



SGX-ST Announcement

## STARHILL GLOBAL REIT'S PROPOSED ACQUISITION OF PLAZA ARCADE IN PERTH, AUSTRALIA

### 1. INTRODUCTION

YTL Starhill Global REIT Management Limited, as manager of Starhill Global Real Estate Investment Trust ("**Starhill Global REIT**", and as manager of Starhill Global REIT, the "**Manager**"), is pleased to announce the proposed acquisition of a freehold property located at 650 Hay Street Mall & 185 Murray Street Mall, Perth, WA 6000, Australia ("**Plaza Arcade**") by Starhill Global REIT at a purchase consideration of A\$48.0 million (or approximately S\$61.9 million<sup>1</sup>) in cash (the "**Acquisition**").

### 2. DETAILS OF PLAZA ARCADE

The Plaza Arcade is located in the city centre and enjoys dual frontage to Hay Street and Murray Street, the only two retail pedestrian streets in the city. It sits on a freehold site of approximately 2,438 sq m. Located a few minutes' walk from the Perth Central train station, the property was renovated in 2006 and comprises a three-storey heritage-listed retail building with around 30 specialty tenancies located mostly at the ground and basement floors. The property has a net lettable area of approximately 25,000 sq ft and enjoys an occupancy of 97.6% as at 31 December 2012.

The profile of tenants ranges from services, food & beverage, fashion, shoes, jewellery & accessories, giftware and mobile shops including established brands such as Lush, Just Jeans, Sunglass Hut, T-Bar and Billabong.

The Acquisition is in line with the Manager's principal investment strategy which is to invest primarily in prime real estate used mainly for retail and/or office purposes.

### 3. RATIONALE FOR THE ACQUISITION OF PLAZA ARCADE

The Plaza Arcade will be a valuable addition to Starhill Global REIT's current portfolio of quality assets in prime locations and will expand our existing footprint along the core retail stretch of Perth CBD. Plaza Arcade's yield is attractive at 7.8%<sup>2</sup>, similar to Starhill Global REIT's David Jones Building acquisition in 2010.

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<sup>1</sup> Based on the exchange rate of A\$1.00 : S\$1.29 (the "**Exchange Rate**"). Unless otherwise stated, all conversions of A\$ amounts into S\$ in this announcement shall be based on the Exchange Rate.

<sup>2</sup> Based on the passing net income per Colliers valuation as at 3 December 2012.

The pro forma financial effect of the Acquisition on the distribution per unit of Starhill Global REIT (“**DPU**”) based on the annualised nine months ended 30 September 2012 would be approximately 1.9% DPU accretive<sup>3</sup> or an additional 0.08 Singapore cents per unit in Starhill Global REIT (“**Unit**”) and its impact on the net asset value (“**NAV**”) per Unit as at 30 September 2012 is not expected to be material. Starhill Global REIT’s exposure in Australia would have increased from 5.5% to 7.6% by asset value<sup>4</sup>; and from 8.0% to 11.0% by gross revenue<sup>5</sup>.

There are synergies to be reaped between Starhill Global REIT’s existing David Jones Building and the adjacent Plaza Arcade. Both the Savoy Hotel<sup>6</sup> and the Plaza Arcade have unutilised space on the upper levels. Connections and potential integration and use of these unutilised space between the two buildings will be studied at a later stage.

Growth in the state final demand for Western Australia (“**WA**”) stood at 2.3% q-o-q and 9.6% y-o-y in September 2012, higher than the national average of 0.2% and 3.7% respectively. WA’s retail turnover and unemployment rate improved. As at November 2012, its retail turnover increased 10.0% yoy compared to the national average growth of 3.5% yoy. WA registered an unemployment rate of 4.4% in December 2012, one of the strongest state-wide and below the national average of 5.4%. Given Perth’s economy and population growing at above national average, there is the potential for more new international brands to enter Perth as compared to cities such as Sydney and Melbourne. For instance, established retailers such as Chanel, Prada and Apple have recently opened their first outlets in Perth.

#### 4. USE OF UNIT TRUST TO ACQUIRE PLAZA ARCADE

The Acquisition will be under an existing special purpose Australian unit trust, SG REIT (WA) Trust (the “**Australia Trust**”), which was earlier used for the acquisition of David Jones Building in January 2010. Plaza Arcade will be held by a new intermediate sub-trust named SG REIT (WA) Sub-Trust1 (the “**Sub-Trust**”) under the Australia Trust. The Sub-Trust has been constituted in Victoria, Australia pursuant to a trust deed with The Trust Company (Australia) Limited (the “**Sub-Trustee**”) being appointed as the trustee of the Sub-Trust.

The Sub-Trustee, in its capacity as trustee of the Sub-Trust, has entered into a sale and purchase agreement today (the “**Sale and Purchase Agreement**”) for the acquisition of Plaza Arcade from the vendor of Plaza Arcade, Plaza Dato Pty Ltd, which is held by two individuals located in Australia (the “**Vendor**”).

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<sup>3</sup> The pro forma financial effects of the Acquisition are strictly for illustrative purpose only and were prepared based on the unaudited financial statements for the nine months ended 30 September 2012. Please note that the annualised DPU does not represent the actual unaudited FY2012 DPU that will be announced on 29 January 2013.

<sup>4</sup> As at 30 September 2012.

<sup>5</sup> Based on the annualised actual gross revenue for the nine months ended 30 September 2012.

<sup>6</sup> Part of the David Jones Building.

The Sub-Trustee will be the registered owner of Plaza Arcade on completion of the Acquisition and will own the legal title of Plaza Arcade solely for the benefit of the Australia Trust.

*Ownership of 100.0% beneficial interest in Plaza Arcade by Starhill Global REIT*

100.0% of the units in the Sub-Trust will be wholly-owned by the Australia Trust. In turn, 100.0% of the issued units of the Australian Trust are wholly-owned by Starhill Global REIT and SG REIT (WA) Pte Ltd (“**SGRWAPL**”), a wholly-owned subsidiary established by Starhill Global REIT in Singapore. Through SGRWAPL, the Australia Trust and the Sub-Trust, Starhill Global REIT will hold 100.0% of the beneficial interest / equity in Plaza Arcade.

## **5. PURCHASE CONSIDERATION**

Under the Sale and Purchase Agreement, the Sub-Trust will acquire Plaza Arcade at a purchase consideration of A\$48.0 million (or approximately S\$61.9 million<sup>1</sup>) to be paid in cash. The purchase consideration for Plaza Arcade has been arrived at on a willing buyer and willing seller basis taking into account the valuation of Plaza Arcade by Colliers International (WA) Pty Ltd (“**Colliers**”).

*Valuation*

Plaza Arcade has been appraised by Colliers, which is an independent valuer appointed by the Manager, and its valuation of Plaza Arcade as at 3 December 2012 is A\$48.0 million (or approximately S\$61.9 million<sup>1</sup>). Colliers has estimated the open market value of Plaza Arcade by using the income capitalisation and discounted cashflow methods. The purchase price is equal to the independent valuation conducted by Colliers.

*Payment Terms*

5% of the purchase consideration will be paid as deposit as follows: (i) 60% of the deposit will be paid within 3 business days of the date of the Sale and Purchase Agreement and; (ii) 40% of the deposit will be paid within 3 business days of the date of satisfaction of the conditions precedent in the Sale and Purchase Agreement. The balance 95% of the purchase consideration will be paid on completion.

*Financing*

It is proposed that the Acquisition be funded by a combination of cash raised from Starhill Global REIT’s rights issue completed in August 2009 (the “**Rights Issue**”) and external borrowings under Starhill Global REIT’s revolving credit facilities. The gearing of Starhill Global REIT is expected to increase from 31.2% to 32.0%<sup>4</sup>, upon completion of the Acquisition.

## 6. OTHER INFORMATION

### 6.1 Relative figures computed on the bases set out in Rule 1006

Based on the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual, the Acquisition is a “Non-Discloseable Transaction” within the meaning of Rule 1008 of the Listing Manual.

### 6.2 Interests of Directors and Controlling Unitholders

None of the Directors has an interest, direct or indirect, in the Acquisition. The Directors are also not aware of any Controlling Unitholder<sup>7</sup> having any interest direct or indirect, in the Acquisition, and have not received any notification of interest in the Acquisition from any Controlling Unitholder.

### 6.3 Completion

The Acquisition is expected to be completed in the first quarter of 2013 and will be subject to, among other things, the approval of the relevant authorities.

### 6.4 Documents for Inspection

Copies of the Sale and Purchase Agreement dated 24 January 2013 and the valuation report on Plaza Arcade by Colliers dated 13 December 2012 are available for inspection during normal business hours at the registered office of the Manager at 391B Orchard Road, #21-08 Ngee Ann City Tower B, Singapore 238874 from the date of this announcement for three months<sup>8</sup>.

## 7. USE OF RIGHTS ISSUE PROCEEDS

The Manager wishes to announce that out of the net proceeds of S\$327.9 million from the Rights Issue, approximately S\$3.9 million has and will be used for the following purposes.

	Amount
Net proceeds from Rights Issue	S\$327.9 million
Less:	
Utilisation disclosed prior to this announcement	S\$296.9 million
Current Utilisation:	
Asset redevelopment of Wisma Atria paid in 4Q 2012	S\$0.8 million
Payment of deposit for Plaza Arcade	S\$3.1 million <sup>1</sup>
Balance of net proceeds remaining from the Rights Issue	S\$27.1 million

<sup>7</sup> A “Controlling Unitholder” refers to a person with an interest in one or more Units constituting not less than 15.0% of all outstanding Units in issue.

<sup>8</sup> Prior appointment with the Manager would be appreciated.

The above utilisations are in accordance with the intended use, and the percentage allocated for the use, of the proceeds of the Rights Issue as stated in the announcement dated 22 June 2009 in respect of the Rights Issue.

The Manager will make further announcements via SGXNET when the remaining proceeds of the Rights Issue are materially disbursed.

YTL Starhill Global REIT Management Limited  
(Company registration no. 200502123C)  
(as manager of Starhill Global Real Estate Investment Trust)

Lam Chee Kin  
Joint Company Secretary  
Singapore  
24 January 2013

**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 on 20 September 2005, Starhill Global REIT has grown its initial portfolio from interests in two landmark properties on Orchard Road in Singapore to 13 properties in Singapore, Malaysia, Australia, Japan and China, valued at about S\$2.7 billion.*

*These comprise interests in Wisma Atria and Ngee Ann City on Orchard Road in Singapore, Starhill Gallery and Lot 10 in Kuala Lumpur, Malaysia, a premier retail property in Chengdu, China, the David Jones Building in Perth, Australia and seven properties in the prime areas of 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.*

**Important Notice**

The value of units in Starhill Global REIT (“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 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.