Media release by: YTL Starhill Global REIT Management Limited (YTL Starhill Global)
Manager of: Starhill Global Real Estate Investment Trust (SGREIT)

SGREIT's 2Q FY16/17 DPU at 1.26 cents

HIGHLIGHTS

- **Rental uplifts from master tenant at Ngee Ann City and Malaysia Properties continue to anchor stability and organic growth for the portfolio**
- **Asset redevelopment plan for Plaza Arcade and mall repositioning in China underway to accommodate new anchor and long-term tenants respectively**

SINGAPORE, 26 January 2017 – YTL Starhill Global REIT Management Limited, the manager of SGREIT, is pleased to announce the results for the three months ended 31 December 2016 (2Q FY16/17). Revenue for SGREIT group in 2Q FY16/17 eased 2.8% over the previous corresponding period to S$54.1 million while net property income ("NPI") for 2Q FY16/17 declined 5.4% over the previous corresponding period to S$41.4 million. SGREIT continues to benefit from higher contributions from the master tenants in both Singapore and Malaysia. These were offset mainly by the disruptions in revenue resulting from the mall repositioning in China, lower contributions from the Singapore Properties, a smaller contribution from the Japan Properties due to one property divestment in January 2016, as well as higher finance expenses partly relating to the issuance of S$70 million medium term notes. Income to be distributed to Unitholders for 2Q FY16/17 declined 4.5% over the previous corresponding period to S$27.5 million.

Distribution Per Unit ("DPU") for 2Q FY16/17 was 1.26 cents, representing an annualised distribution yield of 6.77%[1]. Unitholders can expect to receive their 2Q FY16/17 DPU on 28 February 2017. Book closure date is on 6 February 2017 at 5.00 pm.

Tan Sri Dato' (Dr) Francis Yeoh, Chairman of YTL Starhill Global, said, "Global economic uncertainties present a challenging operating environment. Despite the economic headwinds, SGREIT delivered relatively stable returns for investors. With a healthy balance sheet and a prudent capital management approach, we continue to focus on growing the REIT and creating value for our

[1] Based on the closing price of S$0.740 as at 31 December 2016.

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Unitholders. We remain focused on active asset management and creative asset enhancements to optimise the performance of our assets."

Overview of Starhill Global REIT's financial results

(S$ million)	2Q FY16/17	2Q FY15/16	Change (%)	YTD FY16/17	YTD FY15/16	Change (%)
Revenue	54.1	55.6	(2.8)	109.3	112.4	(2.7)
Net property income	41.4	43.7	(5.4)	84.3	87.3	(3.5)
Income available for distribution	27.5	30.1	(8.5)	57.0	60.1	(5.2)
Income to be distributed to Unitholders	27.5	28.8	(4.5)	55.8[2]	57.4	(2.7)
Distribution per Unit (cents)						
- For the period	1.26	1.32	(4.5)	2.56	2.63	(2.7)
- Annualised	5.01	5.24	(4.4)	5.08	5.22	(2.7)

Mr Ho Sing, CEO of YTL Starhill Global, said, "Amidst market challenges, the REIT has pulled in a relatively resilient performance with healthy portfolio occupancy of 95.4% as at 31 December 2016. The asset redevelopment for Plaza Arcade in Perth, Australia and the mall repositioning in China are progressing according to schedule. Notices for the recovery of affected units by the asset redevelopment in Plaza Arcade have been served while construction work is expected to commence in mid-2017. The mall's retail floor space will be expanded by 33% to accommodate a new international tenant. We have ceased operations in our China mall in preparation for the handover to our new tenant, Markor International Home Furnishings Co., Ltd in the next quarter. This new long-term fixed lease tenancy is expected to stabilise China's income stream."

Review of portfolio performance

SGREIT's Singapore portfolio, comprising interests in Wisma Atria and Ngee Ann City on Orchard Road, contributed 61.4% of total revenue, or S$33.2 million in 2Q FY16/17. NPI for 2Q FY16/17 declined 3.3% y-o-y to S$26.4 million mainly due to lower occupancies for Singapore offices and lower average rents partly due to change in tenant trade mix at Wisma Atria Retail, mitigated by contribution from higher rent from master tenant at Ngee Ann City Property effective from June 2016. The Singapore retail portfolio sustained a high occupancy of 99.6% as at 31 December 2016 and

[2] Approximately S$1.1 million (YTD FY15/16: S$2.7 million) of income available for distribution for YTD FY16/17 has been retained for working capital requirements.

achieved positive rental reversions[3] of 2.5% for leases committed in 2Q FY16/17 excluding Toshin master lease at Ngee Ann City Retail. Wisma Atria Retail revenue declined 5.6% y-o-y and its NPI dipped 7.7% over the previous corresponding period. Wisma Atria Retail registered a healthy committed occupancy of 98.9% as at 31 December 2016. During the quarter, new F&B concepts were introduced as part of the mall's continuous efforts to refresh its tenant mix and provide an experiential shopping environment for shoppers. These tenant transitions accounted for approximately 13% of the mall's NLA. Shopper traffic at Wisma Atria rose 2.1% y-o-y in 2Q FY16/17 while tenant sales inched lower by 2.0% y-o-y. Ngee Ann City Retail revenue gained 4.6% y-o-y while NPI rose 4.3% 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 was partly impacted by a softer trading environment as a number of retailers consolidated their businesses. The Singapore office portfolio revenue and NPI declined 5.3% and 7.7% y-o-y respectively in 2Q FY16/17 mainly due to lower occupancies which stood at 95.9% as at 31 December 2016, and rental reversions for leases committed in 2Q FY16/17 were lower by 1.6%. We continue to be proactive in our leasing efforts as approximately one-third of the office leases by gross rent due for expiry in FY 2016/17 have been committed as at 31 December 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 23.4% of total revenue, or S$12.7 million in 2Q FY16/17. NPI for 2Q FY16/17 was S$8.3 million, 3.7% decline from the previous corresponding period mainly due to higher expenses and 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 redevelopment works, partially offset by appreciation of the Australia dollar against the Singapore dollar. Construction to accommodate the new anchor tenant for Plaza Arcade, which includes a new facade and activation of upper floor space for retail use, is expected to commence in mid-2017 and its completion is scheduled for the first quarter of 2018. The asset redevelopment in Plaza Arcade will continue to impact Australia's revenue contribution until completion.

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$6.8 million in 2Q FY16/17. NPI for 2Q FY16/17 was S$6.6 million, 9.3% higher than the previous corresponding period mainly due to the rental uplift from the extension of the master leases with Katagreen Development Sdn Bhd for the Malaysia Properties effective from 28 June 2016. In October 2016, Isetan opened its six-storey specialty concept department store, Isetan The Japan Store, featuring Japanese fashion, lifestyle and

[3] The rental reversion does not include short term leases.

technological products and authentic Japanese dining. Lot 10 will be undergoing a rejuvenation which is targeted for completion by end-2017. The transformation works include refurbishment of the mall interior ceiling, the ground floor atrium, lighting and a drop-off entrance. *Play Walls* with interactive activities for shoppers will be set up on every floor, such as a rock climbing wall on the sports floor. Lot 10 will also enjoy greater connectivity with a new entry point being built to Level 1 from the new MRT exit on the street level. Upon the opening of the upcoming Bukit Bintang MRT Station of the Sungai Buloh-Kajang Line by July 2017, Lot 10 will be connected to the new MRT station and the existing monorail station.

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 2.5% of total revenue, or S$1.4 million in 2Q FY16/17. NPI for 2Q FY16/17 was approximately S$0.1 million, largely attributed to the mall repositioning of Renhe Spring Zongbei and its related expenses, depreciation of Chinese renminbi against the Singapore dollar, as well as loss of contribution from the divestment of one property in Japan in January 2016, partially offset by appreciation of the Japanese yen against the Singapore dollar. The Renhe Spring Zongbei mall in China has ceased operations in preparation for the handover to the new tenant Markor International Home Furnishings Co., Ltd which is expected in the next quarter. As a result of the new long-term fixed lease tenancy, Renhe Spring Zongbei was revalued at RMB158 million as at 31 December 2016. While the mall repositioning will continue to impact China's revenue contribution until its completion, the new tenancy will provide income stability in Chengdu's challenging retail landscape.

Proactive capital management

Following the issuance of the 10-year S$70 million unsecured medium term notes in October 2016, SGREIT's average debt maturity profile is well staggered at 3.1 years as at 31 December 2016. There is no refinancing requirement until May 2018. Gearing level remains stable at 35.2% as at 31 December 2016. Approximately 99% of borrowings as at 31 December 2016 are hedged by a combination of fixed rate debt and interest rate swaps and caps, limiting exposure to rising interest rates. In 2Q FY16/17, finance expenses were up 7.8% or approximately S$0.8 million y-o-y mainly attributed to the additional interest costs incurred on the S$70 million medium term notes issued in October 2016 and one-time write-off of upfront borrowing costs following the repayment of loans in November and December 2016. Foreign currency exposure, accounting for approximately 39% of revenue for 2Q FY16/17, is partially mitigated by natural hedge and short-term foreign exchange forward contracts.

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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 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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