STARHILL GLOBAL REIT

STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018

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INTRODUCTION

Starhill Global Real Estate Investment Trust ("Starhill Global REIT" or "Trust"), is a real estate investment trust constituted by the Trust Deed entered into on 8 August 2005 (as amended, restated or supplemented from time to time) between YTL Starhill Global REIT Management Limited as the Manager of Starhill Global REIT and HSBC Institutional Trust Services (Singapore) Limited as the Trustee of Starhill Global REIT. Starhill Global REIT was listed on the main board of the Singapore Exchange Securities Trading Limited on 20 September 2005.

The principal activity of Starhill Global REIT and its subsidiaries (the "Group") is to invest primarily in prime real estate used mainly for retail and/or office purposes, with the objective of delivering regular and stable distributions to Unitholders ("Unitholders") and to achieve long-term growth in the net asset value per unit.

These financial statements for the quarter from 1 October 2018 to 31 December 2018 have not been audited or reviewed by our auditors. The current figures presented in these financial statements are in relation to the period from 1 October 2018 to 31 December 2018 ("2Q FY18/19") as well as the six months period from 1 July 2018 to 31 December 2018 ("YTD FY18/19"). The comparative figures are in relation to the period from 1 October 2017 to 31 December 2017 ("2Q FY17/18") as well as the six months period from 1 July 2017 to 31 December 2017 ("YTD FY17/18").

As at 31 December 2018, the property portfolio of Starhill Global REIT consists of:

- 257 strata lots representing 74.23% of the total share value of the strata lots in Wisma Atria ("Wisma Atria Property") and 4 strata lots representing 27.23% of the total share value of the strata lots in Ngee Ann City ("Ngee Ann City Property") (collectively the "Singapore Properties");
- 100% interest in Myer Centre Adelaide, David Jones Building and Plaza Arcade in Adelaide and Perth, Australia (collectively the "Australia Properties");
- 100% interest in Starhill Gallery and 137 strata parcels and two accessory parcels within Lot 10 shopping centre ("Lot 10 Property") in Kuala Lumpur, Malaysia (collectively the "Malaysia Properties"); and
- 100% interest in Chengdu Xin Hong Property in Chengdu, China (the "China Property") and 100% interest in two properties in Tokyo, Japan (the "Japan Properties") (collectively the "China and Japan Properties").

SUMMARY OF STARHILL GLOBAL REIT'S RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018

	Group 01/10/18 to 31/12/18 S$'000	Group 01/10/17 to 31/12/17 S$'000	Increase / (Decrease) %
Gross revenue	51,041	52,456	(2.7%)
Net property income	39,508	40,485	(2.4%)
Income available for distribution	25,155	25,680	(2.0%)
Income to be distributed to Unitholders	24,648	25,520	(3.4%)

	Group 01/10/18 to 31/12/18	Group 01/10/17 to 31/12/17	Increase / (Decrease)
	Cents per unit		%
Distribution per unit ("DPU")			
For the quarter from 1 October to 31 December [1]	1.13	1.17	(3.4%)
Annualised (based on the three months ended 31 December)	4.48	4.64	(3.4%)

Footnote:

(1) The computation of DPU for the quarter ended 31 December 2018 is based on total number of units entitled to the distributable income for the period from 1 October 2018 to 31 December 2018 of 2,181,204,435.

DISTRIBUTION DETAILS

Distribution period	1 October 2018 to 31 December 2018
Distribution amount to Unitholders	1.13 cents per unit
Books closure date	8 February 2019
Payment date	28 February 2019

1(a) Income statement together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Total Return and Distribution (2Q FY18/19 vs 2Q FY17/18)

	Notes	Group 01/10/18 to 31/12/18 S$'000	Group 01/10/17 to 31/12/17 S$'000	Increase / (Decrease) %	Trust 01/10/18 to 31/12/18 S$'000	Trust 01/10/17 to 31/12/17 S$'000	Increase / (Decrease) %
Gross revenue	(a)	**51,041**	**52,456**	**(2.7%)**	**31,619**	**32,808**	**(3.6%)**
Maintenance and sinking fund contributions		(1,749)	(1,755)	(0.3%)	(1,731)	(1,731)	-
Property management fees	(b)	(1,358)	(1,378)	(1.5%)	(946)	(966)	(2.1%)
Property tax	(c)	(4,852)	(5,049)	(3.9%)	(2,961)	(3,131)	(5.4%)
Other property expenses	(d)	(3,574)	(3,789)	(5.7%)	(890)	(1,310)	(32.1%)
Property expenses		**(11,533)**	**(11,971)**	**(3.7%)**	**(6,528)**	**(7,138)**	**(8.5%)**
Net property income		**39,508**	**40,485**	**(2.4%)**	**25,091**	**25,670**	**(2.3%)**
Finance income	(e)	233	238	(2.1%)	29	38	(23.7%)
Interest income from subsidiaries		-	-	-	1,442	1,520	(5.1%)
Dividend income from subsidiaries		-	-	-	1,084	1,622	(33.2%)
Management fees	(f)	(3,997)	(4,051)	(1.3%)	(3,769)	(3,821)	(1.4%)
Trust expenses	(g)	(992)	(761)	30.4%	(737)	(389)	89.5%
Finance expenses	(h)	(9,794)	(9,308)	5.2%	(6,415)	(5,750)	11.6%
Non property expenses		**(14,550)**	**(13,882)**	**4.8%**	**(8,366)**	**(6,780)**	**23.4%**
Net income before tax		**24,958**	**26,603**	**(6.2%)**	**16,725**	**18,890**	**(11.5%)**
Change in fair value of derivative instruments	(i)	(5,573)	825	NM	(4,570)	697	NM
Foreign exchange gain/(loss)	(j)	328	(43)	NM	(1,866)	(4,403)	(57.6%)
Total return for the period before tax and distribution		**19,713**	**27,385**	**(28.0%)**	**10,289**	**15,184**	**(32.2%)**
Income tax	(k)	(860)	(824)	4.4%	(226)	(180)	25.6%
Total return for the period after tax, before distribution		**18,853**	**26,561**	**(29.0%)**	**10,063**	**15,004**	**(32.9%)**
Non-tax deductible/(chargeable) items and other adjustments	(l)	6,302	(881)	NM	15,092	10,676	41.4%
Income available for distribution		**25,155**	**25,680**	**(2.0%)**	**25,155**	**25,680**	**(2.0%)**

Footnotes:

(a) Gross revenue comprises mainly gross rent and other revenue earned from investment properties, including turnover rent. The decrease in gross revenue for the Group was mainly due to lower contributions from the retail portfolio in Singapore, partially offset by higher contributions from the office portfolio. Approximately 38% (2Q FY17/18: 37%) of total gross revenue for the three months ended 31 December 2018 were contributed by the overseas properties.

(b) Property management fees comprise mainly 3.0% per annum of the gross revenue from Singapore Properties and fees paid to external property managers for Australia Properties and Japan Properties.

(c) Property tax expenses were lower for the current quarter mainly due to lower property tax including refunds for Wisma Atria Property (Retail).

(d) Other property expenses were lower for the current quarter mainly due to lower operating expenses for Wisma Atria Property (Retail) and Ngee Ann City Property (Office), partially offset by higher leasing and upkeep expenses incurred by Myer Centre Adelaide (Office).

(e) Represents interest income from bank deposits and current accounts for the three months ended 31 December 2018.

(f) Management fees comprise mainly the base fee, which is calculated based on 0.5% per annum of the value of the trust property.

(g) The increase in trust expenses for the Group was mainly due to higher expenses incurred by the Trust.

(h) Finance expenses were higher for the current quarter mainly due to higher interest costs incurred on the existing S$ term loans for the three months ended 31 December 2018.

(i) Represents mainly the change in the fair value of interest rate swaps, as well as foreign exchange forward contracts for the three months ended 31 December 2018.

(j) Represents mainly the foreign exchange differences on translation of foreign currency denominated transactions and monetary items, as well as realised foreign exchange differences from the settlement of forward contracts for the Group for the three months ended 31 December 2018.

(k) Income tax includes withholding tax, corporate tax and deferred tax provided for the overseas properties. The increase was mainly attributed to higher withholding tax for Malaysia Properties for the three months ended 31 December 2018.

(l) See details in the distribution statement below.

Distribution Statement (2Q FY18/19 vs 2Q FY17/18)

	Notes	Group 01/10/18 to 31/12/18 S$'000	Group 01/10/17 to 31/12/17 S$'000	Increase / (Decrease) %	Trust 01/10/18 to 31/12/18 S$'000	Trust 01/10/17 to 31/12/17 S$'000	Increase / (Decrease) %
Total return after tax, before distribution		**18,853**	**26,561**	**(29.0%)**	**10,063**	**15,004**	**(32.9%)**
Non-tax deductible/(chargeable) items and other adjustments:		6,302	(881)	NM	15,092	10,676	41.4%
Finance costs	(m)	144	131	9.9%	209	198	5.6%
Sinking fund contribution		452	452	-	452	452	-
Change in fair value of derivative instruments		5,810	(825)	NM	4,853	(697)	NM
Deferred income tax		39	41	(4.9%)	-	-	-
Foreign exchange (gain)/loss		(272)	(45)	504.4%	1,837	4,441	(58.6%)
Other items	(n)	129	(635)	NM	632	(224)	NM
Net overseas income not distributed to the Trust, net of amount received		-	-	-	7,109	6,506	9.3%
Income available for distribution		**25,155**	**25,680**	**(2.0%)**	**25,155**	**25,680**	**(2.0%)**
Income to be distributed to Unitholders	(o)	**24,648**	**25,520**	**(3.4%)**	**24,648**	**25,520**	**(3.4%)**

Footnotes:

(m) Finance costs include mainly amortisation of upfront borrowing costs.

(n) Other items include mainly trustee's fee, straight-line rental adjustments, fair value adjustment on security deposits, commitment fees and other non-tax deductible/chargeable costs.

(o) Approximately S$0.5 million of income available for distribution for the three months ended 31 December 2018 has been retained for working capital requirements.

Statement of Total Return and Distribution (YTD FY18/19 vs YTD FY17/18)

	Notes	Group 01/07/18 to 31/12/18 S$'000	Group 01/07/17 to 31/12/17 S$'000	Increase / (Decrease) %	Trust 01/07/18 to 31/12/18 S$'000	Trust 01/07/17 to 31/12/17 S$'000	Increase / (Decrease) %
Gross revenue	(a)	**103,063**	**105,437**	**(2.3%)**	**63,537**	**65,199**	**(2.5%)**
Maintenance and sinking fund contributions		(3,498)	(3,510)	(0.3%)	(3,463)	(3,463)	-
Property management fees	(b)	(2,727)	(2,816)	(3.2%)	(1,912)	(1,947)	(1.8%)
Property tax		(9,880)	(9,993)	(1.1%)	(6,086)	(6,062)	0.4%
Other property expenses	(c)	(7,014)	(7,263)	(3.4%)	(1,767)	(1,994)	(11.4%)
Property expenses		**(23,119)**	**(23,582)**	**(2.0%)**	**(13,228)**	**(13,466)**	**(1.8%)**
Net property income		**79,944**	**81,855**	**(2.3%)**	**50,309**	**51,733**	**(2.8%)**
Finance income	(d)	448	474	(5.5%)	64	81	(21.0%)
Interest income from subsidiaries		-	-	-	2,903	3,076	(5.6%)
Dividend income from subsidiaries		-	-	-	3,308	8,480	(61.0%)
Management fees	(e)	(8,005)	(8,115)	(1.4%)	(7,548)	(7,660)	(1.5%)
Trust expenses	(f)	(1,964)	(1,952)	0.6%	(1,408)	(1,142)	23.3%
Finance expenses	(g)	(19,281)	(19,845)	(2.8%)	(12,426)	(12,750)	(2.5%)
Non property expenses		**(28,802)**	**(29,438)**	**(2.2%)**	**(15,107)**	**(9,915)**	**52.4%**
Net income before tax		**51,142**	**52,417**	**(2.4%)**	**35,202**	**41,818**	**(15.8%)**
Change in fair value of derivative instruments	(h)	(5,774)	2,250	NM	(4,720)	1,766	NM
Foreign exchange loss	(i)	(64)	(210)	(69.5%)	(5,524)	(6,001)	(7.9%)
Total return for the period before tax and distribution		**45,304**	**54,457**	**(16.8%)**	**24,958**	**37,583**	**(33.6%)**
Income tax	(j)	(1,729)	(1,731)	(0.1%)	(442)	(418)	5.7%
Total return for the period after tax, before distribution		**43,575**	**52,726**	**(17.4%)**	**24,516**	**37,165**	**(34.0%)**
Non-tax deductible/(chargeable) items and other adjustments	(k)	7,793	(324)	NM	26,852	15,237	76.2%
Income available for distribution		**51,368**	**52,402**	**(2.0%)**	**51,368**	**52,402**	**(2.0%)**

Footnotes:

(a) Gross revenue comprises mainly gross rent and other revenue earned from investment properties, including turnover rent. The decrease in gross revenue for the Group was mainly due to lower contributions from Wisma Atria Property and Australia portfolio largely due to the depreciation of A$ against S$, partially offset by higher contributions from Ngee Ann City Property (Office). Approximately 38% (YTD FY17/18: 38%) of total gross revenue for the six months ended 31 December 2018 were contributed by the overseas properties.

(b) Property management fees comprise mainly 3.0% per annum of the gross revenue from Singapore Properties and fees paid to external property managers for Australia Properties and Japan Properties. The decrease was mainly due to lower fees for Singapore Properties and Australia Properties during the current period.

(c) Other property expenses were lower for the current period mainly due to lower operating expenses for Wisma Atria Property (Retail) and Ngee Ann City Property (Office), partially offset by higher operating expenses mainly for Plaza Arcade and Myer Centre Adelaide (Office).

(d) Represents interest income from bank deposits and current accounts for the six months ended 31 December 2018.

(e) Management fees comprise mainly the base fee, which is calculated based on 0.5% per annum of the value of the trust property.

(f) The increase in trust expenses for the Group was mainly due to higher expenses incurred by the Trust.

(g) Finance expenses were lower for the current period mainly due to the write-off of upfront borrowing costs following the refinancing of the S$ term loans in the corresponding period, partially offset by higher interest costs incurred on the existing S$ term loans for the six months ended 31 December 2018.

(h) Represents mainly the change in the fair value of interest rate swaps, as well as foreign exchange forward contracts for the six months ended 31 December 2018.

(i) Represents mainly the foreign exchange differences on translation of foreign currency denominated transactions and monetary items, as well as realised foreign exchange differences from the settlement of forward contracts for the Group for the six months ended 31 December 2018.

(j) Income tax includes withholding tax, corporate tax and deferred tax provided for the overseas properties. The decrease was mainly attributed to lower withholding tax for Australia Properties, largely offset by higher withholding tax for Malaysia Properties for the six months ended 31 December 2018.

(k) See details in the distribution statement below.

Distribution Statement (YTD FY18/19 vs YTD FY17/18)

	Notes	Group 01/07/18 to 31/12/18 S$'000	Group 01/07/17 to 31/12/17 S$'000	Increase / (Decrease) %	Trust 01/07/18 to 31/12/18 S$'000	Trust 01/07/17 to 31/12/17 S$'000	Increase / (Decrease) %
Total return after tax, before distribution		**43,575**	**52,726**	**(17.4%)**	**24,516**	**37,165**	**(34.0%)**
Non-tax deductible/(chargeable) items and other adjustments:		7,793	(324)	NM	26,852	15,237	76.2%
Finance costs	(l)	284	1,041	(72.7%)	422	1,461	(71.1%)
Sinking fund contribution		904	904	-	904	904	-
Change in fair value of derivative instruments		6,111	(2,250)	NM	5,023	(1,766)	NM
Deferred income tax		78	81	(3.7%)	-	-	-
Foreign exchange loss		191	148	29.1%	5,544	5,840	(5.1%)
Other items	(m)	225	(248)	NM	1,640	922	77.9%
Net overseas income not distributed to the Trust, net of amount received		-	-	-	13,319	7,876	69.1%
Income available for distribution		**51,368**	**52,402**	**(2.0%)**	**51,368**	**52,402**	**(2.0%)**
Income to be distributed to Unitholders	(n)	**49,732**	**51,694**	**(3.8%)**	**49,732**	**51,694**	**(3.8%)**

Footnotes:

(l) Finance costs include mainly amortisation of upfront borrowing costs. The variance was largely in line with the write-off of upfront borrowing costs following the refinancing of the S$ term loans in the corresponding period.

(m) Other items include mainly trustee's fee, straight-line rental adjustments, fair value adjustment on security deposits, commitment fees and other non-tax deductible/chargeable costs.

(n) Approximately S$1.6 million of income available for distribution for the six months ended 31 December 2018 has been retained for working capital requirements.

1(b) (i) Balance sheet, together with comparatives as at the end of the immediately preceding financial year

Balance Sheet as at 31 December 2018

	Notes	Group 31/12/18 S$'000	Group 30/06/18 S$'000	Trust 31/12/18 S$'000	Trust 30/06/18 S$'000
Non-current assets					
Investment properties	(a)	3,091,540	3,118,338	2,147,330	2,147,000
Plant and equipment		31	42	-	-
Interests in subsidiaries	(b)	-	-	577,569	590,224
Derivative financial instruments	(c)	184	1,964	184	1,964
		3,091,755	**3,120,344**	**2,725,083**	**2,739,188**
Current assets					
Derivative financial instruments	(c)	384	244	384	242
Trade and other receivables	(d)	5,326	4,191	4,219	2,929
Cash and cash equivalents	(e)	62,151	66,730	13,443	20,420
		67,861	**71,165**	**18,046**	**23,591**
Total assets		**3,159,616**	**3,191,509**	**2,743,129**	**2,762,779**
Non-current liabilities					
Trade and other payables	(f)	21,853	22,460	19,772	20,549
Derivative financial instruments	(c)	5,506	1,242	3,636	453
Deferred tax liabilities	(g)	6,183	6,336	-	-
Borrowings	(h)	1,006,183	1,066,931	797,975	801,954
		1,039,725	**1,096,969**	**821,383**	**822,956**
Current liabilities					
Trade and other payables	(f)	38,230	38,633	23,658	24,307
Derivative financial instruments	(c)	43	199	-	85
Income tax payable		2,019	2,014	-	-
Borrowings	(h)	115,586	63,398	7,000	-
		155,878	**104,244**	**30,658**	**24,392**
Total liabilities		**1,195,603**	**1,201,213**	**852,041**	**847,348**
Net assets		**1,964,013**	**1,990,296**	**1,891,088**	**1,915,431**
Represented by:					
Unitholders' funds		1,964,013	1,990,296	1,891,088	1,915,431
		1,964,013	**1,990,296**	**1,891,088**	**1,915,431**

Footnotes:

(a) Investment properties decreased mainly due to net movement in foreign currencies in relation to overseas properties, partially offset by capital expenditure incurred and straight-line rental adjustments during the current period.

(b) The decrease in the Trust's interests in subsidiaries was mainly due to capital redemption and net movement in foreign currencies during the current period.

(c) Derivative financial instruments as at 31 December 2018 include mainly the fair value of the interest rate swaps and caps entered into to hedge the interest rate exposure on borrowings and foreign exchange forward contracts. The net decrease in derivative values was mainly due to the change in fair value of the existing interest rate swaps during the current period.

(d) The increase in trade and other receivables was mainly due to increase in prepaid expenses for Singapore, Australia and Malaysia Properties, as well as higher net rent arrears for Singapore Properties.

(e) The decrease in cash and cash equivalents was mainly due to payment of distributions, borrowing costs and capital expenditure, partially offset by net movement in borrowings and cash generated from operations.

(f) The decrease in trade and other payables was mainly due to lower security deposits for the Group and lower payables for Singapore, China and Malaysia Properties, partially offset by higher payables for Australia Properties.

(g) Deferred tax liabilities are mainly in respect of the China Property and have been estimated on the basis of an asset sale at the current book value.

(h) Borrowings include S$460 million term loans, S$7 million revolving credit facilities ("RCF"), JPY3.7 billion (S$45.7 million) term loan, S$295 million Singapore MTNs, JPY678 million (S$8.4 million) Japan bond, A$208 million (S$200.6 million) term loans and RM329.4 million (S$108.6 million) Malaysia MTN. The net decrease in total borrowings was mainly due to the net movement in foreign currencies and prepayment of S$4.3 million (JPY350 million) of JPY term loan, partially offset by the net drawdown of S$7 million of short-term RCF during the current period. As at 31 December 2018, the RM329.4 million (S$108.6 million) secured Malaysia MTN maturing in September 2019 was classified as current liabilities. Please refer to Note 1(b)(ii) for details of the borrowings.

As at 31 December 2018, the Group has available undrawn long-term committed RCF to cover the net current liabilities of the Trust and the Group.

1(b) (ii) Aggregate amount of borrowings

	Notes	Group 31/12/18 S$'000	Group 30/06/18 S$'000	Trust 31/12/18 S$'000	Trust 30/06/18 S$'000
Secured borrowings	(a)				
Amount repayable within one year		108,622	63,479	-	-
Amount repayable after one year		200,575	257,255	-	-
		309,197	**320,734**	**-**	**-**
Unsecured borrowings	(b)				
Amount repayable within one year		7,000	-	7,000	-
Amount repayable after one year		809,120	813,292	800,739	804,933
Total borrowings		**1,125,317**	**1,134,026**	**807,739**	**804,933**
Less: Unamortised loan acquisition expenses		(3,548)	(3,697)	(2,764)	(2,979)
Total borrowings		**1,121,769**	**1,130,329**	**804,975**	**801,954**

Footnotes:

(a) Secured

The Group has outstanding five-year fixed-rate senior medium term notes of a nominal value of RM330 million ("Second Senior MTN") issued at a discounted cash consideration of approximately RM325 million. The Second Senior MTN bear a fixed coupon rate of 4.48% per annum and have a carrying amount of approximately RM329.4 million (S$108.6 million) as at 31 December 2018. The notes have an expected maturity in September 2019 and legal maturity in March 2021, and are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad.

The Group has outstanding term loans of A$208 million (S$200.6 million) as at 31 December 2018, comprising:

(i) A$63 million (S$60.8 million) (maturing in July 2023) loan secured by a general security deed over all the assets of SG REIT (WA) Trust and a mortgage over David Jones Building. SG REIT (WA) Trust is wholly owned by the Group; and

(ii) A$145 million (S$139.8 million) (maturing in November 2021) loan secured by a general security deed over all the assets of SG REIT (SA) Sub-Trust2 and a mortgage over Myer Centre Adelaide. SG REIT (SA) Sub-Trust2 is wholly owned by the Group.

(b) Unsecured

As at 31 December 2018, the Group has outstanding medium term notes of S$295 million issued under its S$2 billion Multicurrency MTN Programme and rated at "BBB+" by Standard & Poor's Rating Services, comprising:

(i) S$100 million unsecured seven-year Singapore MTN (the "Series 002 Notes") (maturing in February 2021) which bear a fixed rate interest of 3.50% per annum payable semi-annually in arrear;

(ii) S$125 million unsecured eight-year Singapore MTN (the "Series 003 Notes") (maturing in May 2023) which bear a fixed rate interest of 3.40% per annum payable semi-annually in arrear; and

(iii) S$70 million unsecured 10-year Singapore MTN (the "Series 004 Notes") (maturing in October 2026) which bear a fixed rate interest of 3.14% per annum payable semi-annually in arrear.

As at 31 December 2018, the Group has in place:

(i) four-year and five-year unsecured loan facilities with a club of seven banks at inception, comprising (a) term loan of S$200 million (maturing in September 2021), (b) term loan of S$260 million (maturing September 2022) and (c) S$240 million committed RCF (maturing in September 2022). There is no amount outstanding on this RCF as at 31 December 2018.

(ii) five-year unsecured term loan facilities of balance JPY3.7 billion (S$45.7 million) (maturing in July 2020) with two banks.

As at 31 December 2018, the Group has drawn down S$7 million of short-term loan from its other unsecured RCF.

The Group has JPY678 million (S$8.4 million) of Japan bond outstanding as at 31 December 2018, maturing in August 2021 ("Series 3 Bonds"). The bondholders of Series 3 Bonds have a statutory preferred right, under the Japan Asset Liquidation Law, to receive payment of all obligations under the bonds prior to other creditors out of the assets of Starhill Global REIT One TMK.

1(c) Consolidated cash flow statement (2Q FY18/19 vs 2Q FY17/18) and (YTD FY18/19 vs YTD FY17/18)

	Group 01/10/18 to 31/12/18 S$'000	Group 01/10/17 to 31/12/17 S$'000	Group 01/07/18 to 31/12/18 S$'000	Group 01/07/17 to 31/12/17 S$'000
Operating activities				
Total return for the period before tax and distribution	19,713	27,385	45,304	54,457
Adjustments for:				
Finance income	(233)	(238)	(448)	(474)
Depreciation	7	3	10	6
Finance expenses	9,794	9,308	19,281	19,845
Plant and equipment written off	-	6	-	6
Change in fair value of derivative instruments	5,573	(825)	5,774	(2,250)
Foreign exchange (gain)/loss	(328)	43	64	210
Operating income before working capital changes	34,526	35,682	69,985	71,800
Changes in working capital:				
Trade and other receivables	(1,029)	(1,070)	(2,178)	(3,999)
Trade and other payables	(1,305)	1,714	(642)	780
Income tax paid	(822)	(684)	(1,647)	(1,543)
Cash generated from operating activities	**31,370**	**35,642**	**65,518**	**67,038**
Investing activities				
Capital expenditure on investment properties [1]	(3,511)	(4,400)	(4,266)	(7,257)
Purchase of plant and equipment	(1)	-	(1)	-
Interest received on deposits	223	234	444	471
Cash flows used in investing activities	**(3,289)**	**(4,166)**	**(3,823)**	**(6,786)**
Financing activities				
Borrowing costs paid	(10,112)	(9,551)	(18,855)	(21,354)
Proceeds from borrowings [2]	16,600	2,000	28,600	471,000
Repayment of borrowings [2]	(9,600)	(2,000)	(25,879)	(468,968)
Distributions paid to Unitholders	(25,084)	(26,174)	(48,859)	(51,912)
Cash flows used in financing activities	**(28,196)**	**(35,725)**	**(64,993)**	**(71,234)**
Net decrease in cash and cash equivalents	**(115)**	**(4,249)**	**(3,298)**	**(10,982)**
Cash and cash equivalents at the beginning of the period	62,397	69,878	66,730	76,603
Effects of exchange rate differences on cash	(131)	(320)	(1,281)	(312)
Cash and cash equivalents at the end of the period	**62,151**	**65,309**	**62,151**	**65,309**

Footnotes:

(1) Includes mainly capital expenditure works paid in relation to Myer Centre Adelaide, David Jones Building and Wisma Atria Property (Retail) during the current period.

(2) The movement during the six months ended 31 December 2018 relates mainly to the drawdown of S$28.6 million RCF. The repayment includes mainly the prepayment of S$4.3 million (JPY350 million) of JPY term loan, as well as the settlement of short-term RCF by S$21.6 million during the current period.

1(d) (i) Statement of movements in Unitholders' Funds (2Q FY18/19 vs 2Q FY17/18)

	Notes	Group 01/10/18 to 31/12/18 S$'000	Group 01/10/17 to 31/12/17 S$'000	Trust 01/10/18 to 31/12/18 S$'000	Trust 01/10/17 to 31/12/17 S$'000
Unitholders' funds at the beginning of the period		1,977,965	2,013,284	1,906,109	1,936,384
Operations					
Change in Unitholders' funds resulting from operations, before distributions	(a)	18,853	26,561	10,063	15,004
Increase in Unitholders' funds resulting from operations		**18,853**	**26,561**	**10,063**	**15,004**
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		(7,223)	3,395	-	-
Transfer of translation differences from total return arising from hedge accounting	(b)	(1,136)	838	-	-
Exchange differences on monetary items forming part of net investment in foreign operations		638	(5,278)	-	-
Net loss recognised directly in Unitholders' funds	(c)	**(7,721)**	**(1,045)**	**-**	**-**
Unitholders' transactions					
Distributions to Unitholders		(25,084)	(26,174)	(25,084)	(26,174)
Decrease in Unitholders' funds resulting from Unitholders' transactions		**(25,084)**	**(26,174)**	**(25,084)**	**(26,174)**
Unitholders' funds at the end of the period		**1,964,013**	**2,012,626**	**1,891,088**	**1,925,214**

Footnotes:

(a) Change in Unitholders' funds resulting from operations for the Group for the three months ended 31 December 2018 includes a loss in the fair value of derivative instruments of S$5.6 million (2Q FY17/18: gain of S$0.8 million) and a net foreign exchange gain of S$0.3 million (2Q FY17/18: loss of S$0.1 million).

(b) The Group designated its JPY loan as a net investment hedge for its Japan operations which qualify for hedge accounting. Correspondingly, the fair value changes of the JPY loan were reclassified to the Group's foreign currency translation reserve, offsetting the translation differences arising from its Japan exposure.

(c) The movement in foreign currency translation reserve relates mainly to the exchange differences arising on the translation of foreign controlled entities and intercompany loans and borrowings that form part of the Group's net investment in the foreign entities, and transfer of translation differences arising from hedge accounting.

1(d) (i) Statement of movements in Unitholders' Funds (YTD FY18/19 vs YTD FY17/18)

	Notes	Group 01/07/18 to 31/12/18 S$'000	Group 01/07/17 to 31/12/17 S$'000	Trust 01/07/18 to 31/12/18 S$'000	Trust 01/07/17 to 31/12/17 S$'000
Unitholders' funds at the beginning of the period		1,990,296	2,009,346	1,915,431	1,939,961
Operations					
Change in Unitholders' funds resulting from operations, before distributions	(a)	43,575	52,726	24,516	37,165
Increase in Unitholders' funds resulting from operations		**43,575**	**52,726**	**24,516**	**37,165**
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		(17,640)	8,393	-	-
Transfer of translation differences from total return arising from hedge accounting	(b)	(122)	1,709	-	-
Exchange differences on monetary items forming part of net investment in foreign operations		(3,237)	(7,636)	-	-
Net (loss)/gain recognised directly in Unitholders' funds	(c)	**(20,999)**	**2,466**	**-**	**-**
Unitholders' transactions					
Distributions to Unitholders		(48,859)	(51,912)	(48,859)	(51,912)
Decrease in Unitholders' funds resulting from Unitholders' transactions		**(48,859)**	**(51,912)**	**(48,859)**	**(51,912)**
Unitholders' funds at the end of the period		**1,964,013**	**2,012,626**	**1,891,088**	**1,925,214**

Footnotes:

(a) Change in Unitholders' funds resulting from operations for the Group for the six months ended 31 December 2018 includes a loss in the fair value of derivative instruments of S$5.8 million (YTD FY17/18: gain of S$2.3 million) and a net foreign exchange loss of S$0.1 million (YTD FY17/18: S$0.2 million).

(b) The Group designated its JPY loan as a net investment hedge for its Japan operations which qualify for hedge accounting. Correspondingly, the fair value changes of the JPY loan were reclassified to the Group's foreign currency translation reserve, offsetting the translation differences arising from its Japan exposure.

(c) The movement in foreign currency translation reserve relates mainly to the exchange differences arising on the translation of foreign controlled entities and intercompany loans and borrowings that form part of the Group's net investment in the foreign entities, and transfer of translation differences arising from hedge accounting.

1(d) (ii) Details of any change in the units since the end of the previous period reported on

	Notes	Group and Trust 01/10/18 to 31/12/18 Units	Group and Trust 01/10/17 to 31/12/17 Units	Group and Trust 01/07/18 to 31/12/18 Units	Group and Trust 01/07/17 to 31/12/17 Units
Issued units at the beginning of the period		2,181,204,435	2,181,204,435	2,181,204,435	2,181,204,435
Management fees payable in units (base fee)	(a)	-	-	-	-
Management fees payable in units (performance fee)	(b)	-	-	-	-
Total issued units at the end of the period		**2,181,204,435**	**2,181,204,435**	**2,181,204,435**	**2,181,204,435**

Footnotes:

(a) The Manager has elected to receive 100% of its base management fees in cash. There are no base fees payable in units for the three months ended 31 December 2018.

(b) Performance fees are calculated annually as at 30 June. The performance of Starhill Global REIT's trust index is approximately 72% below the benchmark index as at 30 June 2018.

1(d) (iii) To show the total number of issued units excluding treasury units and subsidiary holdings as at the end of the current financial period, and as at the end of the immediately preceding year

Starhill Global REIT did not hold any treasury units and subsidiary holdings as at 31 December 2018 and 30 June 2018. The total number of issued units as at the end of the current period, and as at the end of the immediately preceding year are disclosed in Section 1(d)(ii).

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury units and subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the auditors.

3 Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The Group has applied the same accounting policies and method of computation in the preparation of the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the financial year ended 30 June 2018, except for the adoption of the new and revised Financial Reporting Standards which became effective for financial periods beginning on or after 1 July 2018.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted the following new Financial Reporting Standards in Singapore ("FRSs") and interpretations effective for the financial period beginning 1 July 2018:

(i) FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. There is no significant impact to the financial statements of the Group for the current and comparative financial period arising from the adoption of FRS 115.

(ii) FRS 109 Financial Instruments

FRS 109 introduces revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

There is no change in measurement basis arising from the adoption of the new classification and measurement model. In assessing for impairment losses on financial assets, the Group has adopted the simplified approach by applying lifetime expected credit losses on its loans and receivables (if applicable). There is no significant impact to the financial statements of the Group for the current and comparative financial period arising from the adoption of FRS 109.

The Group's existing net investment hedge for its Japan operations that are designated in effective hedging relationships continue to qualify for hedge accounting under FRS 109.

6 Consolidated earnings per unit ('EPU') and distribution per unit ('DPU') for the financial period

	Notes	Group 01/10/18 to 31/12/18 S$'000	Group 01/10/17 to 31/12/17 S$'000	Group 01/07/18 to 31/12/18 S$'000	Group 01/07/17 to 31/12/17 S$'000
Total return for the period after tax, before distribution		18,853	26,561	43,575	52,726
EPU - Basic and Diluted					
Weighted average number of units	(a)	2,181,204,435	2,181,204,435	2,181,204,435	2,181,204,435
Earnings per unit (cents)	(b)	0.86	1.22	2.00	2.42
DPU					
Number of units issued at end of period	(c)	2,181,204,435	2,181,204,435	2,181,204,435	2,181,204,435
DPU for the period based on the total number of units entitled to distribution (cents)		1.13	1.17	2.28	2.37

Footnotes:

(a) For the purpose of computing the EPU, the earnings attributable to Unitholders and the weighted average number of units during the three months and six months ended 31 December 2018 are used and have been calculated on a time-weighted basis, where applicable.

(b) The EPU for the three months ended 31 December 2018 includes a loss in the fair value of derivative instruments of S$5.6 million (2Q FY17/18: gain of S$0.8 million) and a net foreign exchange gain of S$0.3 million (2Q FY17/18: loss of S$0.1 million). The diluted EPU is the same as basic EPU.

The EPU for the six months ended 31 December 2018 includes a loss in the fair value of derivative instruments of S$5.8 million (YTD FY17/18: gain of S$2.3 million) and a net foreign exchange loss of S$0.1 million (YTD FY17/18: S$0.2 million). The diluted EPU is the same as basic EPU.

(c) The computation of DPU for the three months ended 31 December 2018 is based on number of units in issue as at 31 December 2018 of 2,181,204,435.

7 Net asset value ("NAV") and Net tangible asset ("NTA") per unit based on units issued at the end of the period

	Note	Group 31/12/18	Group 30/06/18	Trust 31/12/18	Trust 30/06/18
NAV/NTA per unit (S$) based on:					
- units issued at the end of the period	(a)	0.90	0.91	0.87	0.88

Footnote:

(a) The number of units used for computation of NAV and NTA per unit is 2,181,204,435 which represents the number of units in issue as at 31 December 2018 and 30 June 2018.

8 Review of the performance
Consolidated Statement of Total Return and Distribution
(2Q FY18/19 vs 2Q FY17/18) and (YTD FY18/19 vs YTD FY17/18)

	Group 01/10/18 to 31/12/18 S$'000	Group 01/10/17 to 31/12/17 S$'000	Increase / (Decrease) %	Group 01/07/18 to 31/12/18 S$'000	Group 01/07/17 to 31/12/17 S$'000	Increase / (Decrease) %
Gross revenue	**51,041**	**52,456**	**(2.7%)**	**103,063**	**105,437**	**(2.3%)**
Property expenses	(11,533)	(11,971)	(3.7%)	(23,119)	(23,582)	(2.0%)
Net property income	**39,508**	**40,485**	**(2.4%)**	**79,944**	**81,855**	**(2.3%)**
Non property expenses	(14,550)	(13,882)	4.8%	(28,802)	(29,438)	(2.2%)
Net income before tax	**24,958**	**26,603**	**(6.2%)**	**51,142**	**52,417**	**(2.4%)**
Change in fair value of derivative instruments	(5,573)	825	NM	(5,774)	2,250	NM
Foreign exchange gain/(loss)	328	(43)	NM	(64)	(210)	(69.5%)
Total return for the period before tax and distribution	**19,713**	**27,385**	**(28.0%)**	**45,304**	**54,457**	**(16.8%)**
Income tax	(860)	(824)	4.4%	(1,729)	(1,731)	(0.1%)
Total return for the period after tax, before distribution	**18,853**	**26,561**	**(29.0%)**	**43,575**	**52,726**	**(17.4%)**
Non-tax deductible/(chargeable) items and other adjustments	6,302	(881)	NM	7,793	(324)	NM
Income available for distribution	**25,155**	**25,680**	**(2.0%)**	**51,368**	**52,402**	**(2.0%)**
Income to be distributed to Unitholders	**24,648**	**25,520**	**(3.4%)**	**49,732**	**51,694**	**(3.8%)**

2Q FY18/19 vs 2Q FY17/18

Revenue for the Group in 2Q FY18/19 was S$51.0 million, representing a decrease of 2.7% over 2Q FY17/18. Net property income ("NPI") for the Group was S$39.5 million, representing a decrease of 2.4% over 2Q FY17/18. The decrease in NPI was largely due to lower contributions from the retail portfolio in Singapore and the depreciation of the A$ against S$, partially offset by higher contributions from the office portfolio in Singapore.

Singapore Properties contributed 62.0% of total revenue, or S$31.6 million in 2Q FY18/19, 3.6% lower than in 2Q FY17/18. NPI for 2Q FY18/19 was S$25.1 million, 2.3% lower than in 2Q FY17/18, mainly due to lower contributions from Wisma Atria Property (Retail), partially offset by higher contributions from the office portfolio, as well as lower operating expenses from Ngee Ann City Property (Office) and Wisma Atria Property (Retail).

Australia Properties contributed 22.3% of total revenue, or S$11.4 million in 2Q FY18/19, 1.6% lower than in 2Q FY17/18. NPI for 2Q FY18/19 was S$6.9 million, 5.9% lower than in 2Q FY17/18, mainly due to the depreciation of A$ against S$, as well as higher leasing and upkeep expenses from Myer Centre Adelaide (Office).

Malaysia Properties contributed 13.5% of total revenue, or S$6.9 million in 2Q FY18/19 as well as 2Q FY17/18. NPI for 2Q FY18/19 was S$6.7 million, same as 2Q FY17/18.

China and Japan Properties contributed 2.2% of total revenue, or S$1.1 million in 2Q FY18/19, 2.7% lower than in 2Q FY17/18. NPI for 2Q FY18/19 was S$0.9 million, 3.7% higher than in 2Q FY17/18, mainly due to lower operating expenses for China and Japan Properties.

Non property expenses were S$14.6 million in 2Q FY18/19, 4.8% higher than in 2Q FY17/18, mainly due to higher trust expenses during the current quarter, as well as higher interest costs incurred on the existing S$ term loans.

The change in fair value of derivative instruments in 2Q FY18/19 represents mainly the change in the fair value of interest rate swaps entered into for the Group's borrowings, as well as foreign exchange forward contracts.

The net foreign exchange gain in 2Q FY18/19 arose mainly from the foreign exchange differences on translation of foreign currency denominated transactions and monetary items, as well as realised foreign exchange differences from the settlement of forward contracts.

Income tax includes withholding tax, corporate tax and deferred tax provided for the overseas properties. The increase in income tax for 2Q FY18/19 was mainly attributed to higher withholding tax for the Malaysia Properties for the three months ended 31 December 2018.

Income available for distribution for 2Q FY18/19 was S$25.2 million, being 2.0% lower than the corresponding quarter. Income to be distributed to Unitholders was S$24.6 million, 3.4% lower than the corresponding quarter mainly due to lower NPI, higher finance costs and higher distributable income retained. Approximately S$0.5 million of income available for distribution for the three months ended 31 December 2018 has been retained for working capital requirements.

YTD FY18/19 vs YTD FY17/18

Group revenue of S$103.1 million in YTD FY18/19 was 2.3% lower than the S$105.4 million achieved in the corresponding period. NPI for the Group in YTD FY18/19 was S$79.9 million, representing a decrease of 2.3% over the corresponding period. The decrease in NPI was largely due to lower contributions from the retail portfolio in Singapore and the depreciation of the A$ against S$, partially offset by higher contributions from Ngee Ann City Property (Office).

Singapore Properties contributed 61.6% of total revenue, or S$63.5 million in YTD FY18/19, 2.5% lower than in the corresponding period. NPI decreased by 2.8% to S$50.3 million for YTD FY18/19, mainly due to lower contributions from Wisma Atria Property (Retail), partially offset by higher contributions from Ngee Ann City Property (Office).

Australia Properties contributed 22.7% of total revenue, or S$23.4 million in YTD FY18/19, 3.2% lower than in the corresponding period. NPI was S$14.4 million, 4.2% lower than in the corresponding period, mainly in line with the depreciation of A$ against S$, as well as higher leasing and upkeep expenses from Myer Centre Adelaide (Office).

Malaysia Properties contributed 13.5% of total revenue, or S$13.9 million in YTD FY18/19, 1.8% higher than in the corresponding period. NPI was S$13.4 million, 1.8% higher than in the corresponding period, mainly due to appreciation of RM against S$.

China and Japan Properties contributed 2.2% of total revenue, or S$2.3 million in YTD FY18/19, 6.9% lower than in the corresponding period. NPI was S$1.8 million, 5.5% lower than in the corresponding period, mainly due to one-off management fee income in relation to tenant's renovation works for the China Property recorded in the corresponding period, partially offset by lower operating expenses for China and Japan Properties.

Non property expenses were S$28.8 million in YTD FY18/19, 2.2% lower than in the corresponding period, mainly due to lower finance expenses.

The change in fair value of derivative instruments in YTD FY18/19 represents mainly the change in the fair value of interest rate swaps entered into for the Group's borrowings, as well as foreign exchange forward contracts.

The net foreign exchange loss in YTD FY18/19 arose mainly from the foreign exchange differences on translation of foreign currency denominated transactions and monetary items, as well as realised foreign exchange differences from the settlement of forward contracts.

Income tax includes withholding tax, corporate tax and deferred tax provided for the overseas properties.

Income available for distribution for YTD FY18/19 was S$51.4 million, being 2.0% lower than the corresponding period. Income to be distributed to Unitholders was S$49.7 million, 3.8% lower than the corresponding period mainly due to lower NPI and higher distributable income retained. Approximately S$1.6 million of income available for distribution for the six months ended 31 December 2018 has been retained for working capital requirements.

9 Variance between forecast and the actual results

The Trust has not disclosed any forecast to the market.

10 Commentary on the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

The World Bank has projected global growth to moderate from a downwardly revised 3.0% in 2018 to 2.9% in 2019 and 2.8% in 2020-21, as economic slack dissipates, monetary policy accommodation in advanced economies is removed, and global trade gradually slows[1].

Advance estimates showed that the Singapore economy grew by 2.2% year-on-year (y-o-y) in the fourth quarter of 2018, easing slightly from the 2.3% growth in 3Q 2018, as the services industries, which make up two-thirds of the economy, grew slower than the previous quarter[2]. Retail sales (excluding motor vehicles) declined 0.2% y-o-y in November 2018[3]. International visitor arrivals rose 6.6% y-o-y to 16.9 million for the first 11 months of 2018[4]. Tourism receipts of S$13.4 billion were flat y-o-y for 1H 2018 due to lower expenditure across some components[5]. While the retail sector continues to face headwinds due to cautious spending by consumers amid uncertain external environment[6] and islandwide retail space oversupply, prime shopping places are still valued[6]. In the absence of new mall completions in 3Q 2018, occupancy rates firmed across submarkets, with Orchard submarket seeing occupancy rates holding stable[7]. For the office sector, a steady increase in occupier interest for Grade B offices was observed given that the availability of Grade A space has tightened considerably[8].

In Australia, retail sales for South Australia grew by 3.4% y-o-y but eased by 0.3% for Western Australia for the 12 months to October 2018[9]. In Adelaide, vacancy is expected to increase slightly as space is added through the Rundle Plaza redevelopment and overall rents across all shopping centres have come under pressure[10]. Trading conditions for Perth central business district (CBD) retail improved as office vacancy declines on the back of improving white collar employment growth in the CBD and West Perth[10]. Adelaide CBD office vacancy rate declines to its lowest rate since 2014 on the back of defence, engineering and mining contracts being awarded recently[11]. The Group has long-term leases in Australia, with upmarket departmental store Myer Pty Ltd in Adelaide and David Jones Limited in Perth, contributing approximately 6.9% and 4.6% of its portfolio gross rents respectively as at 31 December 2018.

In Malaysia, retail sales in 2019 is projected to grow by a muted 4.5%[12], reflecting a slower economic outlook. With supply continuing to outstrip demand, lesser established and new shopping centres without high pre-committed take-up will continue to face challenges in the diluted retail market[13].

Starhill Global REIT has a portfolio of 10 mid- to high-end properties located at prime areas in six Asia-Pacific cities, where its core assets are mainly based in Singapore. Master leases and long-term leases contributed approximately 49.4% of the portfolio gross rent as at 31 December 2018. These include master leases for the Malaysia Properties which will expire in June 2019 and contributed approximately 14.1% of the portfolio gross rent as at 31 December 2018. The Manager is evaluating the master tenancy renewal proposal for Starhill Global REIT's Malaysia Properties, which includes an asset enhancement initiative for Starhill Gallery.

The impact of the volatility in foreign currencies on its distributions has been partially mitigated by foreign currency denominated borrowings as a natural hedge, and short-term foreign currency forward contracts, where appropriate.

The Malaysian government has recently introduced a new Earning Stripping Rule (ESR) with effect from 1 January 2019, aimed at limiting an entity's tax deductibility of related party interest expenses. As the ESR guidelines have not been issued, it is still uncertain whether the ESR will apply to Starhill Global REIT's investment structure in Malaysia. Based on preliminary assessment and certain assumptions, the potential impact of ESR, if applicable, is not expected to have a material impact on the distributable income of Starhill Global REIT. The Manager is waiting for the issuance of the final ESR guidelines for further details and clarification.

Sources

1. World Bank Group, Global Economic Prospects: Darkening Skies, January 2019
2. Ministry of Trade and Industry Singapore, Singapore's GDP Grew by 2.2 Per Cent in the Fourth Quarter of 2018, 2 January 2019
3. Singapore Department of Statistics, Retail Sales Index, Food and Beverage Services Index, November 2018, 11 January 2019
4. Singapore Tourism Board, International Visitor Arrivals Statistics, 26 December 2018
5. Singapore Tourism Board, Tourism Sector Performance, Q2 2018, 9 November 2018
6. Knight Frank, Singapore Retail Market, Q3 2018
7. Jones Lang LaSalle, Asia Pacific Property Digest, Q3 2018
8. CBRE Research, Singapore MarketView, Q3 2018
9. Australian Bureau of Statistics, Australia Retail Trade October 2018, 6 December 2018
10. Colliers International, Australia Retail, Second Half 2018
11. Savills Research, Adelaide CBD Office Briefing, September 2018
12. The Edge Markets, Retail Group Malaysia ups nation's retail sales growth forecast, 28 November 2018
13. Knight Frank Research, Malaysia Real Estate Highlights, Second Half 2018

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: Distribution to Unitholders for the period from 1 October 2018 to 31 December 2018 ("Unitholders' Distribution")

Distribution rate:

	Unitholders' Distribution
	For the period from 1 October 2018 to 31 December 2018
	Cents
Taxable income component	0.8600
Tax-exempt income component	0.1100
Capital component	0.1600
Total	**1.1300**

Par value of units: Not applicable

Tax rate:

Taxable income component
Taxable income distributions are made out of the Trust's taxable income. Unitholders receiving such distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through partnership or as trading assets).

Tax-exempt component
Tax-exempt income component is exempt from tax in the hands of all Unitholders.

Capital component
The capital component of the distribution represents a return of capital to Unitholders for tax purposes and is therefore not subject to income tax. For Unitholders who hold the units as trading assets, the amount of capital distribution will be applied to reduce the cost base of their units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the units.

(b) Corresponding period of the immediately preceding financial period

Any distributions declared for the previous corresponding financial period:	Yes
Name of distribution:	Distribution to Unitholders for the period from 1 October 2017 to 31 December 2017 ("Unitholders' Distribution")

Distribution rate:

	Unitholders' Distribution
	For the period from 1 October 2017 to 31 December 2017
	Cents
Taxable income component	0.8800
Tax-exempt income component	0.1400
Capital component	0.1500
Total	**1.1700**

Par value of units: Not applicable

Tax rate:

Taxable income component
Taxable income distributions are made out of the Trust's taxable income. Unitholders receiving such distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through partnership or as trading assets).

Tax-exempt component
Tax-exempt income component is exempt from tax in the hands of all Unitholders.

Capital component
The capital component of the distribution represents a return of capital to Unitholders for tax purposes and is therefore not subject to income tax. For Unitholders who hold the units as trading assets, the amount of capital distribution will be applied to reduce the cost base of their units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the units.

(c) Date payable: 28 February 2019

(d) Books Closure Date: 8 February 2019

12 If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

13 General mandate for interested person transactions

Starhill Global REIT has not obtained a Unitholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual.

14 Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual

The Board of Directors confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX-ST Listing Manual.

15 Certification pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Starhill Global REIT for the quarter ended 31 December 2018:

1. Starhill Global REIT will declare a distribution ("Distribution") in excess of its profits (defined as the total return for the period after tax before distribution for the purpose of this certification). The excess is mainly a result of differences between Financial Reporting Standards and income tax rules, applied to certain items reported in the statement of total return (see details in the distribution statement in section 1(a));

2. The Manager is satisfied on reasonable grounds that, immediately after making the Distribution, Starhill Global REIT will be able to fulfil from its deposited property, its liabilities as and when they fall due.

Starhill Global REIT's distribution policy is to distribute at least 90% of its taxable income to its Unitholders, with the actual level of distribution to be determined at the discretion of the Manager.

16 Directors' confirmation

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and Trust as at 31 December 2018 (comprising the balance sheets as at 31 December 2018, the statements of total return and distribution, the cash flow statements and statements of changes in Unitholders' funds for the three months ended on that date, together with their accompanying notes) to be false or misleading in any material respect.

On behalf of the Board

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Chairman	Ho Sing Chief Executive Officer/Director

This release 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 and foreign exchange 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, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

BY ORDER OF THE BOARD
YTL STARHILL GLOBAL REIT MANAGEMENT LIMITED
AS MANAGER OF STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST

Lam Chee Kin
Joint Company Secretary
29 January 2019