

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

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

## **SGREIT recorded DPU increase of 0.9% year-on-year for 4Q FY18/19**

### **HIGHLIGHTS**

- **Total office portfolio recorded a higher revenue and NPI of 4.2% and 7.6% y-o-y respectively for 4Q FY18/19, boosted mainly by office asset in Adelaide**
- **Master lease renewal for Malaysia Properties concluded**

**SINGAPORE, 30 July 2019** – YTL Starhill Global REIT Management Limited, the manager of SGREIT, is pleased to announce the results for the three months ended 30 June 2019 (4Q FY18/19). Revenue for SGREIT Group in 4Q FY18/19 was S\$51.9 million, rising 0.4% over the previous corresponding period of three months ended 30 June 2018 (4Q FY17/18). Net property income (NPI) for SGREIT Group decreased by 0.4% over 4Q FY17/18 to S\$39.9 million, largely due to lower contributions from the retail portfolio in Singapore and the depreciation of Australian dollar and Malaysian ringgit against the Singapore dollar as well as higher operating expenses, partially offset by higher contributions mainly from the office portfolio and Myer Centre Adelaide.

Overall actual occupancy for SGREIT Group improved to 96.3%<sup>1</sup> as at 30 June 2019 mainly because actual occupancy for Wisma Atria Property (Retail) improved to 99.6%<sup>1</sup> from 91.7%<sup>1</sup> as at 31 March 2019. Committed occupancy for the total office portfolio improved to 91.9%<sup>2</sup> as at 30 June 2019 as compared to 88.8%<sup>2</sup> as at 31 March 2019.

Income available for distribution for 4Q FY18/19 decreased by 1.7% over 4Q FY17/18 to S\$24.9 million. Distribution per Unit (DPU) for 4Q FY18/19 remains stable at 1.10 cents, rising by 0.9% year-on-year (y-o-y) and was the same as the previous quarter ended 31 March 2019. This represents an annualised

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<sup>1</sup> Based on commenced leases as at reporting date.

<sup>2</sup> Includes leases that have been contracted but have not commenced as at the reporting date.

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distribution yield of 5.69%<sup>3</sup>. Unitholders can expect to receive their 4Q FY18/19 DPU on 29 August 2019. Book closure date is on 7 August 2019 at 5.00 pm.

### Valuation of investment properties

SGREIT Group's investment properties have been assessed by independent valuers at S\$3,064.9 million as at 30 June 2019 (2018: S\$3,118.3 million), and the aggregate value was 1.7% lower y-o-y mainly due to downward revaluation of the Singapore Properties and negative foreign currency movements mainly in Australian dollar and Malaysian ringgit, partially offset by upward revaluation of the Malaysia Properties. Excluding the foreign exchange impact, investment portfolio value remains relatively stable over the last valuation exercise in June 2018.

### Overview of Starhill Global REIT's financial results

(S\$ million)	4Q FY18/19	4Q FY17/18	Y-O-Y change (%)	FY18/19	FY17/18	Y-O-Y change (%)
Gross revenue	51.9	51.6	0.4	206.2	208.8	(1.3)
Net property income	39.9	40.0	(0.4)	159.4	162.2	(1.7)
Income available for distribution	24.9	25.3	(1.7)	101.3	103.1	(1.8)
Income to be distributed to Unitholders	24.0 <sup>4</sup>	23.8	0.9	97.7	99.2	(1.5)
<b>Distribution per Unit (cents)</b>						
- For the period	1.10	1.09	0.9	4.48	4.55	(1.5)
- Annualised	4.41	4.37	0.9	-	-	-

Tan Sri Dato' (Dr) Francis Yeoh, Chairman of YTL Starhill Global, said: "We are happy to have concluded the new master tenancy agreements for Malaysia Properties and grateful for the tremendous support from Unitholders at the Extraordinary General Meeting. The new master tenancy agreements will provide long-term income stability with periodic rental step-up, while Starhill Gallery will be rejuvenated following a planned asset enhancement."

<sup>3</sup> Based on the closing unit price of S\$0.775 as at 30 June 2019.

<sup>4</sup> Approximately S\$0.9 million of income available for distribution for 4Q FY18/19 (4Q FY17/18: S\$1.6 million) has been retained for working capital requirements.

Mr Ho Sing, CEO of YTL Starhill Global, said: “Our office portfolio achieved a stronger NPI in 4Q FY18/19 on the back of higher occupancies attained at our office assets in Singapore and Australia on a year-on-year basis. Singapore retail occupancy continues to be resilient, achieving a higher actual occupancy of 99.4%<sup>1</sup> as at 30 June 2019, as limited retail supply along Orchard Road and retailers’ preference for prime space ensure prime units remain highly sought-after. Backed by our healthy financial standing, we will continue to explore new opportunities to deliver sustainable value to our Unitholders.”

### **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\$31.8 million in 4Q FY18/19. NPI for 4Q FY18/19 decreased by 1.9% y-o-y to S\$25.0 million, mainly due to lower contributions from Wisma Atria Property and higher operating expenses for the retail portfolio. Committed occupancy rate for the Singapore office portfolio eased slightly to 93.9%<sup>2</sup> as at 30 June 2019 from 94.4%<sup>2</sup> as at 31 March 2019, but continued to show positive growth as revenue and NPI grew 0.3% and 2.5% y-o-y respectively.

Singapore retail portfolio’s actual occupancy improved to 99.4%<sup>1</sup> as at 30 June 2019. Tenant sales continue to grow in the current quarter at 8.1% y-o-y. Following a rent review of Toshin master lease at Ngee Ann City Property in June 2019, the new base rent for the Toshin master lease is equal to the existing rent. The Toshin master lease provides for a review of the rental rate every three years during its term.

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\$11.5 million in 4Q FY18/19. SGREIT Group has long-term leases with Myer Pty Ltd and David Jones Limited, contributing approximately 7.0% and 4.7% of its portfolio gross rents respectively as at 30 June 2019. NPI for 4Q FY18/19 was S\$6.9 million, 0.6% higher than in 4Q FY17/18, mainly due to the higher contributions from Myer Centre Adelaide, partially offset by higher expenses and depreciation of Australian dollar against Singapore dollar. The committed occupancy of Australia’s office portfolio improved from 74.9%<sup>2</sup> as at 31 March 2019 to 87.1%<sup>2</sup> as at 30 June 2019, following the exercise of an option by an existing tenant to take up more space.

SGREIT’s Malaysia portfolio, comprising Starhill Gallery and interest in Lot 10 along Bukit Bintang in Kuala Lumpur, contributed 14.2% of total revenue, or S\$7.4 million in 4Q FY18/19. NPI for 4Q FY18/19 was S\$7.1 million, 3.9% higher than in 4Q FY17/18. The new master tenancy agreements for the

Malaysia Properties, which include asset enhancement works (AEW) for Starhill Gallery, were recently approved at the extraordinary general meeting held on 16 May 2019, with 99.93% of total votes received in favour of the resolution. The Manager intends to finance the cost of the AEW via a combination of external borrowings and/or internal working capital. For Starhill Gallery, all the requisite approvals for the AEW have not been fully obtained as at 30 June 2019, as assumed in the Circular to Unitholders dated 25 April 2019. The development order has been obtained whilst the approvals for the building plans and erection of building are still pending. As such, the interim annual rent of RM21 million, which commenced on 28 June 2019, will continue to apply until all the approvals are obtained. Please refer to the Circular for more details. The existing RM330 million (approximately S\$108 million) medium term notes secured by the Malaysia Properties will mature in September 2019 and the refinancing exercise is ongoing. SGREIT has available undrawn long-term committed Singapore dollar revolving credit facilities to cover the maturing medium term notes.

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 FY18/19. NPI for 4Q FY18/19 was S\$0.9 million, 5.2% higher than in 4Q FY17/18 mainly in line with lower operating expenses for the Japan Properties.

### **Maintains strong financial position**

SGREIT maintains its strong financial position with stable gearing level at 36.1% and hedged about 90% of its borrowings as at 30 June 2019. SGREIT's average debt maturity remained healthy at 2.8 years as at 30 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 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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