

**Media release by:** YTL Pacific Star REIT Management Limited (YTL Pacific Star)

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

**For immediate release**

## STARHILL GLOBAL REIT'S 3Q 2009 INCOME TO BE DISTRIBUTED UP 7.8%

### HIGHLIGHTS

- 3Q 2009 income to be distributed of S\$18.3 million is a 7.8% increase over 3Q 2008
- Standard & Poor's assigns BBB corporate rating with stable outlook to Starhill Global REIT

**SINGAPORE, 28 October 2009** – YTL Pacific Star, the Manager of Starhill Global REIT - the S-REIT with the largest presence in Orchard Road – today announced that Starhill Global REIT's third quarter (3Q) 2009 income to be distributed was S\$18.3 million, 7.8% higher than that of S\$17.0 million in 3Q 2008. Distribution Per Unit (DPU) (post-rights) for the period 1 July to 30 September 2009 was 0.95 cents, 6.7% higher compared to the adjusted 0.89 cents<sup>1</sup> achieved for the previous corresponding period. On an annualised basis, the latest distribution represents a yield of 6.28%<sup>2</sup>.

Gross revenue in 3Q 2009 was S\$32.6 million, same as that achieved in 3Q 2008. Net property income was higher at S\$26.1 million, an increase of 10.4% over 3Q 2008, mainly attributed to better performance by the Singapore properties, offset by lower contribution from the Chengdu property.

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<sup>1</sup> 3Q 2008 DPU has been restated to include 963,724,106 rights units

<sup>2</sup> Based on last traded unit price of S\$0.60 on 30 September 2009

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## Overview of Starhill Global REIT's financial results

	3Q 2009	3Q 2008	% Change
Gross revenue (S\$ million)	32.6	32.6	-
Net property income (S\$ million)	26.1	23.6	10.4
Income available for distribution (S\$ million) <sup>(1)</sup>	18.5	17.2	7.9
Income to be distributed (S\$ million) <sup>(1)</sup>	18.3	17.0	7.8
<b>DPU (cents) (pre-rights)</b>	<b>n/a</b>	<b>1.78</b>	<b>n/a</b>
<b>DPU (cents) (post-rights) <sup>(2)</sup></b>	<b>0.95</b>	<b>0.89</b>	<b>6.7</b>
<b>Annualised DPU (cents)</b>	<b>3.77</b>	<b>3.54</b>	<b>6.5</b>

(1) Approximately S\$0.2 million of income available for distribution for the quarter ended 30 September 2009 has been retained to satisfy certain legal reserve requirements in China.

(2) 3Q 2008 DPU has been restated to include 963,724,106 rights units.

Tan Sri Dato' (Dr) Francis Yeoh, Executive Chairman of YTL Pacific Star, said, "We are heartened by the strong investor response to our recent rights issue, which has enhanced the liquidity of the stock and strengthened Starhill Global REIT's financial flexibility to carry out asset enhancements at Wisma Atria and to pursue attractive acquisition opportunities. We are cautiously optimistic about the outlook for Starhill Global REIT, given the encouraging signs of recovery of the global credit market, as well as the turnaround in the Singapore economy and tourist arrivals."

Mr Franklin Heng, Chief Executive Officer of YTL Pacific Star, said, "DPU (post-rights) of 0.95 cents for 3Q 2009, is 6.7% higher than the adjusted DPU of 0.89 cents<sup>1</sup> in 3Q 2008. Occupancy for retail space in both Wisma Atria and Ngee Ann City remains high at around 99%, while occupancy for office space is 89%, tracking island-wide office occupancy levels. The surge in shopper traffic to Wisma Atria following the reopening of the basement MRT linkway and the strong take-up rate of new retail space on Orchard Road is expected to ease downward pressure on retail rents. Tenant retention remains a key focus, even as we weigh our options on asset enhancement plans at Wisma Atria to boost the appeal of our retail properties.

"We are pleased that Standard & Poor's has assigned a BBB corporate rating with a stable outlook to Starhill Global REIT in an announcement issued today. This positive rating is an affirmation of the premier quality of the assets in our portfolio, the resilience of our revenue stream, and Starhill Global REIT's healthy credit profile," he added.

### **Update on management fees**

YTL Pacific Star has elected to receive 100% of the Manager's management fee in cash for year 2010, with effect from 1 January 2010. Starhill Global REIT's IPO prospectus states that the Manager may opt to receive the management fee in cash or units after 2006. Since listing, the Manager had opted to receive 60% of the management fee (in respect of Singapore assets) in units and the remainder in cash.

### **Update on capital management**

In August 2009, Starhill Global REIT repaid S\$30.0 million of secured revolving credit facility (RCF) and S\$20.9 million unsecured RCF with the rights issue proceeds. As at 30 September 2009, Starhill Global REIT's gearing ratio is 27.2%, with a weighted average effective interest rate of 2.98% per annum and interest cover of 4.6 times. Starhill Global REIT remains shielded from interest rate volatility as 96.0% of the REIT's debt is fixed until September 2010. The Manager is in active discussions with its relationship banks to refinance S\$570 million of debt, which will fall due in September 2010.

Starhill Global REIT has rolled over a S\$82.0 million (JPY 6.6 billion) JPY-SGD cross currency swap (CCS) at the historical rate (80.9 JPY to 1 SGD) for 2 years till 18 November 2011. The CCS was initially entered into by the trustee of Starhill Global REIT on 20 July 2007 to hedge the currency exposure in relation to the acquisition of the Japan assets and will mature on 20 November 2009. The current negative value of S\$18.9 million as at 27 October 2009 is included in the new CCS, resulting in a higher JPY coupon. The loss on the CCS, is however, substantially offset by a corresponding increase in the value of the Japan assets. The incremental coupon does not materially impact Starhill Global REIT's DPU for FY 2009. Starhill Global REIT will continue to recognise the mark-to-market gain/loss of the CCS in the statements of total return.

### **Update on Singapore portfolio**

Starhill Global REIT's Singapore portfolio contributed 83.2% of total gross revenue, or S\$27.1 million in 3Q 2009. This is an increase of 0.2% over the corresponding period in 3Q 2008. The Singapore portfolio's Net Property Income for 3Q 2009 was S\$22.4 million, 12.1% higher than in 3Q 2008.

In 3Q 2009, renewed and new office leases made up 18,912 sq ft, at rates that were 10.1% lower than previous rent, while renewed and new retail leases made up 16,243 sq ft, at rates that were 15.4% lower than previous rent. For the last quarter of 2009, 25,403 sq ft of office space (12.1% of the total Singapore office portfolio by NLA) and 10,215 sq ft of retail space (2.7% of the total Singapore retail portfolio by NLA) will expire.

### **Update on Japan portfolio**

In 3Q 2009, Starhill Global REIT's Japan portfolio contributed 7.4%, or S\$2.4 million to gross revenue. Five of the seven properties in the portfolio enjoyed 100% occupancy, except for Daikanyama (88% occupied) and Holon L (33% occupied) as retail sentiment in Japan continued to be weak amid challenging economic conditions. The Manager is closely monitoring the situation and negotiations are underway to replace the property manager and master lessee of the Japan portfolio to ease tenant concentration risks. A newly-acquired special purpose vehicle incorporated in Japan, to be renamed Starhill Global ML K.K., will step in as master lessee and execute new lease agreements with the existing end-tenants.

### **Update on Chengdu property**

As at 30 September 2009, the Renhe Spring Department Store in Chengdu enjoyed 100% occupancy. In 3Q 2009, the department store's gross sales were 17.7% higher than in 3Q 2008, boosted by anniversary promotions at the store. Net Property Income for 3Q 2009 was S\$1.7 million, 9.0% lower than in 3Q 2008, due mainly to revisions in gross turnover (GTO) rate arising from the renewal of certain leases and to incentivise concessionaires to drive sales during the store's September anniversary celebrations. Construction works on a subway station are underway in front of the department store, and this is expected to be completed by end 2010.

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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. Listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) since 20 September 2005, Starhill Global REIT owns two landmark properties on Orchard Road, Singapore’s premier shopping and tourist precinct. Its initial portfolio included a 74.23% strata title interest in Wisma Atria and a 27.23% strata title interest in Ngee Ann City.*

*In 2007, Starhill Global REIT enlarged its asset base and geographical footprint with the acquisition of seven properties in the prime areas of Roppongi, Shibuya-ku, Minato-ku and Meguro-ku in Tokyo, Japan and a premier retail property in Chengdu, China. Starhill Global REIT’s portfolio now comprises 10 properties in the three countries, valued at about S\$2.0 billion. Starhill Global REIT remains focused on sourcing property assets in Asia, 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 Pacific Star REIT Management Limited**. The Manager is a wholly owned subsidiary of YTL Pacific Star REIT Management Holdings Pte Ltd, a 50:50 joint venture between Starhill Global REIT Management Limited (an indirect wholly owned subsidiary of YTL Corporation Berhad) and Pacific Star REIT Management Holdings Limited. Visit Starhill Global REIT’s website at [www.starhillglobalreit.com](http://www.starhillglobalreit.com) for more details.*

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### **Important Notice**

The value of Starhill Global REIT units (“Units”) and the income derived from them may fall or rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of Starhill Global REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Starhill Global REIT is not necessarily indicative of the future performance of Starhill Global REIT.

This document may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s view of future events.