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 reports income available for distribution of S$24.0 million for 3Q FY19/20

**HIGHLIGHTS**

- **Income available for distribution for 3Q FY19/20 stood at S$24.0 million, 4.1% lower than 3Q FY18/19**
- **Staggered debt maturity profile averaging 2.7 years with next term refinancing due in February 2021**
- **Changing distribution frequency to semi-annual distributions with effect from this quarter ended 31 March 2020 and adopting half-yearly reporting of financial statements with effect from financial year ending 30 June 2021**

**SINGAPORE, 28 April 2020 –** YTL Starhill Global REIT Management Limited, the manager of SGREIT, is pleased to announce the results for the three months ended 31 March 2020 (3Q FY19/20). Revenue for SGREIT Group in 3Q FY19/20 was S$46.7 million, declining 8.9% over the previous corresponding period of three months ended 31 March 2019 (3Q FY18/19). Net property income (NPI) for SGREIT Group decreased by 11.1% over 3Q FY18/19 to S$35.2 million. Excluding the rental rebate extended to the master tenant during the asset enhancement period of Starhill Gallery in Malaysia, revenue and NPI for SGREIT Group in 3Q FY19/20 decreased by 5.2% and 6.4% over 3Q FY18/19 respectively. The decline in revenue and NPI for 3Q FY19/20 was mainly attributed to the rental assistance extended to tenants in Singapore, Malaysia and China to assist tenants in cushioning the impact of the COVID-19 pandemic, as well as the depreciation of the Australian dollar against Singapore dollar. As per the Circular to Unitholders dated 25 April 2019, the income disruption resulting from the planned asset enhancement of Starhill Gallery will be largely mitigated by the Manager receiving part of its base management fees in units.

Income available for distribution for 3Q FY19/20 stood at S$24.0 million, lower by 4.1% from 3Q FY18/19. SGREIT has announced the change of its distribution frequency to semi-annual distributions from its current quarterly distributions with effect from 3Q FY19/20. Hence, the next distribution will be for the six-month period from 1 January 2020 to 30 June 2020. SGREIT will also be adopting the announcement of half-yearly reporting of financial statements with effect from the financial year ending 30 June 2021. The switch to semi-annual distributions will offer SGREIT greater financial flexibility and achieve cost savings.

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

| (S$ million) | 3Q FY19/20 | 3Q FY18/19 | Y-O-Y Change (%) | YTD FY19/20 | YTD FY18/19 | Y-O-Y Change (%) |
|---|---|---|---|---|---|---|
| Gross revenue[1] | 46.7 | 51.3 | (8.9) | 143.4 | 154.3 | (7.1) |
| **Gross revenue (excluding Starhill Gallery)[1]** | **44.5** | **47.0** | **(5.2)** | **137.7** | **141.4** | **(2.7)** |
| Net property income[1] | 35.2 | 39.6 | (11.1) | 109.2 | 119.5 | (8.6) |
| **Net property income (excluding Starhill Gallery)[1]** | **33.1** | **35.4** | **(6.4)** | **103.9** | **107.0** | **(2.9)** |
| Income available for distribution | 24.0 | 25.0 | (4.1) | 74.5 | 76.4 | (2.5) |
| Income to be distributed to Unitholders | -[2] | 24.0 | NM | 49.4[3] | 73.7 | NM |
| **Distribution per Unit (cents)** | | | | | | |
| - For the period | -[2] | 1.10 | NM | 2.26[3] | 3.38 | NM |
| - Annualised | -[2] | 4.46 | NM | 4.50[3] | 4.50 | - |

Tan Sri Dato' (Dr) Francis Yeoh, Chairman of YTL Starhill Global, said: "The COVID-19 pandemic has literally brought the global economy to a standstill, as governments around the world progressively put their countries under lockdown, closed their borders and implemented strict social distancing measures to contain the spread. The current situation is unprecedented with many businesses being disrupted. We understand the plight of our tenants during this extraordinary time and we try our best to help them

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1 Net of rental rebates extended to eligible tenants.

2 Following SGREIT's change of its distribution frequency to semi-annual distributions with effect from 3Q FY19/20, there is no proposed distribution to its Unitholders declared for the three-month period from 1 January 2020 to 31 March 2020. For further details, please refer to the SGX-ST announcement issued on 8 April 2020.

3 Represents actual income to be distributed to Unitholders and DPU for the six months ended 31 December 2019. Correspondingly, the annualised YTD FY19/20 DPU was based on six months ended 31 December 2019.

through the crisis as this is a long-term partnership. We have and are offering rental assistance to our tenants and will fully pass on the property tax rebates to be received from the Singapore Government. Following many years of having a cautious investment approach, SGREIT is ready to move forward should any opportunities arise with the full support from its sponsor, YTL Group."

Mr Ho Sing, CEO of YTL Starhill Global, said: "Given these unprecedented circumstances, we are undertaking measures to maintain financial flexibility until there is more visibility on the pandemic. These measures include delaying non-essential capital expenditures for SGREIT, saving costs as well as reducing 10% of base management fees payable by SGREIT for the next three months effective from April 2020. We are also switching to semi-annual dividend distribution which allows us to achieve cost savings and greater financial flexibility. Given the fluidity of the COVID-19 pandemic, the situation is dynamic and would deteriorate further if it continues for a prolonged period. We will continue to monitor the situation closely and proactively manage our long-term cash flow and our properties. We have to position SGREIT well and be ready should any opportunities arise."

**Review of portfolio performance**

SGREIT's Singapore portfolio, comprising interests in Wisma Atria and Ngee Ann City on Orchard Road, contributed 64.3% of total revenue, or S$30.0 million in 3Q FY19/20. NPI for 3Q FY19/20 declined by 5.8% y-o-y to S$23.5 million, mainly due to rental assistance offered to eligible tenants. Singapore retail portfolio registered an actual occupancy of 99.5%[4] as at 31 March 2020, with Ngee Ann City Property (Retail) being fully occupied[4] as at 31 March 2020. Tenant sales and footfall traffic at Wisma Atria fell 15.4% and 20.4% y-o-y respectively in 3Q FY19/20 due to social distancing measures and lower tourist arrivals. Meanwhile, actual occupancy for the Singapore office portfolio stood at 87.4%[4] as at 31 March 2020 compared to 89.2%[4] as at 31 December 2019.

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 23.3% of total revenue, or S$10.9 million in 3Q FY19/20. NPI for 3Q FY19/20 was S$6.4 million, 8.5% lower than in 3Q FY18/19, mainly due to the depreciation of the Australian dollar against Singapore dollar, as well as lower contributions from Australia's retail portfolio including allowance for rental arrears, partially offset by higher contributions from Australia's office portfolio. Actual occupancy of the Australia's office portfolio rose to 94.8%[4] as at 31 March 2020, from 94.5%[4] as at 31 December 2019, while actual occupancy of the Australia's retail portfolio stood at 94.3%[4] as at 31 March 2020.

[4] Based on commenced leases as at reporting date.

SGREIT's Malaysia portfolio, comprising Starhill Gallery and interest in Lot 10 along Bukit Bintang in Kuala Lumpur, contributed 10.0% of total revenue, or S$4.7 million in 3Q FY19/20. NPI for 3Q FY19/20 was S$4.4 million. The lower contribution from the Malaysia Properties for 3Q FY19/20 was mainly due to the rental rebate extended to the master tenant during the asset enhancement period to convert Starhill Gallery into an integrated development with hotel and retail elements, as well as some rental assistance extended to the master tenant to assist the retail sub-tenants impacted by the Movement Control Order (MCO) due to COVID-19 pandemic.

The balance of SGREIT's portfolio, which comprises a property in Chengdu, China, and two properties located in central Tokyo, Japan, contributed 2.4% of total revenue, or S$1.1 million in 3Q FY19/20. NPI for 3Q FY19/20 was S$0.8 million, 7.2% lower than in 3Q FY18/19 mainly due to rental assistance offered to the tenant in China in March 2020.

**Capital management**

SGREIT's gearing level stood at 36.7% as at 31 March 2020. SGREIT also hedged about 87% of its borrowings and the average debt maturity is approximately 2.7 years as at 31 March 2020. In March 2020, Fitch Ratings has assigned a "BBB" corporate credit rating with stable outlook to SGREIT, its medium-term notes programmes and the notes drawn under the programmes.

The Group does not have any debt maturities in the next 12 months, save for S$100 million medium term notes due in February 2021 and some short-term debts drawn under its revolving credit facilities. Additionally, the Group has available undrawn committed revolving credit facilities which is in excess of maturing debts and can be drawn down to fund its working capital requirement. The Manager will continue to manage the long-term cash flow prudently so as to maintain financial flexibility.

**Updates in view of COVID-19 pandemic**

The unprecedented COVID-19 pandemic has adversely impacted many industries worldwide including the retail sector and created significant uncertainty in global economic prospects and the Group's operating environment. Globally, many Governments have implemented measures to contain the spread. Our assets in Singapore and Malaysia have encountered movement restriction orders while retail tenants in Australia and China were impacted by stricter social distancing measures and lower tourist arrivals.

In Singapore, 'circuit breaker' measures announced by the Singapore Government on 3 April 2020 have been extended for another four weeks until 1 June 2020 and tighter measures are being implemented to curb the spread of COVID-19 infections. Wisma Atria Property and Ngee Ann City Property are open only for some essential services between 7 April 2020 and 1 June 2020. A new temporary law, COVID-19 (Temporary Measures) Act, was passed in April 2020 which allows tenants to defer their rent payments for an initial period of six months, if they satisfy certain conditions set out in the Act. The rental payments of affected tenants may potentially be deferred during this period. In Australia, while David Jones remains open, most of our tenants including Myer and UNIQLO have chosen to temporarily close their stores in response to heightened social distancing measures. Myer has been closed since 29 March 2020 and will remain so until at least 11 May 2020. In Malaysia, Starhill Gallery and Lot 10 Property have largely closed since MCO kicked in on 18 March 2020.

To help tenants mitigate the business disruption, rental rebates amounting to approximately S$13.7 million were extended in phases to tenants in SGREIT's portfolio, of which approximately S$10.8 million relate to the property tax rebate to be received from the Singapore Government[5] which will be passed on fully to our tenants in Singapore. The Manager is currently evaluating partial rental rebate and deferments for our tenants in Australia based on the Mandatory Code of Conduct for landlords and tenants released by the National Cabinet of Australia. SGREIT's Australia portfolio contributed approximately 18.2% to the Group's NPI in 3Q FY19/20.

As COVID-19 continues to spread, the Manager will proactively work with the tenants to mitigate the impact on their businesses and undertake cost-saving measures. The COVID-19 pandemic which has caused intensified social distancing measures in our core markets is expected to have a significant adverse impact on SGREIT's financial performance, income available for distribution and cashflow for the remaining period of the financial year ending 30 June 2020. Tenant sales and shopper traffic are expected to decline substantially in the next quarter following strict social distancing and 'circuit breaker' measures as well as lower tourist arrivals. Tenant relief measures will also impact revenue contribution from the Group's retail portfolio.

The Group's portfolio is characterised by its quality master retail leases in Singapore and Malaysia which make up about 33.4% of revenue in 3Q FY19/20. Office portfolio contributed another 14.8% of revenue in 3Q FY19/20. Additionally, as at 31 March 2020, the weighted average portfolio lease expiry by gross rent stands at 5.7 years.

- End –

[5] Property tax rebate as per the Budget 2020 announced by the Singapore Government on 18 February 2020 and the Resilience Budget announced on 26 March 2020.

***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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**Important Notice**