

Starhill Global REIT

(SGX: P40U)

Stable DPU and improving operating metrics

- **Stable distribution per unit (DPU) despite divestment.** Distribution per unit was 1.80 cents in 1H FY25/26, unchanged from 1H FY24/25. This was despite the loss of contribution from the divested Wisma Atria Office strata units. In addition, the unit base expanded by 0.7% to 2.31 million units, following the issuance of units as payment for management fee.
- **Revenue was resilient despite a difficult macroeconomic environment.** Revenue was S\$96.3 million in 1H FY25/26, stable compared to 1H FY24/25, despite the divestment of some Wisma Atria Office strata units .
- **Net property income declined marginally but higher on like-for-like basis.** Net property income decreased by 0.8% year-on-year to S\$75.1 million in 1H FY25/26, attributed to the divestment and rental arrears provision on the China property. On a like-for-like basis, excluding the effect of the divestment, net property income rose by 0.1% year-on-year in 1H FY25/26.
- **Portfolio performance held up.** With proactive asset management, weighted average lease expiry (WALE) maintained at 7.2 years as at 31 December 2025. Committed portfolio occupancy declined to 91.9% as at 31 December 2025, from 94.6% as at 30 June 2025. This is temporary due to transition to a new tenant in China. When the new tenant takes over the space, overall committed portfolio occupancy will be back up to 96.5%.
- **Singapore core assets continued to outperform.** The Singapore core assets continued to expand on several new brands. Tenant sales at the Wisma Atria Property increased by 2.9% year-on-year. On the renewed master lease at Ngee Ann City Property, the new base rent was fixed at approximately 1.0% higher than the previous lease.
- **Improved balance sheet.** Gearing improved to 35.4% as at 31 December 2025, from 36.0% as at 30 June 2025. Cost of debt was lower, at 3.55% as at 31 December 2025. Interest coverage ratio at 2.9 times, was unchanged and represented a healthy buffer above the regulatory minimum of 1.5 times.
- **Arbitration against Myer's claim resolved.** Starhill Global REIT won the arbitration against Myer's claim for costs and to terminate the lease. The tribunal dismissed Myer's claim and awarded costs to the REIT. Myer must remain as tenant, removing a downside risk to the REIT's earnings.
- **Maintain BUY and target price at S\$0.65.** Currently, Starhill Global REIT is trading at S\$0.595, implying FY25/26E distribution yield of 6.5% and FY25/26E price-to-book of 0.8x. Current valuation is relative attractive to peer group. Lendlease Global Commercial REIT and Suntec REIT are trading at consensus forecast distribution yield of 5.9% and 4.8%, respectively.
- **Key Risks.** Key risks include concentrated exposure to single tenant, foreign exchange risk, exposure to economic cyclicity, amongst others.

Ticker	P40U
Rating	BUY
Price Target*	S\$0.65
Price (29 Jan)	S\$0.595
Upside/Downside:	+9.2%
52-week range	S\$0.455 – 0.60
Market Cap	S\$1.38B

*Target price is for 12 months

Research Analyst

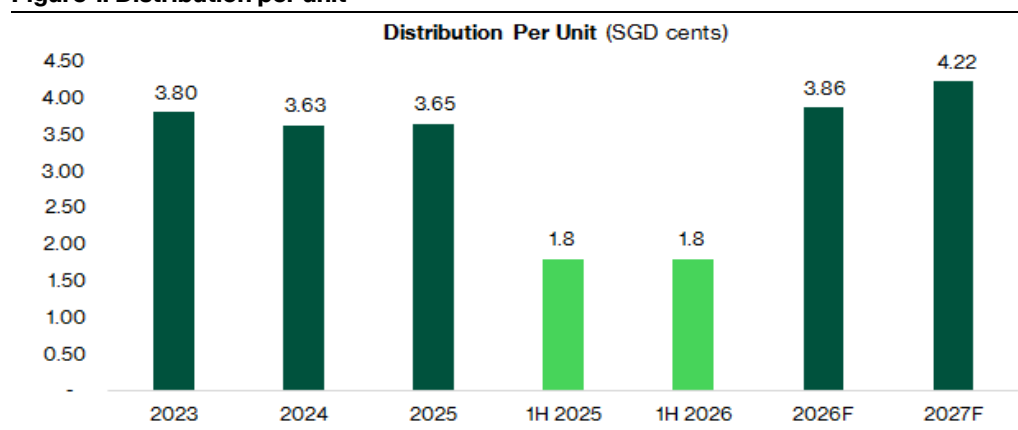
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Stable distribution per unit (DPU) despite divestment

Distribution per unit was 1.80 cents in 1H FY25/26, unchanged from 1H FY24/25. This was despite the loss of contribution from the divested Wisma Atria Office strata units. In 1H FY25/26, the REIT sold eight strata units in Wisma Office Property (Office). In addition, the unit base expanded by 0.7% to 2.31 million units, following the issuance of units as payment for management fee.

Through active asset management and prudent capital management, the REIT was able to maintain the distribution per unit at a stable level.

Figure 1: Distribution per unit



Source: Company data

Financial performance remains resilient

Revenue was resilient despite a difficult macroeconomic environment. The REIT reported revenue at S\$96.3 million in 1H FY25/26, stable compared to 1H FY24/25. The lack of contribution from the divested assets at Wisma Atria was offset by higher contributions from Ngee Ann City Property and Lot 10 Property.

Net property income decreased marginally by 0.8% year-on-year to S\$75.1 million in 1H FY25/26, attributed to the divestment, rental arrears provision on the China property and lower contribution from Myer Centre Adelaide. On a like-for-like basis, excluding the effect of the divestment, net property income rose by 0.1% year-on-year in 1H FY25/26.

Figure 2: Financial highlights

S\$ '000	1H FY25/26	1H FY24/25	change, % yoy
Gross revenue	96,305	96,277	0.0%
Property operating expenses	-21,254	-20,632	3.0%
Net property income	75,051	75,645	-0.8%
Finance expenses	-20,623	-21,819	-5.5%
Income to be distributed to Unitholders	41,683	41,255	1.0%
Distribution per Unit (Singapore cents)	1.80	1.80	0.0%

Source: Company data

Portfolio performance

Starhill Global REIT's portfolio valuation remained stable at S\$2.77 billion as at 30 December 2025. With proactive asset management, weighted average lease expiry (WALE) maintained at 7.2 years as at 31 December 2025.

Figure 3: Portfolio metrics

Portfolio	31-Dec-25	30-Jun-25	change, %
AUM, S\$ bn	2.77	2.76	0.6%
Portfolio Occupancy	91.9%	94.6%	-2.7 ppt
Portfolio WALE, years (by NLA)	7.2	7.2	-

Source: Company data

Committed portfolio occupancy declined to 91.9% as at 31 December 2025, from 94.6% as at 30 June 2025. This is temporary due to the lease termination of Markor in the China property. When the new tenant takes over the space, the committed occupancy in China should return to 100%. Overall committed portfolio occupancy will be back up to 96.5%.

At Adelaide office property, the REIT has successfully backfilled the space vacated by Technicolor. The REIT signed a 10-year lease agreement with University Senior College. As at 31 December 2025, a balance of only one-third of the office space vacated by the previous tenant remains unfilled.

Figure 4: Portfolio occupancy

As at	30 Jun 22	30 Jun 23	30 Jun 24	30 Jun 25	31 Dec 25
Singapore Retail	98.6%	100.0%	99.4%	100.0%	99.5%
Singapore Office	96.9%	100.0%	98.8%	100.0%	99.8%
Singapore	97.9%	100.0%	99.2%	100.0%	99.6%
Australia	93.0%	94.5%	94.8%	86.9%	91.8%⁽²⁾
Malaysia	100.0%	100.0%	100.0%	100.0%	100.0%
Japan	100.0%	100.0%	100.0%	100.0%	100.0%
China	100.0%	100.0%	100.0%	100.0%	-*
SGREIT portfolio	96.6%	97.7%	97.7%	94.6%	91.9%*

Source: Company data

Notes:

1. Based on committed leases as at reporting date.

2. Higher occupancy largely due to a new tenant secured for part of the space vacated by the previous tenant in Myer Centre Adelaide Office

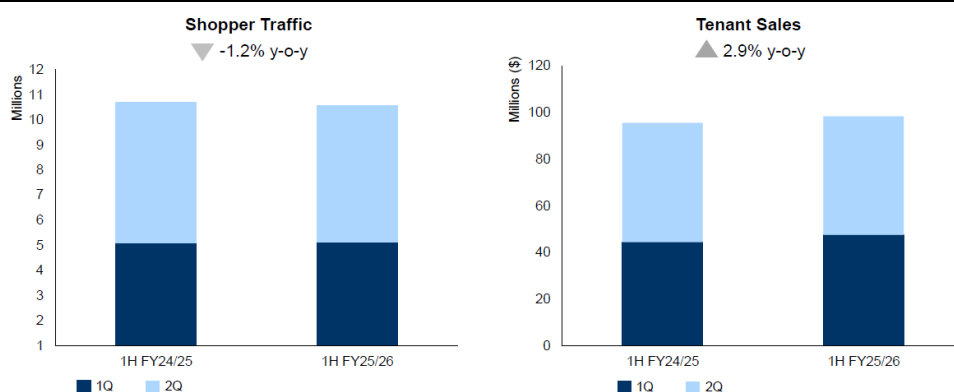
*A replacement tenant for the China Property has signed a conditional lease in January 2026. Following the signing of the lease agreement, committed occupancy in China is expected to be reinstated to 100%, with the committed portfolio occupancy rising to 96.5%

Singapore core assets continued to outperform.

The Singapore core assets continued to expand on several new brands. Tenant sales at the Wisma Atria Property increased by 2.9% year-on-year in 1H FY25/26. This was despite a lower shopper traffic during the period.

On the renewed master lease at Ngee Ann City Property, the new base rent was fixed at approximately 1.0% higher than the previous lease. The upcoming rent review is scheduled for June 2028. The annual turnover rent, which includes a profit-sharing arrangement for the renewed master lease, will be determined by May each year. This will benefit the REIT in the form of higher net property income.

Figure 5: Wisma Atria - tenant sales and shopper traffic



Source: Company data

Healthy balance sheet

Gearing improved to 35.4% as at 31 December 2025, from 36.0% as at 30 June 2025. Cost of debt was lower, at 3.55% as at 31 December 2025. Interest coverage ratio at 2.9 times, was unchanged and represented a healthy buffer above the regulatory minimum of 1.5 times.

In 1H FY2025/26, the REIT had some debt drawdown for the purpose of repaying the debt maturing in 2026 and 2027. In addition, the REIT issued a S\$100 million perpetual securities at 3.25% per annum. The proceeds were used to redeem S\$100 million 3.85% perpetual securities in December 2025.

Starhill Global REIT took advantage of the lower interest rates to refinance its unsecured term loans ahead of their maturities in 2026 and 2027.

Figure 6: Financial ratios

As of end of period	31-Dec-25	30-Jun-25	change
Gross borrowings, S\$ mil	1,015	1,024	-9
Aggregate leverage	35.4%	36.0%	-60 bps
Weighted average debt maturity	3.8 years	3.1 years	+0.7 year
Weighted average cost of debt	3.55%	3.67%	-12 bps
Fixed rate borrowings	80%	76%	+4 ppt
Interest coverage ratio	2.9x	2.9x	-

Source: Company data

Arbitration against Myer's claim was resolved.

Starhill Global REIT has won its arbitration against Myer. On 22 January 2026, the tribunal dismissed Myer's claims. This means Myer must remain as tenant and rental income from the asset is preserved, removing a major downside risk to the REIT's earnings and valuation.

While Starhill has spent about A\$5 million on legal fees so far, the tribunal will separately decide on costs.

Maintain BUY and target price at S\$0.65.

Currently, Starhill Global REIT is trading at S\$0.595, implying FY25/26E distribution yield of 6.5% and FY25/26E price-to-book of 0.8x. Current valuation is relative attractive to peer group. Lendlease Global Commercial REIT and Suntec REIT are trading at consensus forecast distribution yield of 5.9% and 4.8%, respectively.

Figure 7: Valuation comparison

Name	Symbol	FYE	Currency	Price	Market Cap S\$ million	Consensus forecast DPS	Consensus forecast Distribution Yield	ROE	P/B	Aggregate leverage	P/E
Starhill Global REIT	P40U	Jun-25	SGD	0.595	1,377	0.0386	6.5%	6.3%	0.83	39%	15.7
Lendlease Global Commercial REIT	JYEU	Jun-25	SGD	0.640	1,566	0.0380	5.9%	2.4%	0.85	43%	22.1
Suntec REIT	T82U	Dec-25	SGD	1.450	4,271	0.0700	4.8%	2.8%	0.71	42%	20.7
Frasers Centrepoint Trust	J69U	Sept-25	SGD	2.240	4,086	0.1210	5.4%	4.5%	1.00	40%	20.4
CapitaLand Integrated Commercial Trust	C38U	Dec-24	SGD	2.380	17,415	0.1100	4.6%	6.3%	1.14	38%	18.7
CDL Hospitality Trust	J85	Dec-24	SGD	0.840	1,064	0.0470	5.6%	0.8%	0.59	43%	71.2
Keppel REIT	K71U	Dec-24	SGD	0.985	3,822	0.0550	5.6%	1.9%	0.79	41%	29.5
Average							5.5%	3.6%	0.85		

Source : Beansprout research, price as of 29 January 2026

Financial summary

Y/E Jun (\$\$ million)	FY24	FY25	FY26E	FY27E	FY28E	Y/E Jun (\$\$ million)	FY24	FY25	FY26E	FY27E	FY28E
Income Statement						Cash Flow					
Revenue	190	192	194	196	198	Operating cash flow					
Property expenses	-41	-42	-45	-45	-46	Pretax profit	72	118	99	109	110
Net property income	149	150	149	151	152	Adjustments	61	16	56	48	48
Other income	2	11	2	2	2	Working capital changes	9	-2	2	0	0
Manager's fees	-14	-14	-14	-14	-14	Others	-6	-5	-4	-4	-4
Other expenses	-4	-6	-6	-6	-6	Cash flow from operations	136	126	153	152	154
Change in value of derivatives	-1	0	0	0	0	Investing cash flow					
Change in value of investment properties	-17	19	14	14	14	CAPEX	-15	-11	-0	-0	-0
EBIT	115	160	145	147	148	Others	2	43	2	2	2
Net finance expenses	-43	-42	-46	-38	-38	Cash flow from investments	-13	32	2	2	2
Profit before tax	72	118	99	109	110	Financing cash flow					
Tax	-6	-5	-4	-4	-4	Dividends paid	-83	-70	-89	-98	-99
Minority interests	-4	-4	-3	-3	-3	Proceeds from borrowings	60	382	300	0	0
Profit attributable to owners	62	109	92	101	102	Others	-107	-444	-149	-241	-41
Balance sheet						Cash flow from financing	-131	-132	61	-339	-141
Assets						Net change in cash	-7	26	216	-185	15
PPE	0	0	0	0	0	Beginning cash	70	61	86	302	117
Others	2,773	2,757	2,769	2,783	2,797	Currency translation	-1	-1	0	0	0
Total non-current assets	2,773	2,757	2,769	2,783	2,797	Ending cash	61	86	302	117	132
Cash & cash equivalents	61	84	301	116	131	Per share data (\$\$ cents)					
Trade & other receivables	45	32	5	6	7	Book value per unit	71.5	71.4	71.9	73.2	74.2
Others	-41	-28	-0	-1	-2	Distribution per unit	3.6	3.7	3.9	4.2	4.3
Total current assets	65	89	306	121	136	Earnings per unit	2.7	4.8	4.0	4.4	4.4
Total assets	2,838	2,846	3,075	2,904	2,933	Valuation					
Liabilities						P/E (x)	21.7	12.5	14.9	13.6	13.5
ST borrowings	196	64	64	64	64	P/B (x)	0.8	0.8	0.8	0.8	0.8
Trade & other payables	46	36	39	39	39	EV/NPI (x)	16.0	15.9	17.4	15.9	15.8
Others	1	1	4	4	4	Dividend yield (%)	6.1	6.1	6.5	7.1	7.2
Total current liabilities	243	101	107	108	108	Ratios					
LT borrowings	846	956	1,156	956	956	ROE (%)	3.8	6.7	5.5	6.0	5.9
Others	30	48	54	47	47	ROA (%)	2.2	3.8	3.0	3.5	3.5
Total non-current liabilities	876	1,003	1,209	1,002	1,002	Net gearing (%)	57%	54%	52%	50%	49%
Total liabilities	1,119	1,105	1,316	1,110	1,110	Interest cover ratio	3.1	2.9	2.8	3.4	3.5
EQUITY						Margins (%)					
Share Capital	2,266	2,299	2,307	2,314	2,322	EBIT margin	60.8	83.3	74.9	74.9	74.9
Total equity	1,619	1,642	1,659	1,695	1,723	Net margin	32.8	56.9	47.3	51.5	51.7
Perpetual securities	100	100	100	100	100						
Total equity and liabilities	2,838	2,846	3,075	2,904	2,933						

Disclosure Appendix

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