



Starhill Global REIT MTN Pte. Ltd.
Registration Number: 200709287W

Annual Report
Financial year of 12 months ended 30 June 2016

Directors' statement

We are pleased to submit this annual report to the member of the Company, together with the audited financial statements for the 12 months ended 30 June 2016.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS15 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Company for the 12 months ended 30 June 2016, in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Ho Sing
Cheong Peng Kwet Yew

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company's holding entity are as follows:

Name of directors and entities in which interests are held	Unitholding at beginning of the financial year	Unitholding at end of the financial year
<u>Starhill Global Real Estate Investment Trust</u>		
Ho Sing	100,000	150,000
Ho Sing (deemed interest) ¹	54,000	54,000
Cheong Peng Kwet Yew	100,000	100,000

¹ Deemed interest by virtue of the units held by Ms Tay Soo Sien, the spouse of Mr Ho Sing.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

Signed by the Board of Directors



Ho Sing
Director



Cheong Peng Kwet Yew
Director

31 October 2016



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone	+65 6213 3388
Fax	+65 6225 0984
Internet	www.kpmg.com.sg

Independent auditor's report

Member of the Company
Starhill Global REIT MTN Pte. Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Starhill Global REIT MTN Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 12 months ended 30 June 2016, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS15.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Company for the 12 months ended 30 June 2016.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

31 October 2016

Statement of financial position
As at 30 June 2016

	Note	2016 \$	2015 \$
Assets			
Loans to holding entity	4	224,557,299	224,476,047
Total non-current assets		<u>224,557,299</u>	<u>224,476,047</u>
Loan to holding entity	4	—	124,000,000
Other receivables	5	1,644,899	3,578,247
Total current assets		<u>1,644,899</u>	<u>127,578,247</u>
Total assets		<u>226,202,198</u>	<u>352,054,294</u>
Equity			
Share capital	6	2	2
Accumulated profits		<u>—</u>	<u>—</u>
Total equity		<u>2</u>	<u>2</u>
Liabilities			
Notes payables	7	224,557,299	224,476,047
Total non-current liabilities		<u>224,557,299</u>	<u>224,476,047</u>
Notes payable	7	—	124,000,000
Other payables	8	1,644,897	3,578,245
Total current liabilities		<u>1,644,897</u>	<u>127,578,245</u>
Total liabilities		<u>226,202,196</u>	<u>352,054,292</u>
Total equity and liabilities		<u>226,202,198</u>	<u>352,054,294</u>

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
12 months ended 30 June 2016

		12-month period from 1 July 2015 to 30 June 2016 \$	18-month period from 1 January 2014 to 30 June 2015 \$
	Note		
Finance income	9	7,991,300	11,808,332
Finance expenses	9	(7,991,300)	(11,808,332)
Profit before income tax	10	—	—
Income tax expense	11	—	—
Profit and total comprehensive income for the year/period		—	—

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
12 months ended 30 June 2016

	Share capital \$	Accumulated profits \$	Total \$
At 1 January 2014	2	—	2
Total comprehensive income for the period			
Profit for the period	—	—	—
Total comprehensive income for the period	—	—	—
At 30 June 2015	2	—	2
At 1 July 2015	2	—	2
Total comprehensive income for the year			
Profit for the year	—	—	—
Total comprehensive income for the year	—	—	—
At 30 June 2016	2	—	2

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
12 months ended 30 June 2016

	12-month period from 1 July 2015 to 30 June 2016 \$	18-month period from 1 January 2014 to 30 June 2015 \$
Cash flows from operating activities		
Profit before income tax	—	—
Adjustments for:		
Finance income	(7,991,300)	(11,808,332)
Finance expenses	7,991,300	11,808,332
	—	—
Change in other receivables	(12,000)	(1,000)
Change in other payables	12,000	1,000
Net cash from operating activities	—	—
Cash flows from financing activities		
Proceeds from issuance of notes (net)	—	224,400,000
Loans to holding entity (net)	—	(224,400,000)
Net cash from financing activities	—	—
Net change in cash and cash equivalents	—	—
Cash and cash equivalents at the beginning of the year/period	—	—
Cash and cash equivalents at the end of the year/period	—	—

Non-cash transactions

During the 12 months ended 30 June 2016, the Company's full redemption of the \$124 million five-year medium term notes upon the maturity in July 2015 and payment of interest expenses of approximately \$7.9 million (2015: \$11.4 million) to the holders of the medium term notes (Note 7) were paid directly by Starhill Global REIT for its corresponding settlement of the Company's principal and interest income on the loans to Starhill Global REIT (Note 4).

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 October 2016.

1 Domicile and activities

Starhill Global REIT MTN Pte. Ltd. (the "Company") is incorporated in the Republic of Singapore and has its registered office at 391B Orchard Road, #21-08 Ngee Ann City Tower B, Singapore 238874.

The Company is a special purpose vehicle, whose main objective is to issue notes under its \$2 billion Multicurrency Medium Term Note Programme ("MTN Programme") for and on behalf of Starhill Global Real Estate Investment Trust ("Starhill Global REIT") and to lend the net proceeds from the issuance of such notes to Starhill Global REIT. \$124 million five-year (cancelled in July 2015 pursuant to redemption upon its maturity), \$100 million seven-year and \$125 million eight-year Singapore medium term notes (Note 7) were issued in July 2010, February 2014 and May 2015 respectively under the MTN Programme and the proceeds from the issuances were extended as intercompany loans to its holding entity (Note 4).

The holding entity is Starhill Global REIT, a trust listed on the Singapore Exchange Securities Trading Limited.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRSs").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following category: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, loans to holding entity and other receivables. Cash and cash equivalents comprise cash at bank.

(ii) Non-derivative financial liabilities

The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise notes payables and other payables.

3.2 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise or indications that a debtor or issuer will enter bankruptcy. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3.4 Finance income and expenses

Finance income comprises interest income on loans from holding entity and amortisation of deferred income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on notes payables and amortisation of loan acquisition expenses. All borrowing costs are recognised in profit or loss using the effective interest method.

3.5 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.6 New accounting standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations that have been issued as of the reporting date but are not yet effective for the 12 months ended 30 June 2016 have not been applied in preparing these financial statements. The Company is currently assessing the potential impact of adopting these new standards, amendments and interpretations, on the financial statements of the Company.

These new standards include, among others, FRS 109 *Financial Instruments* which are mandatory for adoption by the Company on 1 July 2018. The Company does not plan to adopt these standards early.

4 Loans to holding entity

	2016 \$	2015 \$
Non-current		
Loans to holding entity ⁽¹⁾	225,000,000	225,000,000
Unamortised deferred income	(442,701)	(523,953)
	<u>224,557,299</u>	<u>224,476,047</u>
Current		
Loan to holding entity ⁽¹⁾	<u>—</u>	<u>124,000,000</u>

⁽¹⁾ The loans are unsecured and bear interest at fixed rates ranging from 3.4% to 3.5% (2015: 3.4% to 3.5%) per annum payable semi-annually in arrears. Loan of \$124 million was fully repaid in July 2015 upon maturity and the remaining loans are repayable in February 2021 and May 2023.

5 Other receivables

	2016 \$	2015 \$
Interest receivable from holding entity	1,627,397	3,572,745
Amount due from holding entity (non-trade) ⁽¹⁾	17,502	5,502
	<u>1,644,899</u>	<u>3,578,247</u>

⁽¹⁾ The non-trade amount due from holding entity is unsecured, interest-free and repayable on demand.

6 Share capital

	2016 Number of shares	2015 Number of shares
Fully paid ordinary shares, with no par value:		
At 1 July 2015/1 January 2014 and 30 June	2	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

7 Notes payables

	2016 \$	2015 \$
Non-current		
Medium term notes ⁽²⁾	225,000,000	225,000,000
Unamortised loan acquisition expense	(442,701)	(523,953)
	<u>224,557,299</u>	<u>224,476,047</u>
Current		
Medium term notes ⁽¹⁾	—	124,000,000

⁽¹⁾ During the 12 months ended 30 June 2016, the Company fully redeemed its \$124 million unsecured five-year medium term notes (the "Series 001 Notes") upon maturity. The Series 001 Notes were cancelled in July 2015 pursuant to such redemption.

⁽²⁾ Represents seven-year medium term notes comprised in Series 002 (the "Series 002 Notes") issued in February 2014 (maturing in February 2021) and eight-year medium term notes comprised in Series 003 (the "Series 003 Notes") issued in May 2015 (maturing in May 2023) under its \$2 billion MTN Programme and the proceeds from the issuances were extended as intercompany loans to the holding entity (Note 4) at the same repayment terms. The Series 002 Notes and Series 003 Notes are unsecured and have a fixed rate interest of 3.5% and 3.4% (2015: 3.5% and 3.4%) per annum respectively, payable semi-annually. The Series 002 Notes and Series 003 Notes have been assigned a rating of "BBB+" by Standard & Poor's Rating Services and the sums payable in respect of the notes are guaranteed by the holding entity.

8 Other payables

	2016	2015
	\$	\$
Interest payable ⁽¹⁾	1,627,397	3,572,745
Other payables	17,500	5,500
	<u>1,644,897</u>	<u>3,578,245</u>

⁽¹⁾ Represents interest payable in relation to the medium term notes (Note 7).

9 Finance income and expenses

	12-month period from 1 July 2015 to 30 June 2016 \$	18-month period from 1 January 2014 to 30 June 2015 \$
Finance income		
Interest income on loans to holding entity	7,910,048	11,433,755
Amortisation of deferred income	81,252	374,577
	<u>7,991,300</u>	<u>11,808,332</u>
Finance expenses		
Interest expense on medium term notes	7,910,048	11,433,755
Amortisation of loan acquisition expense	81,252	374,577
	<u>7,991,300</u>	<u>11,808,332</u>

10 Profit before income tax

The Company's administrative expenses of \$20,700 (2015: \$29,800) are reimbursed/reimbursable by the holding entity, Starhill Global REIT.

11 Income tax expense

	12-month period from 1 July 2015 to 30 June 2016 \$	18-month period from 1 January 2014 to 30 June 2015 \$
Current tax expense		
Current year/period	<u>—</u>	<u>—</u>

Reconciliation of effective tax rate:

	12-month period from 1 July 2015 to 30 June 2016 \$	18-month period from 1 January 2014 to 30 June 2015 \$
Profit before income tax	—	—
Income tax using Singapore tax rate of 17%	—	—
Income not subject to tax	(13,813)	(63,678)
Non-tax deductible items	13,813	63,678
Income tax expense	—	—

12 Capital and financial risk management

Capital management

The Company is a special purpose vehicle, whose main objective is to issue notes under an unsecured multicurrency MTN Programme and to lend the proceeds from the issuance of such notes to the holding entity. As such, minimum capital base has been maintained.

The Company is not subject to any external capital requirement.

There were no changes in the Company's approach to capital management during the year.

Financial risk management

The main risks arising from the Company's financial instruments are credit, liquidity and interest rate risks. The management of these risks are discussed below:

Credit risk

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position. The Company is exposed to credit risk arising from the loans to the holding entity, which are considered to meet the appropriate credit criteria and are of high credit standing. The Company is not exposed to significant credit risk as none of these balances were past due as at the reporting date.

Liquidity risk

The Company's liquidity risk is monitored by the holding entity, Starhill Global REIT at group level. The Company's administrative expenses incurred are reimbursable by the holding entity and the holding entity monitors and maintains a level of cash and cash equivalents deemed adequate by its management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The contractual undiscounted cash flows of the financial liabilities, including estimated interest payments and excluding the impact of netting agreements, are as follows:

			Cash flows			
	Note	Carrying amount \$	Contractual cash flows \$	Within 1 year \$	After 1 year but within 5 years \$	After 5 years \$
2016						
<u>Non-derivative</u>						
<u>financial</u>						
<u>liabilities</u>						
Notes payables	7	224,557,299	272,280,822	7,750,000	131,030,822	133,500,000
Other payables	8	1,644,897	1,644,897	1,644,897	—	—
		<u>226,202,196</u>	<u>273,925,719</u>	<u>9,394,897</u>	<u>131,030,822</u>	<u>133,500,000</u>
2015						
<u>Non-derivative</u>						
<u>financial</u>						
<u>liabilities</u>						
Notes payables	7	348,476,047	402,542,237	130,292,237	31,000,000	241,250,000
Other payables	8	3,578,245	3,578,245	3,578,245	—	—
		<u>352,054,292</u>	<u>406,120,482</u>	<u>133,870,482</u>	<u>31,000,000</u>	<u>241,250,000</u>

Interest rate risk

The Company's exposure to changes in interest rates relates primarily to its interest-earning financial assets and interest-bearing financial liabilities. However, the Company manages the risk by extending such assets and liabilities at fixed interest rates.

Fair values

Estimation of fair values

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity. For disclosure purposes, the non-current loans to holding entity and notes payables are discounted at the interest rate from approximately 2.9% to 3.1% (2015: 3.6% to 3.8%) at the reporting date to determine their fair values.

Accounting classification and fair values

The table below provides reconciliation of the financial assets and liabilities held by the Company to the categories of financial instruments, as defined by FRS 39 *Financial Instruments: Recognition and Measurement*.

	Note	Fair value \$	Carrying amount \$	Loans and receivables \$	Other financial liabilities within scope of FRS 39 \$
2016					
<u>Financial assets</u>					
Loans to holding entity	4	231,789,388	224,557,299	224,557,299	—
Other receivables	5	1,644,899	1,644,899	1,644,899	—
		<u>233,434,287</u>	<u>226,202,198</u>	<u>226,202,198</u>	<u>—</u>
<u>Financial liabilities</u>					
Notes payables	7	231,789,388	224,557,299	—	224,557,299
Other payables	8	1,644,897	1,644,897	—	1,644,897
		<u>233,434,285</u>	<u>226,202,196</u>	<u>—</u>	<u>226,202,196</u>
2015					
<u>Financial assets</u>					
Loans to holding entity	4	346,194,418	348,476,047	348,476,047	—
Other receivables	5	3,578,247	3,578,247	3,578,247	—
		<u>349,772,665</u>	<u>352,054,294</u>	<u>352,054,294</u>	<u>—</u>
<u>Financial liabilities</u>					
Notes payables	7	346,194,418	348,476,047	—	348,476,047
Other payables	8	3,578,245	3,578,245	—	3,578,245
		<u>349,772,663</u>	<u>352,054,292</u>	<u>—</u>	<u>352,054,292</u>

Fair value hierarchy

The loans to holding entity and notes payables are classified in Level 2 of the fair value hierarchy. No fair value hierarchy information is disclosed for other receivables and other payables as the carrying amount is a reasonable approximation of fair value. The different levels are defined as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- *Level 2*: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- *Level 3*: unobservable inputs for the asset or liability.

13 Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the 12 months ended 30 June 2016, the related party transactions disclosed in the financial statements were carried out in the normal course of business on terms agreed between the parties.

Key management personnel compensation

The Company's directors are employees of a related party of Starhill Global REIT. No consideration is paid by the Company to this party for the services rendered by the directors.

14 Subsequent events

Subsequent to the 12 months ended 30 June 2016, the Company issued a \$70 million 10-year unsecured medium term notes comprised in Series 004 (the "Series 004 Notes") in October 2016 (maturing in October 2026) under its \$2 billion MTN Programme and the proceeds from the issuance were extended as intercompany loan to the holding entity at the same repayment terms. The Series 004 Notes have a fixed rate interest of 3.14% per annum and payable semi-annually. They have been assigned a rating of "BBB+" by Standard & Poor's Rating Services and the sums payable in respect of the notes are guaranteed by the holding entity.

15 Comparative information

The financial statements for the comparative period was for the period from 1 January 2014 to 30 June 2015. As a result, the amounts presented in the financial statements are not entirely comparable.

