STARHILL GLOBAL REIT

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

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

SGREIT achieves 3Q FY16/17 DPU of 1.18 cents

HIGHLIGHTS

- **Investing in our assets to deliver sustainable returns for our Unitholders**
  - **Construction works for the Plaza Arcade asset redevelopment will commence in 4Q FY16/17**
  - **Lot 10 rejuvenation includes creation of a new entry point directly from the upcoming MRT station exit fronting the mall**
  - **Completed handover of China Property to the new long-term tenant**
- **Corporate rating affirmed "BBB+" by Standard & Poor's with a stable outlook in March 2017**

SINGAPORE, 27 April 2017 – YTL Starhill Global REIT Management Limited, the manager of SGREIT, is pleased to announce the results for the three months ended 31 March 2017 (3Q FY16/17). Revenue for SGREIT group in 3Q FY16/17 eased 0.6% over the previous corresponding period to S$53.3 million while net property income ("NPI") for 3Q FY16/17 declined 0.9% over the previous corresponding period to S$41.2 million. SGREIT continues to benefit from higher contributions from the master tenants in both Singapore and Malaysia, and David Jones Building. These were offset mainly by disruptions in revenue resulting largely from the mall repositioning in China, as well as lower contributions from Wisma Atria Retail, Singapore offices and Myer Centre Adelaide. Income to be distributed to Unitholders for 3Q FY16/17 declined 6.3% over the previous corresponding period to S$25.7 million, mainly due to lower NPI including the effects of straight-lining rent adjustments, withholding tax provision for Malaysia income and higher cash retention.

Distribution Per Unit ("DPU") for 3Q FY16/17 was 1.18 cents, representing an annualised distribution yield of 6.34%[1]. Unitholders can expect to receive their 3Q FY16/17 DPU on 30 May 2017. Book closure date is on 8 May 2017 at 5.00 pm.

Overview of Starhill Global REIT's financial results

[1] Based on the closing price of S$0.755 as at 31 March 2017.

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(S$ million)	3Q FY16/17	3Q FY15/16	Change (%)	9 months ended 31 Mar 17	9 months ended 31 Mar 16	Change (%)
Revenue	53.3	53.6	(0.6)	162.7	166.0	(2.0)
Net property income	41.2	41.6	(0.9)	125.5	128.9	(2.7)
Income available for distribution	27.1	28.0	(3.1)	84.1	88.1	(4.6)
Income to be distributed to Unitholders	25.7[2]	27.5	(6.3)	81.6	84.8	(3.9)
Distribution per Unit (cents)						
- For the period	1.18	1.26	(6.3)	3.74	3.89	(3.9)
- Annualised	4.79	5.07	(5.5)	4.98	5.18	(3.9)

Tan Sri Dato' (Dr) Francis Yeoh, Chairman of YTL Starhill Global, said, "The retail environment continues to be challenging as retailers face both structural and cyclical changes. However, amidst the uncertainties, the global economies are showing signs of a turnaround. We have taken a strategic stance to ready ourselves for the recovery by rejuvenating some assets in our portfolio, and seeking out new opportunities both domestically and regionally so as to create value and strengthen long-term sustainable income for our Unitholders."

Mr Ho Sing, CEO of YTL Starhill Global, said, "The REIT has demonstrated a resilient performance over the past year amidst industry headwinds and operational disruptions. Laying the foundations to deliver sustainable returns for our Unitholders, the REIT has been investing in our assets. The new anchor tenant at Plaza Arcade, whereby construction works will commence in 4Q FY16/17, has been curated to complement Perth city centre's revitalised retail offerings. With the rejuvenation of Lot 10, we aim to re-inject vibrancy into the mall and tap on an enlarged population catchment which will be served by the new MRT line. In China, we have completed the handover of the property to the new long-term tenant who will commence renovation works in 4Q FY16/17. Our corporate rating was also recently affirmed "BBB+" by Standard & Poor's with a stable outlook."

Review of portfolio performance

[2] Approximately S$1.4 million (3Q FY15/16: S$0.5 million) of income available for distribution for 3Q FY16/17 has been retained for working capital requirements.

SGREIT's Singapore portfolio, comprising interests in Wisma Atria and Ngee Ann City on Orchard Road, contributed 62.5% of total revenue, or S$33.3 million in 3Q FY16/17. NPI for 3Q FY16/17 increased 0.5% y-o-y to S$26.5 million mainly due to higher rent from master tenant at Ngee Ann City Property, partially offset by lower average rents for Wisma Atria Retail, lower occupancies for Singapore offices and higher operating expenses. The Singapore retail portfolio has a high occupancy of 98.9% as at 31 March 2017. Wisma Atria Retail revenue inched down 0.9% y-o-y and its NPI declined 1.9% over the previous corresponding period mainly due to lower average rents and higher operating expenses. A healthy committed occupancy of 96.6% as at 31 March 2017 was achieved. While consumer sentiments remain soft, tenant sales at Wisma Atria inched lower by 2% y-o-y despite a 7% y-o-y decline in shopper traffic in 3Q FY16/17. Ngee Ann City Retail revenue gained 4.7% 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 effective from June 2016. The Singapore office portfolio continued to be affected by a softer trading environment and island-wide competition. The Singapore office portfolio revenue and NPI declined 3.5% and 4.2% y-o-y respectively in 3Q FY16/17 mainly due to lower y-o-y occupancies which stood at 94.7% as at 31 March 2017.

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 23.0% of total revenue, or S$12.3 million in 3Q FY16/17, representing a 1.8% y-o-y increase, resulting mainly from the appreciation of the Australian dollar against the Singapore dollar. NPI for 3Q FY16/17 remained relatively stable at S$7.9 million. Construction works for the Plaza Arcade asset redevelopment, which includes a new facade and activation of upper floor space for retail use, will commence in 4Q FY16/17 and is scheduled for completion by the first quarter of 2018. The new international anchor tenant at Plaza Arcade will complement Perth city centre's revitalised retail offerings which includes recently-opened H&M city store and the upcoming Forrest Chase redevelopment as the area is being transformed into a vibrant retail hub in the heart of the city. The asset redevelopment in Plaza Arcade will continue to disrupt 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 12.5% of total revenue, or S$6.7 million in 3Q FY16/17. NPI for 3Q FY16/17 was S$6.5 million, 3.2% 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 June 2016, partially offset by depreciation of the Malaysian ringgit against the Singapore dollar. The rejuvenation of Lot 10 is underway and is targeted for completion by end-2017. The renovation work is expected to incur capital expenditure of RM20 million or approximately S$6.4 million, and is funded by existing borrowings. The renovation work is timed in conjunction with the completion of the Sungai Buloh-Kajang Line (MRT Line) in July 2017 with the aim of tapping into an enlarged population catchment which will be served by the new MRT line. Works will include modernising the mall's interior and the creation of a new entry point directly from the upcoming MRT station exit fronting Lot 10 on Jalan Bukit Bintang. This will enhance its position as a leisure and lifestyle focused mall.

The balance of SGREIT's portfolio, which comprises of one property in Chengdu, China and the four Japan Properties located in central Tokyo, contributed 2.0% of total revenue, or S$1.1 million in 3Q FY16/17. NPI for 3Q FY16/17 was approximately S$0.4 million, largely attributed to disruption from the mall repositioning at the China Property. The China mall has been handed over to the new long-term tenant Markor International Home Furnishings Co., Ltd, and renovation works are expected to start in 4Q FY16/17. While the transition will continue to disrupt China's earnings contribution until its completion by end-2017, the new long-term fixed lease tenancy will provide income stability.

Proactive capital management

SGREIT's average debt maturity profile is well staggered at 2.8 years as at 31 March 2017. There is no refinancing requirement until May 2018. Gearing level remains stable at 35.3% as at 31 March 2017. Approximately 99% of borrowings as at 31 March 2017 are hedged by a combination of fixed rate debt and interest rate swaps and caps, limiting exposure to rising interest rates. Foreign currency exposure, accounting for approximately 37% of revenue for 3Q FY16/17, is partially mitigated by natural hedge and short-term foreign exchange forward contracts. In March 2017, Standard and Poor's affirmed SGREIT's "BBB+" rating with a stable outlook.

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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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