The pro forma financial effects are strictly for illustrative purposes.

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 12 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 Australia, Starhill Gallery and Lot 10 in Kuala Lumpur, Malaysia, a retail property in Chengdu, China, and four properties in the prime areas of 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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