

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

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

SGREIT reports DPU of 1.17 cents for 2Q FY17/18

HIGHLIGHTS

- **Asset redevelopment works at Plaza Arcade and Lot 10 are on schedule to complete in the first quarter of 2018**
- **UNIQLO to open its first Perth flagship store in Plaza Arcade in mid-2018**

SINGAPORE, 29 January 2018 – YTL Starhill Global REIT Management Limited, the manager of SGREIT, is pleased to announce the results for the three months ended 31 December 2017 (2Q FY17/18). Revenue for SGREIT group in 2Q FY17/18 was S\$52.5 million, a decrease of 3.0% over the previous corresponding period of three months ended 31 December 2016 (2Q FY16/17). Net Property Income (NPI) was S\$40.5 million, a decrease of 2.2% over 2Q FY16/17. The decrease in gross revenue was mainly due to weaker contributions from offices, disruption of income from ongoing asset redevelopment works at Plaza Arcade in Perth and lower revenue at Myer Centre Adelaide.

The decrease in NPI for SGREIT group was largely in line with the lower revenue, partially offset by lower expenses mainly for the China Property. The asset redevelopments at Plaza Arcade in Perth and Lot 10 in Kuala Lumpur are on schedule to complete in the first quarter of 2018. Global apparel retailer UNIQLO will open its first Perth flagship store in Plaza Arcade in the middle of 2018.

Income to be distributed to Unitholders for 2Q FY17/18 decreased by 7.1% over the previous corresponding period to S\$25.5 million, mainly due to lower NPI including the effects of straight-line rental adjustments, and higher withholding taxes for Malaysia and Australia Properties. Distribution Per Unit (DPU) for 2Q FY17/18 was 1.17 cents, representing an annualised distribution yield of 5.99%¹. Unitholders can expect to receive their 2Q FY17/18 DPU on 28 February 2018. Book closure date is on 6 February 2018 at 5.00 pm.

¹ Based on the closing price of S\$0.775 as at 31 December 2017.

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Overview of Starhill Global REIT's financial results

(S\$ million)	2Q FY17/18	2Q FY16/17	Change (%)	YTD FY17/18	YTD FY16/17	Change (%)
Gross revenue	52.5	54.1	(3.0)	105.4	109.3	(3.6)
Net property income	40.5	41.4	(2.2)	81.9	84.3	(2.9)
Income available for distribution	25.7	27.5	(6.6)	52.4	57.0	(8.0)
Income to be distributed to Unitholders	25.5 ²	27.5	(7.1)	51.7	55.8	(7.4)
Distribution per Unit (cents)						
- For the period	1.17	1.26	(7.1)	2.37	2.56	(7.4)
- Annualised	4.64	5.01	(7.4)	4.70	5.08	(7.5)

Tan Sri Dato' (Dr) Francis Yeoh, Chairman of YTL Starhill Global, said: "The global economy has staged a stronger than expected growth in 2017, prompting the World Bank to upgrade its forecast of global economic growth to 3.1 per cent for 2018. The synchronised and broad-based growth is expected to trickle down positively into the Singapore retail scene in the foreseeable future. Earlier initiatives to rejuvenate the portfolio have been timely, setting SGREIT in a good position to ride on any retail sector upturn. Notwithstanding the improved economic outlook, we remain cautious on the sustainability of the economic growth and the structural changes to consumer preferences. We will continue to recalibrate our portfolio and sieve out opportunities, with the aim of creating long-term value for our Unitholders."

Mr Ho Sing, CEO of YTL Starhill Global, said: "Despite the challenging market conditions and the income disruption from asset redevelopment initiatives, our portfolio has been relatively resilient this quarter. Our Singapore retail portfolio revenue has remained stable while new take-up for the office space is encouraging. Our asset enhancement initiatives have come in at an opportune time and are making good progress. Asset redevelopment works at Plaza Arcade and Lot 10 are on schedule to complete in the first quarter of 2018. Global apparel retailer UNIQLO will open its first Perth flagship store in Plaza Arcade in mid-2018."

² Approximately S\$0.2 million of income available for distribution for 2Q FY17/18 has been retained for working capital requirements.

Review of portfolio performance

SGREIT's Singapore portfolio, comprising interests in Wisma Atria and Ngee Ann City on Orchard Road, contributed 62.5% of total revenue, or S\$32.8 million in 2Q FY17/18. NPI for 2Q FY17/18 decreased by 2.6% y-o-y to S\$25.7 million, mainly due to lower occupancies in Singapore offices and higher expenses. The Singapore office portfolio revenue and NPI declined 13.2% and 20.0% y-o-y respectively in 2Q FY17/18. However, committed office occupancies rose to 89.4% as at 31 December 2017 from 83.5% as at 30 September 2017, with the committed leases commencing only in 3Q FY17/18.

Singapore retail revenue has grown by 1.9% y-o-y despite a 6.2% and 6.3% y-o-y decline in shopper traffic and tenant sales respectively in 2Q FY17/18. This decline was largely due to the renovation of the food court at Wisma Atria Property, which has since commenced operations on 20 November 2017. Singapore retail portfolio continued to sustain high occupancy of 98.6% as at 31 December 2017. Ngee Ann City Property (Retail) maintained full occupancy while Wisma Atria Property (Retail) maintained high committed occupancy of 95.9%. As a result of proactive leasing efforts, approximately 64.0% of the retail leases by gross rent at Wisma Atria Property expiring in FY17/18 have already been committed as at 31 December 2017. Ngee Ann City Retail revenue and NPI were largely stable on the back of the Toshin master lease.

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 22.1% of total revenue, or S\$11.6 million in 2Q FY17/18. NPI for 2Q FY17/18 was S\$7.3 million, 12.4% lower than in 2Q FY16/17 mainly due to income disruption resulting from the ongoing asset redevelopment at Plaza Arcade, lower revenue at Myer Centre Adelaide largely due to office vacancies and allowance for rent rebates as well as the depreciation of the Australian dollar against the Singapore dollar. This is partially offset by higher contribution from David Jones Building. At Plaza Arcade, construction works commenced in 4Q FY16/17 and is scheduled for completion by the first quarter of 2018. The redevelopment will include a new façade while adding approximately 8,000 square feet or 33% more retail space on the upper floor to cater to anchor tenant UNIQLO. Upon completion, the asset redevelopment is expected to improve Plaza Arcade's revenue contribution.

SGREIT's Malaysia portfolio, comprising Starhill Gallery and interest in Lot 10 along Bukit Bintang in Kuala Lumpur, contributed 13.2% of total revenue, or S\$6.9 million in 2Q FY17/18. NPI for 2Q FY17/18 was S\$6.7 million, 0.8% higher than the previous corresponding period mainly due to the appreciation of the Malaysian ringgit against the Singapore dollar. Lot 10 has largely completed its internal

rejuvenation works. The external works to create a new entrance from the new MRT station has commenced and is expected to be completed in the first quarter of 2018.

The balance of SGREIT's portfolio, which comprises a property in Chengdu, China and three properties located in central Tokyo, Japan, contributed 2.2% of total revenue, or S\$1.2 million in 2Q FY17/18. NPI for 2Q FY17/18 was S\$0.8 million, up from S\$0.1 million in 2Q FY16/17, mainly due to lower operating expenses for the China Property, following the conversion of the departmental store model to a single tenancy model. The property has been handed over to the tenant who has commenced renovation works with expected completion targeted in the first quarter of 2018.

Maintains strong financial position

SGREIT maintains its strong financial position with stable gearing level at 35.3% as at 31 December 2017. As part of our proactive capital management strategy, SGREIT has refinanced its A\$145 million secured term loan in November 2017 ahead of its maturity in 2018. As at 31 December 2017, SGREIT's average debt maturity is approximately 4.0 years with no refinancing requirement for its existing debt portfolio until June 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 11 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 three 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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