



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

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

## **SGREIT's 3Q FY15/16 NPI up 7.0% y-o-y with stable DPU of 1.26 cents**

### **HIGHLIGHTS**

- Australia portfolio's NPI up 121.8% y-o-y on contribution from Myer Centre Adelaide
- Malaysia master tenancy due June 2016 extended at approximately 6.67% higher rent
- Rent review exercise for master tenancy due June 2016 at Ngee Ann City Property has commenced

**SINGAPORE, 22 April 2016** – YTL Starhill Global REIT Management Limited, the manager of SGREIT, is pleased to announce the results for the three months ended 31 March 2016 (3Q FY15/16). Revenue for SGREIT group grew 12.0% over the previous corresponding period to S\$53.6 million in 3Q FY15/16 and net property income ("NPI") for 3Q FY15/16 grew 7.0% over the previous corresponding period to S\$41.6 million. The increase in revenue and NPI was mainly driven by the contribution from Myer Centre Adelaide which was acquired in May 2015, partially offset by lower contributions from Wisma Atria Property, China and Japan assets, as well as net foreign currency movements. Income to be distributed to Unitholders was S\$27.5 million for 3Q FY15/16, 1.3% higher than that of S\$27.1 million for the previous corresponding period of three months ended 31 March 2015. In March 2016, Standard and Poor's affirmed SGREIT's BBB+ rating with a stable outlook.

Distribution Per Unit ("DPU") for the period from 1 January 2016 to 31 March 2016 was maintained at 1.26 cents, same as the previous corresponding period. On an annualised basis, the latest distribution represents a yield of 6.50%<sup>1</sup>. Unitholders can expect to receive their 3Q FY15/16 DPU on 30 May 2016. Book closure date is on 3 May 2016 at 5.00 pm.

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<sup>1</sup> Based on the closing price of S\$0.780 as at 31 March 2016.

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

(S\$ million)	3 months ended 31 Mar 2016	3 months ended 31 Mar 2015	Change (%)
Revenue	53.6	47.9	12.0
Net property income	41.6	38.9	7.0
Income available for distribution	28.0	28.4	(1.5)
Income to be distributed to Unitholders <sup>2</sup>	27.5	27.1	1.3
Income to be distributed to CPU holder <sup>3</sup>	-	0.3	(100.0)
<b>Distribution per Unit (cents)</b>			
- For the period 1 January – 31 March	<b>1.26</b>	<b>1.26</b>	-
- Annualised	<b>5.07</b>	<b>5.11</b>	<b>(0.8)</b>

Tan Sri Dato' (Dr) Francis Yeoh, Non-Executive Chairman of YTL Starhill Global, said, "SGREIT delivered another set of stable financial performance this quarter despite the challenging economic and retail environment. This resilience is a reflection of the quality of our core assets which are located across the key Asia-Pacific cities. We will remain vigilant in our approach and will continue to sharpen our portfolio."

Mr Ho Sing, CEO of YTL Starhill Global, said, "The extension of the master tenancy agreement, which provides income stability, has been concluded recently for the Malaysia Properties with the higher rent to commence from 28 June 2016. Rent review discussions with Toshin for the master lease at Ngee Ann City Property has also started. In Singapore, Wisma Atria Property has seen improving tenant sales and foot traffic as Isetan's strata-owned space progressively reopens after its closure for renovation since the beginning of 2015. In Australia, we have partially activated the unutilised upper levels of Myer Centre Adelaide for short-term leases. Discussion with prospective tenants to take-up on a more permanent basis is on-going."

<sup>2</sup> Approximately S\$0.5 million (5Q FY14/15: S\$1.0 million) of income available for distribution for 3Q FY15/16 has been retained for working capital requirements.

<sup>3</sup> There is no CPU distribution for 3Q FY15/16, following the conversion of the remaining 20,334,750 CPU into 27,986,168 new ordinary units on 25 June 2015.



## Review of portfolio performance

SGREIT's Singapore portfolio, comprising interests in Wisma Atria and Ngee Ann City on Orchard Road, contributed 61.7% of total revenue, or S\$33.1 million in 3Q FY15/16. NPI for 3Q FY15/16 declined 1.5% y-o-y to S\$26.4 million, on the back of lower occupancy. Wisma Atria retail revenue declined 3.8% y-o-y and its NPI declined 4.8% over the previous corresponding period mainly due to lower occupancy. Tenant sales at Wisma Atria increased 1.7% y-o-y in 3Q FY15/16 despite ongoing tenant mix reconfiguration, while shopper traffic inched up 0.3% y-o-y in 3Q FY15/16. Isetan's own strata-owned space progressively reopens for operations after its closure for renovations since April 2015, with tenants such as Mango, World of Watches and Franck Muller. Wisma Atria retail recorded higher committed occupancy of 96.8% as at 31 March 2016 as compared to 31 December 2015 amidst the soft retail environment, while ongoing tenant transitions remains. Ngee Ann City retail revenue gained 1.0% y-o-y while NPI increased 0.2% y-o-y. The next rent review for the Toshin master lease is due in June 2016<sup>4</sup>. The Singapore office portfolio continues to be supported by leasing demand as office supply pipeline in Orchard Road remains limited. The Singapore office portfolio revenue and NPI increased 2.3% and 2.6% respectively in 3Q FY15/16 over the previous corresponding period, on the back of 8.5% positive rental reversions for leases committed in 3Q FY15/16. As at 31 March 2016, full occupancies were maintained for both Wisma Atria and Ngee Ann City offices. Approximately 72% of the office leases due for expiry in FY15/16 by gross rent have been committed as at 31 March 2016.

SGREIT's Australia portfolio, comprising Myer Centre Adelaide in Adelaide, South Australia, and the David Jones Building and adjoining Plaza Arcade in Perth, Western Australia, contributed 22.5% of total revenue, or S\$12.0 million in 3Q FY15/16. NPI for 3Q FY15/16 was S\$7.9 million, 121.8% higher than the previous corresponding period mainly due to the contribution from Myer Centre Adelaide which was acquired in May 2015, partially offset by depreciation of the Australian dollar against the Singapore dollar and lower occupancies mainly due to lease expiry of one office tenant at Myer Centre Adelaide and leases termination in relation to the planned asset enhancement work for Plaza Arcade.

SGREIT's Malaysia portfolio, comprising Starhill Gallery and interest in Lot 10 along Bukit Bintang in Kuala Lumpur, contributed 12.1% of total revenue, or S\$6.5 million in 3Q FY15/16. NPI for 3Q FY15/16 was S\$6.3 million, 8.8% lower than the previous corresponding period, mainly due to

<sup>4</sup> Toshin rent review in June 2016 is part of the 12-year master lease agreement which commenced in June 2013. The agreement incorporates an upwards-only rent review (equivalent or higher than the current annual base rent) every 3 years, capped at 125% of the current annual base rent.



depreciation of the Malaysian ringgit against the Singapore dollar. Approximately 65% of the net foreign income in Malaysian ringgit for 3Q FY15/16 was hedged via foreign exchange forward contracts. The master tenancy agreements for both malls have been extended for a third three-year term commencing 28 June 2016. The master tenant, Katagreen Development Sdn Bhd exercised the call option under the existing master tenancy agreements for the extension. The total annual rent will represent approximately 6.67% above the annual rent in the previous three-year term.

Renhe Spring Zongbei in Chengdu, China, contributed 2.2% of total revenue, or S\$1.2 million in 3Q FY15/16. NPI for 3Q FY15/16 was S\$0.5 million, a decline of 41.3% from the previous corresponding period. The decline was largely attributed to lower revenue as the high-end luxury retail segment continues to be impacted by the austerity measures the central government has put in place, as well as increasing challenges and competition from new and upcoming malls in the city, partially offset by lower operating expenses. Renhe Spring Zongbei will continue repositioning the mall.

In 3Q FY15/16, SGREIT's Japan portfolio, which comprises four properties located in central Tokyo, contributed 1.5% of total revenue. NPI for 3Q FY15/16 was S\$0.5 million, 33.8% lower than in the previous corresponding period, largely attributable to loss of income contribution from the divestment of one Japanese asset in January 2016, partially offset against the appreciation of the Japanese yen against the Singapore dollar.

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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 12 properties in Singapore, Australia, Malaysia, China, and Japan, valued at about S\$3.0 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 Australia, Starhill Gallery and Lot 10 in Kuala Lumpur, Malaysia, a retail property in Chengdu, China, and four 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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