

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

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

## SGREIT's 4Q 2014 DPU Up 4.9% Year-on-Year to 1.29 cents

### HIGHLIGHTS

- 4Q 2014 earnings driven largely by steady performances from Singapore and Australia portfolios with 3.9% and 6.8% y-o-y increases in NPI respectively
- Wisma Atria Retail achieved 17.0% rental reversions for leases committed in 4Q 2014
- Borrowings are fully hedged by a combination of fixed rate debt and interest rate derivatives including interest rate swaps and caps

**SINGAPORE, 27 January 2015** – YTL Starhill Global REIT Management Limited, the manager of SGREIT, reported that income to be distributed to Unitholders was S\$27.8 million for 4Q 2014, 4.9% higher than that of S\$26.5 million in 4Q 2013. Distribution Per Unit (“DPU”) for the period from 1 October 2014 to 31 December 2014 was 1.29 cents, 4.9% higher compared to the 1.23 cents achieved for the previous corresponding period. On an annualised basis, the latest distribution represents a yield of 6.40%<sup>1</sup>. Unitholders can expect to receive their 4Q 2014 DPU on 27 February 2015. Book closure date is on 4 February 2015 at 5.00 pm. As previously announced, Starhill Global REIT has changed its financial year end from 31 December to 30 June to correspond with the financial year end of its sponsor, YTL Corporation Berhad. The current financial year will be a 18-month period from 1 January 2014 to 30 June 2015.

Revenue for SGREIT group declined marginally by 0.4% y-o-y to S\$48.9 million in 4Q 2014 mainly due to lower contributions from China and Japan, partially offset by the Singapore portfolio. Net property income (“NPI”) for 4Q 2014 increased 2.0% y-o-y over 4Q 2013 to S\$39.6 million, mainly due to the lower operating expenses incurred by the overseas properties except for Malaysia portfolio, as well as positive rental reversions for the Singapore and Australia portfolios, partially offset by lower revenue from Renhe Spring Zongbei in Chengdu, China, loss of income contribution from Japan divestment in March 2014 and net foreign currency movements.

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<sup>1</sup> Based on the closing price of S\$0.80 as at 31 December 2014.

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SGREIT group's investment properties have been assessed by independent valuers at S\$2,854.8 million as at 31 December 2014 (2013: S\$2,854.4 million), resulting in a net revaluation gain of S\$34.5 million mainly driven by the Singapore portfolio, which was largely offset by the divestment of Holon L in March 2014 and negative foreign currency movements. The net asset value per unit as at 31 December 2014 increased marginally by 1.1% y-o-y to S\$0.94.

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

(S\$ million)	4Q 2014	4Q 2013	Change (%)
Revenue	48.9	49.1	(0.4)
Net property income	39.6	38.8	2.0
Income available for distribution	29.1	27.2	6.6
Income to be distributed to Unitholders <sup>2</sup>	27.8	26.5	4.9
Income to be distributed to CPU holder	0.3	0.3	(2.3)
<b>Distribution per Unit (cents)</b>			
- For the period 1 October – 31 December	<b>1.29</b>	<b>1.23</b>	<b>4.9</b>
- Annualised	<b>5.12</b>	<b>4.88</b>	<b>4.9</b>

Tan Sri Dato' (Dr) Francis Yeoh, Executive Chairman of YTL Starhill Global, said, "The subdued global economic outlook has continued to affect consumer sentiments. However, despite ongoing market uncertainties, SGREIT's portfolio continues to enjoy high occupancy rates, a testament to the quality of our assets as well as the manager's execution capabilities. We remain positive on the long-term growth potential of Asia's growing middle class and will leverage on our balance sheet strength to seize opportunities that might arise from this current environment."

Mr Ho Sing, CEO of YTL Starhill Global, said, "SGREIT continued its steady performance amidst challenging market conditions including lower tourist arrivals, manpower constraints as well as currency volatilities which impact our overseas performance. Our core portfolio is largely based in Singapore which contributes about two-third of our revenue. The performance of our Singapore portfolio was underpinned by strong occupancies and healthy rental reversions across the portfolio. Wisma Atria Retail achieved a 17.0% rental reversion for leases committed in 4Q 2014, while full occupancy was achieved for both our Singapore retail properties. As we enter 2015, we will focus on the redevelopment of Plaza Arcade, Australia, while continuing to evaluate options to unlock the unutilised space at Wisma Atria. In anticipation of rising global interest rates, our borrowings are fully

<sup>2</sup> Approximately S\$1.0 million of income available for distribution for the quarter ended 31 December 2014 has been retained for working capital requirements.

hedged via a combination of fixed rate debt and interest rate derivatives including interest rate swaps and caps, to mitigate the impact of rising rates on our DPU.”

### **Review of portfolio performance**

SGREIT’s Singapore portfolio, comprising interests in Wisma Atria and Ngee Ann City on Orchard Road, contributed 67.9% of total revenue, or S\$33.2 million in 4Q 2014. NPI for 4Q 2014 increased by 3.9% y-o-y to S\$26.5 million, led by positive rental reversions for both the retail and office units. Full occupancies were attained for Ngee Ann City Retail and Wisma Atria Retail. Wisma Atria Retail revenue increased 4.6% y-o-y and its NPI grew 5.6% over 4Q 2013 on the back of higher revenue. Wisma Atria Retail achieved positive rental reversions of 17.0% for leases committed in 4Q 2014. Shopper traffic decreased by 3.1% y-o-y to 7.2 million in 4Q 2014. For the whole of 2014, shopper traffic was 2.0% higher than in 2013. Tenant sales at Wisma Atria decreased 5.6% y-o-y in 4Q 2014, reflecting the decline in tourist arrivals and subdued retail sentiments. Revenue from Ngee Ann City Retail gained 0.4% y-o-y while NPI increased 0.7% y-o-y. The Singapore office portfolio continued to benefit from healthy leasing demand and limited upcoming office supply space in Orchard as revenue increased 5.6% y-o-y and NPI increased 6.3% y-o-y in 4Q 2014, on the back of 3.1% positive rental reversions for leases committed in 4Q 2014.

SGREIT’s Malaysia portfolio, comprising Starhill Gallery and interest in Lot 10 along Bukit Bintang in Kuala Lumpur, contributed 15.1% of total revenue, or S\$7.4 million in 4Q 2014. NPI for 4Q 2014 was approximately S\$7.1 million, 1.7% lower than in 4Q 2013, mainly due to higher property tax expense and depreciation of the Malaysian ringgit against the Singapore dollar.

SGREIT’s Australia portfolio, comprising the David Jones Building and adjoining Plaza Arcade in Perth, Western Australia, contributed 9.9% of total revenue, or S\$4.9 million in 4Q 2014. NPI for 4Q 2014 was S\$3.9 million, an increase of 6.8% y-o-y. The growth was mainly due to the lower operating expenses and positive rental reversion on the leases for David Jones Building including the 6.12% rental uplift following David Jones’ lease review with effect from 1 August 2014, partially offset by depreciation of the Australian dollar against the Singapore dollar. We have received approvals from the City of Perth in January 2015 on the asset redevelopment plans to optimise upper-storey space at Plaza Arcade and are currently in negotiation with prospective tenants.

Renhe Spring Zongbei in Chengdu, China, contributed 5.2% of total revenue, or S\$2.6 million in 4Q 2014. NPI for 4Q 2014 was S\$1.3 million, a decline of 28.5% from 4Q 2013. The decline was largely attributed to lower revenue as the central government’s official austerity drive continues to have an impact on the high-end luxury retail segment, coupled with intensified competition from new and

upcoming retail supply in the city. We are currently exploring cost containment measures and fine-tuning the tenancy mix.

In 4Q 2014, SGREIT's Japan portfolio, which comprises five properties located in central Tokyo, contributed 1.9% of total revenue. NPI for 4Q 2014 was S\$0.7 million, 34.1% higher than in 4Q 2013, largely attributable to the reversal of rental arrears provision in 4Q 2014, partially offset by the depreciation of the Japanese yen against the Singapore dollar and the loss of income contribution from Holon L which was divested in March 2014. The overall committed portfolio occupancy improved to 96.1% as at 31 December 2014 and full occupancies have been achieved in four out of its five properties. The portfolio is fully hedged by yen denominated debt, mitigating foreign exchange volatility.

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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 on 20 September 2005, Starhill Global REIT has grown its initial portfolio from interests in two landmark properties on Orchard Road in Singapore to 12 properties in Singapore, Malaysia, Australia, China, and Japan, valued at about S\$2.8 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, the David Jones Building and Plaza Arcade in Perth, Australia, a premier retail property in Chengdu, China, and five 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.*

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