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

SGREIT's 4Q FY17/18 DPU of 1.09 cents stable against 3Q FY17/18

HIGHLIGHTS

- **Singapore committed office occupancy leapt to 95.0%[1] as at 30 June 2018, up from 90.7%[1] as at 31 March 2018, amidst an improving office market**
- **Hospitality-inspired co-working space The Great Room commenced its operations at Ngee Ann City Property in June 2018, taking up approximately 15,000 square feet of office space**
- **Plaza Arcade in Perth completed its asset redevelopment with anchor tenant UNIQLO expected to open its doors by the third quarter of 2018**

SINGAPORE, 27 July 2018 – YTL Starhill Global REIT Management Limited, the manager of SGREIT, is pleased to announce the results for the three months ended 30 June 2018 (4Q FY17/18) and for the financial year ended 30 June 2018 (FY17/18). Revenue for SGREIT Group for FY17/18 eased 3.5% over the previous financial year ended 30 June 2017 (FY16/17) to S$208.8 million and net property income (NPI) for FY17/18 inched down 2.8% over FY16/17 to S$162.2 million. Excluding the one-off rental compensation for a retail lease at Wisma Atria Property recorded in the previous corresponding period, revenue and NPI for SGREIT Group would have decreased by 2.6% and 1.7% respectively. SGREIT Group benefited from David Jones' lease rent review and lower operating expenses for China Property. Malaysia NPI was higher on the back of Malaysian ringgit strength. These were offset mainly by weaker contributions from the office portfolio and Myer Centre Adelaide (Retail), as well as disruption in income resulting from Plaza Arcade's asset redevelopment.

Income available for distribution for FY17/18 was S$103.1 million, a 6.6% decline over FY16/17, mainly due to lower NPI including the effects of straight-lining rent adjustments and higher withholding taxes in Malaysia. After a higher income retention, Distribution Per Unit (DPU) for FY17/18 was 4.55 cents, representing a 7.5% decline over the previous corresponding period.

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[1] Includes leases that have been contracted but have not commenced as at the reporting date.

In Singapore, the office portfolio continues to show signs of recovery as committed occupancy leapt to 95.0%[1] as at 30 June 2018, an improvement from 90.7%[1] as at 31 March 2018. Co-working space The Great Room commenced its operations at Ngee Ann City Property in June 2018, taking up approximately 15,000 square feet. The hospitality-inspired flexible workspace on the 22nd storey of Ngee Ann City Tower B offers a gorgeous view of the Orchard Road shopping belt. Leading Australian healthcare communications group, McCann Health, also commenced its business in June 2018 at Wisma Atria Property.

Revenue for SGREIT Group in 4Q FY17/18 was S$51.6 million, a decrease of 3.9% over the previous corresponding period of three months ended 30 June 2017 (4Q FY16/17). NPI for the SGREIT Group was S$40.0 million, a decrease of 3.3% over 4Q FY16/17. The decrease in NPI was largely due to weaker contribution from the office portfolio and Myer Centre Adelaide (Retail), partially offset by higher NPI for Plaza Arcade and the appreciation of the Malaysian ringgit. In Perth, Plaza Arcade has completed its asset redevelopment and anchor tenant UNIQLO is expected to open its doors by the third quarter of 2018.

Income available for distribution for 4Q FY17/18 decreased by 3.9% over 4Q FY16/17 to S$25.3 million, mainly due to lower NPI. After a higher income retention, DPU for 4Q FY17/18 was 1.09 cents, declining 7.6% year-on-year but remained stable against the DPU for the three months ended 31 March 2018 (3Q FY17/18). This represents an annualised distribution yield of 6.78%[2]. Unitholders can expect to receive their 4Q FY17/18 DPU on 29 August 2018. Book closure date is on 6 August 2018 at 5.00 pm.

Valuation of investment properties remains stable

SGREIT Group's investment properties have been assessed by independent valuers at S$3,118.3 million as at 30 June 2018 (2017: S$3,136.3 million[3]), and the aggregate value remains stable over the last valuation exercise in June 2017. The year-on-year decrease of 0.6% was largely attributed to downward revaluation mainly for Starhill Gallery, Myer Centre Adelaide and China Property, divestment of Nakameguro Place, as well as negative foreign currency movements mainly in Australian dollar.

[2] Based on the closing unit price of S$0.645 as at 30 June 2018.

[3] Includes Nakameguro Place, which has been divested in May 2018.

Overview of Starhill Global REIT's financial results

(S$ million)	4Q FY17/18	4Q FY16/17	Change (%)	FY17/18	FY16/17	Change (%)
Gross revenue	51.6	53.7	(3.9)	208.8	216.4	(3.5)
Net property income	40.0	41.4	(3.3)	162.2	166.9	(2.8)
Income available for distribution	25.3	26.4	(3.9)	103.1	110.4	(6.6)
Income to be distributed to Unitholders	23.8[4]	25.7	(7.6)	99.2[4]	107.3	(7.5)
Distribution per Unit (cents)						
- For the period	1.09	1.18	(7.6)	4.55	4.92	(7.5)
- Annualised	4.37	4.73	(7.6)	-	-	-

Tan Sri Dato' (Dr) Francis Yeoh, Chairman of YTL Starhill Global, said: "The global economy has been performing reasonably well in the first half of 2018. However, in view of the trade and geopolitical tensions, coupled with a rising interest rate environment, there are risks that the current growth may decelerate over the next two years. The retail sector continues to evolve as it undergoes structural changes posed by e-commerce and an oversupply of retail space. However, our focus on niche prime locations, master leases and long-term leases as well as our timely rejuvenation efforts will stand us in good stead to weather the transformation of the retail landscape."

Mr Ho Sing, CEO of YTL Starhill Global, said: "The lower DPU for the current financial year was mainly due to the one-off rental compensation for a retail lease recorded last year, weaker contributions from the office portfolio, lower revenue from Australia partly attributed to income disruption from asset redevelopment at Plaza Arcade, as well as higher withholding taxes in Malaysia. However, with the completion of the renovation works and the progressive recovery of the office market in Singapore, DPU for 4Q FY17/18 has remained stable against 3Q FY17/18. In Perth, Australia, redevelopment work at Plaza Arcade has recently been completed and the premise was handed over to the new anchor tenant UNIQLO. Upon the expected opening in the third quarter of 2018, it will be the first store for UNIQLO in Perth's city centre. Occupancy at our Singapore office portfolio saw a recovery with the committed occupancy rising to 95.0%[1] as at 30 June 2018 from 90.7%[1] as at 31 March 2018. While the retail market continues to be challenging, our portfolio has been relatively resilient, demonstrated by its high

[4] Approximately S$1.6 million of income available for distribution for 4Q FY17/18 (FY17/18: S$3.9 million) has been retained for working capital requirements.

occupancy while NPI declined by just 2.8% in FY17/18. In line with our ongoing strategy to refine our portfolio, we have divested Nakameguro Place in May 2018 at a 25% premium to its latest valuation."

Review of portfolio performance

SGREIT's Singapore portfolio, comprising interests in Wisma Atria and Ngee Ann City on Orchard Road, contributed 62.2% of total revenue, or S$32.1 million in 4Q FY17/18. NPI for 4Q FY17/18 decreased by 2.0% y-o-y to S$25.5 million, mainly due to weaker contributions from Singapore offices and Wisma Atria Property (Retail). The Singapore office portfolio revenue and NPI declined 5.3% and 7.6% y-o-y respectively in 4Q FY17/18. However, committed office occupancy leapt to 95.0%[1] as at 30 June 2018, an improvement from 90.7%[1] as at 31 March 2018.

Singapore retail portfolio continued to sustain high occupancy of 98.7% as at 30 June 2018. Ngee Ann City Property (Retail) and Wisma Atria Property (Retail) maintained high occupancy of 99.5% and 97.1% respectively as at 30 June 2018, amidst soft retail climate. Ngee Ann City Property (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 21.7% of total revenue, or S$11.2 million in 4Q FY17/18. SGREIT Group has long-term leases with Myer Pty Ltd and David Jones Limited, contributing approximately 7.0% and 4.8% of its portfolio gross rents respectively as at 30 June 2018. NPI for 4Q FY17/18 was S$6.8 million, 13.4% lower than in 4Q FY16/17 mainly due to 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. The redevelopment at Plaza Arcade includes a new façade and the addition of approximately 8,000 square feet or 33% more retail space on the upper floor to cater to anchor tenant UNIQLO. UNIQLO is expected to open its doors by the third quarter of 2018, upon completion of its ongoing renovation works.

SGREIT's Malaysia portfolio, comprising Starhill Gallery and interest in Lot 10 along Bukit Bintang in Kuala Lumpur, contributed 13.8% of total revenue, or S$7.1 million in 4Q FY17/18. NPI for 4Q FY17/18 was S$6.9 million, 4.6% higher than the previous corresponding period mainly due to the appreciation of the Malaysian ringgit against the Singapore dollar.

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 4Q FY17/18. NPI for 4Q FY17/18 was S$0.8 million, a drop of 8.0% over 4Q FY16/17, in line with lower revenue, partially offset by lower expenses for the China Property, following the conversion of the departmental store model to a single tenancy model. In May 2018, Nakameguro Place in Japan was divested for JPY525 million (or approximately S$6.4[5] million), representing a 25% premium to its latest valuation of JPY420 million[6]. The transacted price translates to a yield of 3.1%[7].

Maintains strong financial position

SGREIT maintains its strong financial position with stable gearing level at 35.5% and hedged about 96% of its borrowings as at 30 June 2018, following the purchase of new interest rate swaps which replace those maturing in 2018 largely for the S$460 million four-year and five-year term loans drawn in September 2017. SGREIT has also secured commitment to early refinance its A$63 million secured loan with the same bank ahead of its maturity in June 2019, thereby extending the average debt maturity from 3.5 years as at 30 June 2018 to approximately 3.8 years post refinancing. Following this, there is no refinancing requirement for its debt portfolio until September 2019.

- End –

[5] Based on exchange rate of S$1.00: JPY81.87 as at 4 May 2018.

[6] Based on the latest independent valuation as at 28 February 2018 conducted by CBRE K.K.

[7] Based on the net property income for the financial year ended 30 June 2017.

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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