ANNUAL REPORT
FY 2017/18

PRIMING FOR THE FUTURE

STARHILL GLOBAL REIT

STARHILL GLOBAL REIT

Our Vision

To be the most valued real estate investment trust in Singapore, which is committed to delivering long-term superior returns to our Unitholders.

Our Mission

To create and deliver superior returns to our investors through growth and value creation in our assets, products and services, unconstrained by boundary and reach.

To be the landlord of choice for our tenants and shoppers and be committed in our delivery of quality products and services.

To be a forward-thinking real estate company with strong management expertise and provide fulfilment for our people.

Our Values

The values to which we aspire can be summarised under six principles:

- **Integrity**
- **Client Commitment**
- **Strive for Profitability**
- **Fulfilment for our People**
- **Teamwork**
- **Highest Standards**

Starhill Global REIT is a Singapore-based real estate investment trust investing primarily in real estate used for retail and office purposes, both in Singapore and overseas. Since its listing on the Mainboard of the Singapore Exchange Securities Trading Limited on 20 September 2005, Starhill Global REIT has grown its initial portfolio from interests in two landmark properties on Orchard Road in Singapore to 10 properties in Singapore, Australia, Malaysia, China and Japan, valued at about S$3,118.3 million as at 30 June 2018.

These comprise interests in Wisma Atria and Ngee Ann City on Orchard Road in Singapore; Myer Centre Adelaide, David Jones Building and Plaza Arcade in Adelaide and Perth, Australia; Starhill Gallery and Lot 10 Property in Kuala Lumpur, Malaysia; a retail property in Chengdu, China, and two properties in Tokyo, Japan. Starhill Global REIT remains focused on sourcing attractive property assets in Singapore and overseas, while driving organic growth from its existing portfolio through proactive leasing efforts and creative asset enhancements.

Starhill Global REIT is managed by an external manager, YTL Starhill Global REIT Management Limited. The Manager is a wholly-owned subsidiary of YTL Starhill Global REIT Management Holdings Pte. Ltd. which is in turn an indirect subsidiary of YTL Corporation Berhad.

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Starhill Global REIT continues to prime for the future through strategic asset enhancement initiatives and by pursuing opportunities to deliver sustainable value to our Unitholders.

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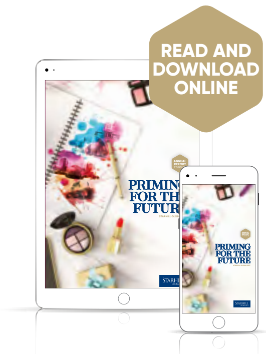


ONLINE ANNUAL REPORT
www.starhillglobalreit.com/ir_ar.html
– PDF of Annual Report FY 2017/18

Our Strategy

Starhill Global REIT remains focused on sourcing attractive property assets in Singapore and overseas, while driving organic growth from its existing portfolio through proactive leasing efforts and creative asset enhancements, and maintaining a prudent capital management approach.

01.

Active Asset Management

- Balance of master tenancies and long-term leases, coupled with actively managed short- to medium-term tenancies for income stability with potential rental upside
- Driving organic growth from existing portfolio through proactive leasing efforts
- Focusing on established mid- to high-end retail tenant base and optimising tenant mix
- Unlocking value through creative asset enhancements
- Maintaining healthy and sustainable occupancy rates through economic cycles

02.

Acquisition Growth

- Investment portfolio primarily comprising prime real estate used mainly for retail and/or office purposes with strong fundamentals and strategic locations
- Long-term yield accretive investments made in Singapore and overseas markets

03.

Capital Management

- Managing capital to optimise Unitholders' returns with a mix of available capital sources
- Employing appropriate interest rate and foreign exchange risk management strategies

Financial Highlights

Note:
[1] Based on commenced leases as at 30 June 2018.

UPHOLDING OUR CORE VALUES

We continue to deliver sustainable long-term value to our Unitholders through a quality portfolio backed by a strong sponsor and sound financial management.

QUALITY PORTFOLIO

PRIME LOCATIONS
Core markets are
Singapore, Australia & Malaysia

RETAIL PORTFOLIO OCCUPANCY[1]
as at 30 Jun 2018
97.9%

WEIGHTED AVERAGE LEASE EXPIRY[1][2]
as at 30 Jun 2018
6.0 years
by NLA
4.4 years
by gross rent

MASTER AND LONG-TERM LEASES
as at 30 Jun 2018
49.1%
by gross rent

SOUND FINANCIAL MANAGEMENT

WEIGHTED AVERAGE DEBT MATURITY
as at 30 Jun 2018
3.5 years

FIXED/HEDGED DEBT RATIO
as at 30 Jun 2018
96%

HEALTHY FINANCIAL GEARING
as at 30 Jun 2018
35.5%

CORPORATE RATING OF
BBB+
by S&P

STRONG SPONSOR

YTL CORPORATION COMBINED MARKET CAPITALISATION
as at 30 Jun 2018
US$5.6B
with its listed entities in Malaysia

Notes:
[1] Based on commenced leases as at 30 June 2018.
[2] Excludes tenants' option to pre-terminate or renew its existing lease.

REVITALISING OUR ASSETS

We strategically redevelop and rejuvenate our properties to stay ahead of market trends and changing consumer preferences.


Completed | Ongoing | Coming Soon
STARHILL GLOBAL REIT
Welcome to Our Portfolio
UPDATES!
Rejuvenated
LOT 10 PROPERTY >
Kuala Lumpur, Malaysia
A dynamic, fashion-forward destination, the mall enjoys improved accessibility with the opening of a new MRT station on its doorstep.
Completed
Repositioned
CHINA PROPERTY >
Chengdu, China
Successfully repositioned with stable income stream from a single long-term tenancy.
Completed
New Facelift
PLAZA ARCADE >
Perth, Australia
Anchor tenant UNIQLO opened its first store in Perth following Plaza Arcade's redevelopment.
Completed
Ongoing
Assessing new opportunities to enhance assets.
Lot 10
STARHILL GALLERY

EMPOWERING OUR FUTURE

We build a foundation for our future with new growth opportunities aligned with economic and industry trends.

Prime Locations

GROWTH OPPORTUNITIES

New MRT stations near our Singapore & Malaysia assets.

Core Markets

SINGAPORE, AUSTRALIA & MALAYSIA

EXCITING DEVELOPMENTS

Tourist arrivals in Singapore remain healthy.

Plans to remake Orchard Road will bring vibrancy to the precinct.

Improved accessibility, greater footfall in Orchard Road with new MRT line.

Global Brands

ANTICIPATING CONSUMER TRENDS

UNIQLO's first store in Perth meets shoppers' demand for new offerings.

Our prime locations are sought after by international brands.

Our Geographical Reach

Starhill Global REIT's portfolio comprises 10 mid- to high-end properties (mainly retail assets) in six Asia-Pacific cities.

NUMBER OF PROPERTIES
10

ASIA-PACIFIC CITIES
6

RETAIL AND OFFICE SPACE
2.21M SQ FT

STARHILL GLOBAL REIT'S INVESTMENT PROPERTIES
S$**3,118.3**M

2 SINGAPORE
3 AUSTRALIA
2 MALAYSIA
2 JAPAN
1 CHINA

BY ASSET VALUE

SINGAPORE

S$**2,147.0**M

BY GROSS REVENUE

Wisma Atria Property
84.4% Retail 15.6% Office

Ngee Ann City Property
79.4% Retail 20.6% Office

AUSTRALIA

S$**516.9**M

BY GROSS REVENUE

Myer Centre Adelaide
ADELAIDE
96.5% Retail 3.5% Office

David Jones Building & Plaza Arcade
PERTH
100% Retail

MALAYSIA

S$**367.4**M

BY GROSS REVENUE

Starhill Gallery[1]
KUALA LUMPUR
100% Retail

Lot 10 Property[1]
KUALA LUMPUR
100% Retail

JAPAN

S$**57.2**M

BY GROSS REVENUE

Ebisu Fort[1]
TOKYO
100% Retail

Daikanyama[1]
TOKYO
100% Retail

CHINA

S$**29.8**M

BY GROSS REVENUE

China Property
CHENGDU
100% Retail

Retail
Office

Note:
[1] Largely retail with a small office component.

Our Business in Brief

Singapore, Australia and Malaysia contributed 97.7% of FY 2017/18 revenue.

Total Revenue Contribution (FY 2017/18)

Sub-segment

Singapore

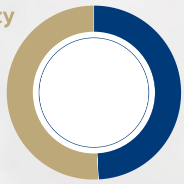
Centrally located in the prime stretch of Orchard Road, with excellent connectivity to transportation hubs.

Contribution to Total Revenue by %:

62.1%

REVENUE

S$129.7M



Wisma Atria Property

The Wisma Atria Property comprises 257 strata lots representing 74.23% of the total share value of strata lots in Wisma Atria. These strata lots represent retail areas (excluding the space owned by Isetan and common area property) and the office tower.

Ngee Ann City Property

Located on the prime stretch of bustling Orchard Road, Ngee Ann City is easily accessible to locals and tourists. It enjoys connectivity to Orchard MRT Station through the underground pedestrian linkway to Wisma Atria and other parts of Orchard Road through the underpasses.

Read more on **pages 34 – 39**

Australia

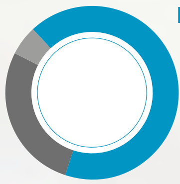
Located in the prime retail district and pedestrian streets in Adelaide and Perth city centres.

Contribution to Total Revenue by %:

22.3%

REVENUE

S$46.4M



Myer Centre Adelaide, Adelaide

An eight-storey retail centre with four basement levels, and office component which includes a six-storey office tower and two heritage buildings. It is located along the premier and iconic Rundle Mall in Adelaide's city centre.

David Jones Building and Plaza Arcade, Perth

The Perth Properties, David Jones Building and Plaza Arcade, are adjacent properties located in Perth's city centre. Both enjoy dual frontage to the bustling Murray Street Mall and Hay Street Mall, the only two retail pedestrian streets in the city. After redevelopment, Plaza Arcade has a revamped facade and additional retail area to accommodate new anchor tenant UNIQLO.

Read more on **pages 40 – 45**

Malaysia

Starhill Gallery and Lot 10 Property are strategically situated in the vibrant Bukit Bintang district, which is one of Kuala Lumpur's premier shopping districts and home to many prestigious international hotels, prime office buildings and shopping complexes.

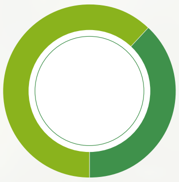
Contribution to Total Revenue by %:

13.3%

REVENUE

S$27.9M

Starhill Gallery 62.0%



Lot 10 Property 38.0%

Starhill Gallery

Shopping centre comprising part of a seven-storey building with five basements and a 12-storey annex building with three basements.

Lot 10 Property

Eight-storey building with a basement and lower ground floor for retail use and a seven storey annex building (excluding the space owned by Isetan).

Read more on **pages 46 – 49**

Others

– Japan and China

The two Japan assets are located in Tokyo — within walking distance to the subway stations, whilst the China Property is located in Chengdu.

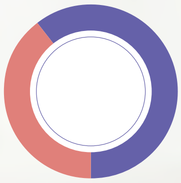
Contribution to Total Revenue by %:

2.3%

REVENUE

S$4.8M

China 39.3%



Japan 60.7%

Ebisu Fort, Tokyo

A seven-storey building (with two basement levels) located in Ebisu area (Shibuya Ward), Tokyo, opposite Yebisu Garden Place and a seven-minute walk from Ebisu train station.

Daikanyama, Tokyo

A three-storey building (with one basement level) for retail and office use, located just three minutes from the Daikanyama station.

China Property, Chengdu

Situated on the Second Ring Road, it is near high-end residences, offices and the US Consulate in Chengdu. The Nijiaqiao MRT Station is located in front of the property and provides convenient access.

Read more on **pages 50 – 51**

Key Figures for 5 Years

GROSS REVENUE
FY 2017/18

S$208.8M

FY		S$M
13		200.6
14/15	S$195.1M	294.8[1]
15/16		219.7
16/17		216.4
17/18		**208.8**

DISTRIBUTION PER UNIT
FY 2017/18

4.55¢

FY		¢
13		5.00
14/15	5.05¢	7.60[1]
15/16		5.18
16/17		4.92
17/18		**4.55**

NET PROPERTY INCOME
FY 2017/18

S$162.2M

FY		S$M
13		157.9
14/15	S$157.4M	237.6[1]
15/16		170.3
16/17		166.9
17/18		**162.2**

TOTAL ASSETS
As at 30 Jun 2018

S$3,191.5M

	S$M
Dec 13	2,943.2
Jun 15	3,193.4
Jun 16	3,222.2
Jun 17	3,219.4
Jun 18	**3,191.5**

INCOME AVAILABLE FOR DISTRIBUTION
FY 2017/18

S$103.1M

FY		S$M
13		110.9
14/15	S$113.7M	171.6[1]
15/16		116.5
16/17		110.4
17/18		**103.1**

OCCUPANCY RATE
As at 30 Jun 2018

94.2%[2]

	%
Dec 13	99.4
Jun 15	98.2
Jun 16	95.1
Jun 17	95.5
Jun 18	**94.2**[2]

Notes:

(1) Includes additional six months from January 2015 to June 2015 for FY 2014/15 (18 months ended 30 June 2015).

(2) Based on commenced leases as at 30 June 2018. For prior years, the reported occupancy rates were based on committed leases, which include leases that have been contracted but have not commenced as at the reporting date.

Financial Summary

STATEMENT OF TOTAL RETURN AND DISTRIBUTION FOR THE YEAR:	FY 2017/18	FY 2016/17	Change (%)
Gross Revenue (S$ million)	**S$208.8**	S$216.4	(3.5%)
Net Property Income (S$ million)	**S$162.2**	S$166.9	(2.8%)
Income Available for Distribution[1] (S$ million)	**S$103.1**	S$110.4	(6.6%)
Income to be Distributed to Unitholders (S$ million)	**S$99.2**	S$107.3	(7.5%)
Distribution Per Unit (DPU)[2]	**4.55 cents**	4.92 cents	(7.5%)
Distribution Yield[3]	**7.05% (S$0.645)[4]**	6.31% (S$0.780)[4]	NM
Total Return	**(12.0%)**	6.0%	NM

Notes:
[1] Approximately S$3.9 million (FY 2016/17: S$3.1 million) of income available for distribution for FY 2017/18 has been retained for working capital requirements.
[2] The computation of DPU for FY 2017/18 and FY 2016/17 was based on number of units entitled to distributions comprising 2,181,204,435 units in issue.
[3] Based on actual DPU of 4.55 cents (FY 2016/17: 4.92 cents) for FY 2017/18.
[4] Based on the closing unit price for the financial year.

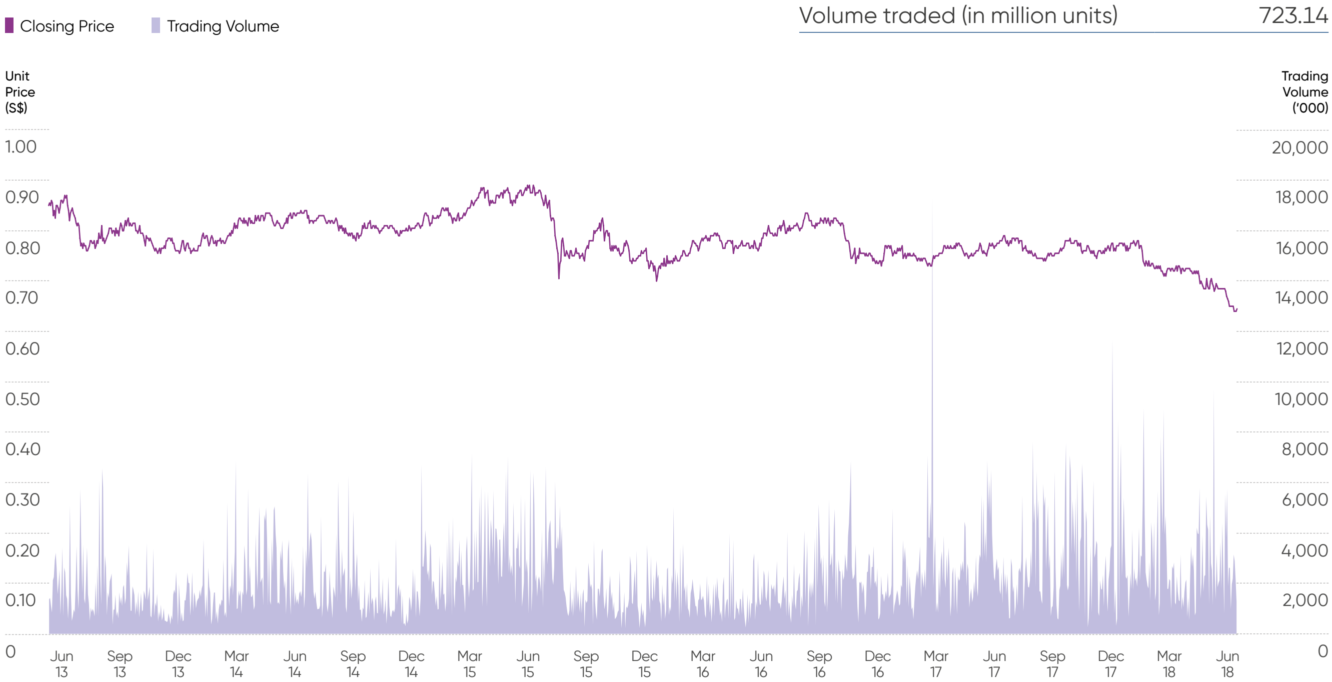
BALANCE SHEET AS AT	30 Jun 2018	30 Jun 2017	Change (%)
Net Asset Value Per Unit	**S$0.91**	S$0.92	(1.1%)
Total Assets (S$ million)	**S$3,191.5**	S$3,219.4	(0.9%)
Investment Properties			
– Number of Properties	**10[1]**	11	
– Valuation (S$ million)	**S$3,118.3**	S$3,136.3	(0.6%)
Gearing	**35.5%**	35.3%	NM

Note:
[1] Number of properties excluded Nakameguro Place divested on 8 May 2018.

STARHILL GLOBAL REIT'S UNIT PRICE & DAILY TRADED VOLUME

(1 Jul 2013 – 30 Jun 2018)

From 1 Jul 2017 to 30 Jun 2018	
Opening price (1 Jul 2017)	S$0.780
Closing price (30 Jun 2018)	S$0.645
High (6 & 7 Jul 2017)	S$0.790
Low (26, 27 & 28 Jun 2018)	S$0.640
Volume traded (in million units)	723.14



Source: Bloomberg

Letter to Unitholders

The performance of Starhill Global REIT's portfolio has been supported by the quality assets that it owns and income stability from master leases and long-term leases. We have successfully executed our innovative asset enhancements over the years, with three of them being completed this financial year. More such initiatives will be rolled out with the aim of transforming our current portfolio to be future-ready.

Mr Ho Sing
Chief Executive Officer
& Executive Director

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
Chairman

Dear Unitholders,

We are pleased to present the annual report of Starhill Global REIT (SGREIT) for the financial year ended 30 June 2018 (FY 2017/18). SGREIT Group's operational performance was stable despite income disruption from asset redevelopment works, and our financial position remains strong.

Revenue for SGREIT Group in FY 2017/18 eased 3.5% over the previous financial year ended 30 June 2017 (FY 2016/17) to S$208.8 million. Net property income (NPI) for SGREIT Group in FY 2017/18 inched down 2.8% over FY 2016/17 to S$162.2 million. Excluding the one-off rental compensation for a retail lease at Wisma Atria Property recorded in FY 2016/17, revenue and NPI for SGREIT Group would be 2.6% and 1.7% lower respectively. SGREIT Group benefited from the rent review for the David Jones lease in Perth and lower operating expenses for the China Property. NPI for the Malaysia Properties increased on the back of a strong Malaysian Ringgit but this was offset by lower contributions from the office portfolio and Myer Centre Adelaide, as well as a disruption in income due to asset redevelopment works at Plaza Arcade.

Distribution Per Unit (DPU) for FY 2017/18 was 4.55 cents, representing a 7.5% decline over the previous financial year. This was mainly due to lower NPI including the effects of straight-lining rent adjustments, higher withholding taxes in Malaysia and higher income retention. This translates to a yield of 7.05% based on the closing price of S$0.645 per unit as at 30 June 2018.

Notwithstanding the above, the performance of the portfolio was supported by quality assets and income stability from master leases and long-term leases. SGREIT Group's investment properties have been assessed at S$3,118.3 million as at 30 June 2018 (2017: S$3,136.3 million), with the aggregate value remaining stable over the last valuation exercise in June 2017.

Macroeconomic Environment is Improving Gradually

A recovery in tourist arrivals has helped boost the Singapore retail sector. Retail sales (excluding motor vehicles) inched up 0.2%[1] yoy in June 2018 while tourist arrivals improved 6% to 17.4 million in 2017[2]. Rents declined by 4.7% in 2017[3], and island-wide retail mall vacancy rate hovers around 7%[4]. The sector will need to contend with 1.2 million sq ft of new retail supply in 2018, compared to the 1.1 million sq ft completed in 2017. From 2019 to 2021, an additional 1.2 million sq ft of new retail supply is expected to enter the market[5]. High retail supply, a tight labour market and competition from e-commerce have resulted in retailers becoming more cautious on their expansion plans.

In the office sector, our Singapore office portfolio saw a rise in vacancies to about 16.5% as at 30 September 2017, partly due to a consolidation of the Singapore operations of oil and gas companies amidst an industry downturn. However, the take-up rate for Grade A office space in the Central Business District (CBD) has been encouraging, driven by new demand from technology companies and co-working operators, and returning demand from financial institutions.

Performance Review

Despite the macroeconomic challenges, SGREIT retained a resilient portfolio occupancy of 94.2%[6]. Singapore remains the largest core market contributing 62.1% of total revenue in FY 2017/18. NPI eased 3.7% over FY 2016/17 to S$103.0 million mainly due to the one-off rental compensation in FY 2016/17 and a weak office market. We have seen an uptick in occupancies, with committed occupancy for our Singapore offices rising to 95.0%[7] as at 30 June 2018 from the low of 83.5% as at 30 September 2017[7]. Riding the gradually improving retail sector, our Singapore retail portfolio has been relatively resilient with high occupancy of 98.7%[6] as at 30 June 2018 and an 0.8% NPI increase excluding previous financial year's one-off rental compensation.

Australia is the second largest income generator for SGREIT at 22.3% of total revenue in FY 2017/18. The portfolio's performance decline was largely due to lower revenue from Myer Centre Adelaide attributed to office vacancies and allowance for rent arrears and rebates, the temporary loss of income resulting from asset redevelopment works at Plaza Arcade as well as weakening of the Australian dollar against the Singapore dollar. Occupancy for the Australia portfolio was lower at 88.8%[6] as at 30 June 2018 (30 June 2017: 91.1%[7]), mainly due to the office vacancies for Myer Centre Adelaide amidst a city-wide soft office market. Nonetheless, the Adelaide office asset contributes only 2.3% of the Australia portfolio's revenue for FY 2017/18. Overall, the Australia portfolio continues to be supported by the long-term leases with David Jones Limited and Myer Pty Ltd, as well as the assets' prime city locations.

For Malaysia, the portfolio's contribution to revenue for FY 2017/18 was supported by the master leases, which provide a stable income stream. NPI from Malaysia was up 1.9% due to the stronger Malaysian Ringgit.

Remaking of the Assets

We successfully completed asset refurbishments of our assets in Australia, Malaysia and China during the financial year.

In Perth, Australia, redevelopment work at Plaza Arcade was completed and new anchor tenant UNIQLO opened its first store in the city centre. The shopping scene of downtown Perth is being gradually transformed with the influx of international retailers including UNIQLO and upgrades to various malls in the city. Following the completion of asset redevelopment work at Plaza Arcade, we will be reviewing the tenant mix for the rest of the asset.

Notes:

(1) Singapore Department of Statistics, Retail Sales Index, Food and Beverage Services Index June 2018, 10 August 2018.
(2) Singapore Tourism Board, Tourism Sector Performance, Q4 2017 Report.
(3) Urban Redevelopment Authority, Release of 4th Quarter 2017 real estate statistics, 26 January 2018.
(4) Urban Redevelopment Authority, Release of 2nd Quarter 2018 real estate statistics, 27 July 2018.
(5) CBRE Research, Singapore Real Estate Research Service Q1 2018.
(6) Based on commenced leases as at 30 June 2018.
(7) Based on commmitted leases as at reporting date.

Letter to Unitholders

In Malaysia, we have increased the appeal of Lot 10 Property in Kuala Lumpur to Generation Y and millennial shoppers upon the completion of RM20 million renovation works to uplift the shopper experience and the mall's external façade. The mall will also benefit from improved accessibility and higher foot traffic from the new Bukit Bintang MRT Station located directly outside, as well as the opening of the second phase of the new Sungai Buloh-Kajang MRT Line.

In Japan, we have divested Nakameguro Place for JPY525 million at a 25.0% premium to its latest valuation. The sale marks the fifth divestment in Japan over the past five years and is part of our ongoing strategy to refine the portfolio.

At the China Property, one of China's largest furniture retailers, Markor International Home Furnishings Co., Ltd, is the new sole tenant. The long-term fixed lease tenancy with periodic rent step-ups provides income stability for the asset.

What's Next

The retail industry globally is experiencing structural changes as a result of changing consumer preferences, the rise of e-commerce and new Just-In-Time manufacturing processes. Whilst these present challenges to many incumbents, we believe there are new opportunities for innovative and forward-thinking landlords. Retail space has been redefined, evolving from being a distribution channel into a thematic, engaging and experiential environment that has renewed appeal to shoppers, particularly millennials.

Over the years, we have constantly reinvigorated our portfolio to adapt to industry changes. Innovative asset enhancements have included reconfiguring shop facades to attract new to market international retailers to Wisma Atria Property in Singapore in 2013, which resulted in a positive rental reversion of 8.1%. In 2015, the repositioning of Plaza Arcade in Perth in anticipation of future demand from international retailers has proven an astute move with UNIQLO since coming on board as an anchor tenant.

Industry trends continue to change and will impact the way we do business now and in the future. Over the past five years, we have tested new concepts and started feasibility studies at selected malls such as Lot 10. We plan to implement more initiatives and ensure our portfolio is ready for the new retailing future. We are looking to enhance Starhill Gallery in Kuala Lumpur to leverage on the revival of Bukit Bintang area since the opening of the new MRT station. In Singapore, we are evaluating opportunities to tap on the expected opening of the new Orchard MRT Station on the Thomson-East Coast Line in 2021.

Proactive Capital Management

SGREIT has maintained its strong financial position with a consistent, disciplined and proactive capital management approach. Gearing has remained stable at 35.5% as at 30 June 2018. These have been recognised with a "BBB+" corporate rating by Standard & Poor's Corporate Ratings. In FY 2017/18, SGREIT early refinanced approximately S$603 million or 53.0% of its borrowings, with an enlarged pool of existing and new lenders, resulting in an average debt maturity of 3.5 years as at 30 June 2018. In July 2018, SGREIT also refinanced its A$63 million term loan with the same bank ahead of its maturity in June 2019, thereby extending the average debt maturity to approximately 3.8 years with no refinancing requirements until September 2019.

With approximately 38% of total revenue for FY 2017/18 in foreign currencies, SGREIT actively hedges its exposure using foreign currency denominated borrowings (natural hedge) and short-term foreign exchange forward contracts. Interest rate exposures are hedged by a combination of fixed rate debt, interest rate swaps as well as interest rate caps. Following the purchase of new interest rate swaps that replaced those maturing in 2018, approximately 96% of SGREIT's interest rate exposure is hedged as at 30 June 2018.

Looking Ahead

After a healthy performance in 2018, the global economy is expected to decelerate over the next two years due to trade tensions and rising interest rates. This economic slowdown could waver consumer confidence and affect the global retail industry. The Singapore retail sector will continue to be challenged by manpower constraints, oversupply of retail space and competition from e-commerce. We will take this opportunity at this stage in the retail cycle to rebalance our assets and be ready to capitalise on the next upturn. In the meantime, we have also been seeking new opportunities both in and outside Singapore. The quality of our assets, which are mainly in prime locations, and our niche positioning have and will continue to differentiate us from our competition and place us in a good position to ride through economic and industry cycles.

Acknowledgements

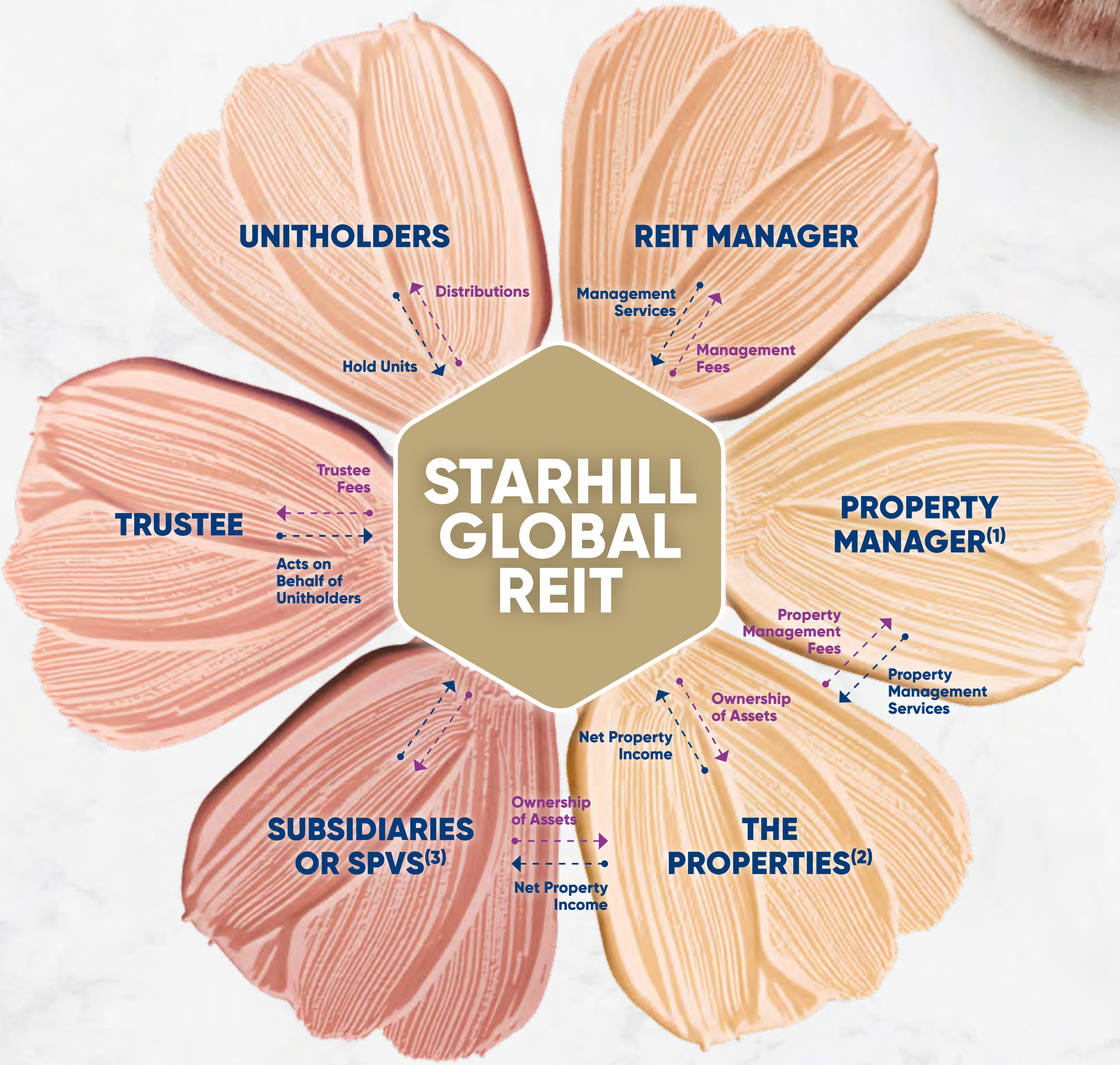
The Board and Management would like to thank our Directors for their invaluable contributions and guidance, our colleagues for their hard work and dedication, and our tenants, business partners and investors for their continued trust and support. We would also like to thank you, our Unitholders, for your support and confidence in SGREIT since listing. We would like to express our gratitude to Mr Lim Kok Hoong, who has recently stepped down from the Board. We would also like to take the opportunity to welcome Mr Tan Bong Lin to the Board.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
PSM, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP
Chairman

Mr Ho Sing
Chief Executive Officer
& Executive Director

29 August 2018

Trust Structure



Notes:

(1) The Property Manager manages the Singapore Properties, namely Wisma Atria Property and Ngee Ann City Property. The overseas properties are mainly managed by external property managers.

(2) The Singapore Properties are held by Starhill Global REIT. The overseas properties are held through its subsidiaries or special purpose vehicles (SPVs).

(3) The net income from overseas properties are largely repatriated to Starhill Global REIT via a combination of trust distributions, dividends, interest, as well as repayment of shareholders' loans and/or redemption of redeemable preference shares.

Significant Events in FY 2017/18

2017

LAUNCH!

SOURCE:
www.9tro.com

AUGUST 2017

The first-ever Lexus LC in Singapore was launched at Wisma Atria, demonstrating the brand's new tagline, "Experience Amazing". Guests were able to create their own unique scent at a scent curation corner and soak in the emotive colours of the Lexus LC via an edible art installation.

Wisma Atria hosted the first of Noise Singapore 2017's anchor programmes, *Noise x BOD: 52 Tales*, that celebrated Singapore's 52 years of nation building through the power of stories. An initiative by the National Arts Council, presented by Noise Singapore and local illustrative collective The Band of Doodlers, the mentorship programme was launched by guest-of-honour Minister for Culture, Community and Youth, Ms Grace Fu.

TAG Heuer global brand ambassadors Patrick Dempsey and Max Verstappen kicked off the new Heuer Globetrotter initiative in a closed-door, media-only event at the Wisma Atria boutique.

SOURCE:
TAG Heuer

OCTOBER 2017

Wisma Atria was the venue sponsor for the Estee Lauder Breast Cancer Awareness Exhibition.

SEPTEMBER 2017

A four-year S$200 million unsecured loan facility and a five-year S$260 million unsecured loan facility granted under the facility agreement dated 24 July 2017 were drawn down in full by Starhill Global REIT. The new loans were used to refinance the existing outstanding five-year S$200 million and three-year S$250 million unsecured term loans ahead of their maturities, with the balance S$10 million to be used for working capital requirements.

2018

LAUNCH!

SOURCE:
Mark Ong, SBTG

FEBRUARY 2018

Singaporean pop band The Sam Willows and influencer Mae Tan were guests at the launch of the G-SHOCK x SBTG DW-5600 watch and capsule collection comprising an aloha shirt, a cap and a skate deck. Mr Sabotage (Mark Ong) of SBTG, who created the watch, and Mr Teppei Takahashi, assistant general manager of Timepiece Division at Casio Singapore, were also present. A special pop-up store constructed for the launch was the launchpad for the G-SHOCK ORIGINS campaign that will run throughout 2018 to celebrate the DW-5600 watch model.

SOURCE:
Benson Yow,
JCC volunteer, Japan Creative Centre

Japanese culinary expert and cookbook author Reiko Yamada made an appearance at an onigiri contest held at Wisma Atria, in conjunction with various food & beverage establishments serving a variety of yummy Japanese food, sweets and sake. Special prizes were awarded to the top three most creative onigiri, witnessed by the Ambassador of Japan to Singapore Kenji Shinoda.

LOT 10
kicked off a new series of events - #Lot10Wanderlust – in line with the mall's new hip tagline
meet.play.#loveLot10
which is designed to position the mall as a social destination filled with fun, creative and youthful experiences.

APRIL 2018
Lot 10 hosted its inaugural Pasar Sari, a homegrown artisan market showcasing a selection of locally-sourced and produced goods.

Lot 10 hosted its first-ever Open Forum, kicking off with #GirlBoss Talks featuring influential women entrepreneurs who shared their experiences starting out and thriving in the fashion and beauty industry.

Lot 10's newest e-gaming tenant The Geek Arena staged its inaugural e-sport match featuring a duel between the KL Hunters and Geek Fam.

SOURCE:
Ashley Mak

Celebrity YouTuber Jenn Im made a guest appearance at ETUDE HOUSE's flagship store in Wisma Atria as part of the store's opening celebrations following its renovations. She shared about her favourite ETUDE HOUSE products and met with more than 200 fans.

MAY 2018

NAKAMEGURO PLACE
in Tokyo, Japan, was divested on 8 May 2018 for JPY525.0 million, at a 25.0% premium to its latest valuation.

This was the fifth divestment in Japan since 2013 and part of the Manager's ongoing strategy to refine the portfolio.

JUNE 2018
Starhill Gallery hosted "The Art of Muay Thai" on the Bintang Steps in collaboration with popular mixed martial arts gym Monarchy MMA. The outdoor training session is an intense self-defence training inspired by the art of Thai boxing and is free for the public.

WISMA ATRIA
attracted shopper traffic of
23.4M
in FY 2017/18

Starhill Global REIT's property portfolio was valued at approximately
S$**3.12**B
as at 30 Jun 2018

Board of Directors

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping

Non-Executive Chairman

Tan Sri Dato' (Dr) Francis Yeoh joined the Board on 31 December 2008. Tan Sri Francis studied at Kingston University in the United Kingdom, where he obtained a Bachelor of Science (Hons) Degree in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. In July 2014, Tan Sri Francis was conferred an Honorary Degree of Doctor of Laws from the University of Nottingham. He became the Managing Director of YTL Corp Group in 1988, which under his stewardship, has grown from a single listed company into a global integrated infrastructure developer, encompassing multiple listed entities, i.e. YTL Corp, YTL Power International Berhad, YTL Land & Development Berhad, YTL Hospitality REIT, and Starhill Global REIT.

Tan Sri Francis was the Managing Director of YTL Corp, YTL Power International Berhad and YTL Land & Development Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad until 29 June 2018 when he was redesignated as Executive Chairman of these companies. He is the Executive Chairman and Managing Director of YTL e-Solutions Berhad. Tan Sri Francis is the Executive Chairman of YTL Cement Berhad and director of YTL Industries Berhad. He is the Chairman of private utilities corporations, Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. Tan Sri Francis is also an Independent Non-Executive Director of The Hongkong and Shanghai Banking Corporation Limited, and is a director and Chief Executive Officer of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. He also sits on the board of trustees of YTL Foundation. He also serves on the board of directors of Suu Foundation, a humanitarian organisation committed to improving healthcare and education in Myanmar.

Tan Sri Francis is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy Asia Pacific Council, and the Asia Business Council, Trustee of the Asia Society and Chairman for South East Asia of the International Friends of the Louvre. He is also a member of the Advisory Council of London Business School, Wharton School and INSEAD. He is the first non-Italian board member of the historic Rome Opera House and helped fund its restoration to keep it from closing. He served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012. Tan Sri Francis was made a board member of Global Child Forum by His Majesty King Carl XVI Gustaf in May 2016.

Tan Sri Francis was ranked by both Fortune and Businessweek magazines as Asia's 25 Most Powerful and Influential Business Personalities and one of Asia's Top Executives by Asiamoney. He won the inaugural Ernst & Young's Master Entrepreneur in Malaysia in 2002 and was named as Malaysia's CEO of the Year by CNBC Asia Pacific in 2005.

In 2006, Tan Sri Francis was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II, and received a prestigious professional accolade when made a Fellow of the Institute of Civil Engineers in London in 2008. He was the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010. He received the Lifetime Achievement Award for Leadership in Regulated Industries at the 7th World Chinese Economic Summit held in London in 2015. He was also awarded the prestigious Muhammad Ali Celebrity Fight Night Award at the 2016 Celebrity Fight Night in Arizona. In 2017, he was honoured with the Kuala Lumpur Mayor's Award for Outstanding Contribution at the Kuala Lumpur Mayor Tourism Awards. This was in recognition of his efforts in the transformation of Kuala Lumpur into one of the top shopping and tourist destinations in the world. He was named CEO of the year at the Asian Power Awards in 2017. The Japanese Government bestowed upon him the Order of the Rising Sun, Gold Rays with Rosette in 2018.

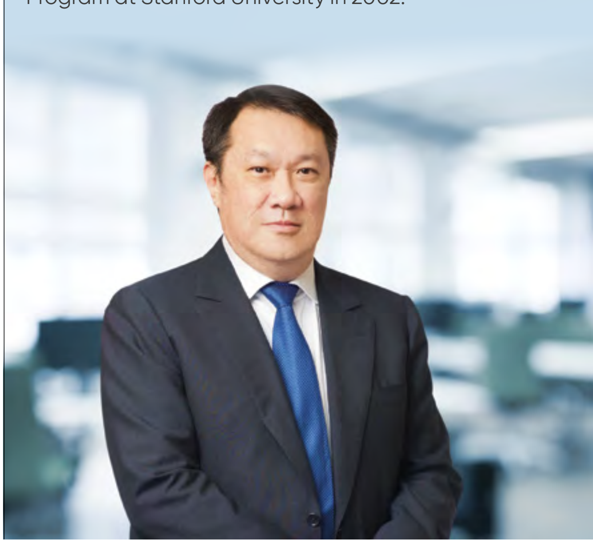
Mr Ho Sing

Executive Director

Mr Ho Sing joined the Board on 20 April 2010. He is the Chief Executive Officer of the Manager. He works with the Chairman and the Board in formulating and executing strategies for Starhill Global REIT and is responsible for the day-to-day operations of Starhill Global REIT.

He has over 25 years of leadership and management experience with multinational companies in engineering, medical, infrastructure, and real estate. These included senior positions in the Singapore Technologies Group, Dornier Medical, Sembcorp Industries and Guocoland Limited. He is currently an Independent Non-Executive Director of Daiman Development Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr Ho holds a Bachelor of Science degree in Aerospace Engineering from the University of Texas, Austin, USA. He completed the Stanford Executive Program at Stanford University in 2002.



Dato' Yeoh Seok Kian

Non-Executive Director

Dato' Yeoh Seok Kian joined the Board on 31 December 2008. He was appointed as an Executive Director of YTL Corp since 1984 and has been the Deputy Managing Director of YTL Corp until 29 June 2018 when he was redesignated as Managing Director. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building and was conferred an Honorary Degree of Doctor of the University in 2017. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom, as well as a Member of the Chartered Institute of Building (UK).

Dato' Yeoh served as Deputy Managing Director of YTL Power International Berhad and Executive Director of YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad until 29 June 2018, when he was redesignated as Managing Director of YTL Land & Development Berhad and Executive Director of YTL Power International Berhad. Dato' Yeoh also sits on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities corporations, Wessex Water Limited in England and Wales and YTL PowerSeraya Pte Limited in Singapore. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

Mr Tan Bong Lin

Lead Independent Director

Mr Tan Bong Lin joined the Board on 1 January 2018 and is the Chairman of the Audit Committee. Mr Tan has 27 years of working experience with Wall Street investment banking and brokerage institutions. He served as the Managing Director of Citigroup Global Markets Singapore Pte Ltd from 1991 to 2007.

Mr Tan is a Non-Executive Independent Director of APAC Realty Limited. He was previously an Independent Director and Chairman of the Audit Committee of Parkway Trust Management Limited, manager of Parkway Life REIT (which is listed on the Mainboard of SGX-ST) from 2007 to 2016 and was also a Member of the Finance Committee of the Singapore Broadcasting Authority from 1997 to 2002.

Mr Tan holds a Bachelor of Accountancy degree from the University of Singapore in 1980.

Mr Ching Yew Chye

Independent Director

Mr Ching Yew Chye joined the Board on 1 November 2016 and is a member of the Audit Committee. He is a seasoned management and information technology professional. In 1982, he joined Accenture PLC, a global management consulting, technology services and outsourcing company. From 1997 until his retirement in 2007, he assumed various regional senior management roles in Accenture, including Managing Partner of the Financial Services Industry Group-Asia, Geographic Council Chairman-Asia and Managing Partner for South Asia Region. He was a member of the Accenture Global Executive Committee from 2001 to 2004 and served on several committees/task forces to craft Accenture's global strategy.

He is currently an Independent Non-Executive director of Petronas Chemicals Group Berhad, Genting Plantations Berhad and United Overseas Bank (Malaysia) Berhad, and the Independent Non-Executive Chairman of AIA Berhad and AIA General Berhad. Mr Ching also served as a member of the board of directors of HSBC Bank Malaysia Berhad from 2008 to 2015.

Mr Ching holds a Bachelor of Science (Honours) degree from the University of London, UK.

Mr Tan Woon Hum

Independent Director

Mr Tan Woon Hum joined the Board on 1 August 2017 and is a member of the Audit Committee. He is currently a partner of Shook Lin & Bok LLP, a Singapore law firm, and has been with the firm since December 2003. He graduated from the National University of Singapore with a LLB (Honours) Degree in 1995 and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1996.

Mr Tan obtained his MBA (Finance) from the University of Leicester in 2000. He has been in private legal practice since 1996 and specialises in trust, asset and wealth management. He advises on the establishment of traditional and alternative funds including related licences and exemptions for fund management companies, as well as the establishment and listing of REITs. Mr Tan is also an Independent Non-Executive Director of Ezion Holdings Limited and AP Oil International Limited, companies listed on the Singapore Exchange Securities Trading Limited, and UTI International (Singapore) Private Limited, a licensed fund manager. He previously served as independent director of Yong Xin International Holdings Limited.

Executive Officers of REIT Manager

Mr Ho Sing

Chief Executive Officer

Mr Ho works with the Chairman and the Board in formulating and executing strategies for Starhill Global REIT. He works closely with other members of the Manager and the Property Manager to ensure these strategies are implemented. He is also responsible for the day-to-day operations of Starhill Global REIT.

He has over 25 years of leadership and management experience with multinational companies in engineering, medical, infrastructure, and real estate. These include senior positions in the Singapore Technologies Group, Dornier Medical, Sembcorp Industries and GuocoLand Limited.

Mr Ho holds a Bachelor of Science degree in Aerospace Engineering from the University of Texas, Austin, USA. He completed the Stanford Executive Program at Stanford University in 2002.

Ms Alice Cheong

Chief Financial Officer

Ms Cheong oversees the finance and accounting, as well as the investor relations and corporate communications functions. Ms Cheong has over 20 years of financial advisory, mergers and acquisitions and corporate finance experience, with over 10 years in the real estate sector. Prior to joining YTL Starhill Global REIT Management Limited, she was a vice president in MEAG Pacific Star Asia Pte Ltd involved in real estate acquisitions in Asia. Ms Cheong had nine years of investment banking experience with HSBC, NM Rothschild & Sons and Hong Leong Bank in Singapore.

Ms Cheong graduated from Warwick University in the UK with a Bachelor of Science degree in Management Science. She is also a Chartered Financial Analyst (CFA Institute).

Mr Stephen Yeo

Senior Vice President,
Finance & Accounting

Mr Yeo is responsible for assisting the Chief Financial Officer in the finance and accounting matters of Starhill Global REIT including financial reporting, taxation, treasury, corporate finance and capital management. He has more than 10 years of experience in audit, accounting, statutory reporting, compliance and tax in Singapore and other regional countries. From 2000 to 2006, Mr Yeo was an auditor with Deloitte & Touche. Prior to joining the Manager, he was the financial controller of Sunshine Holding Limited, a China-based real estate developer listed on the Mainboard of the SGX-ST.

Mr Yeo holds a Bachelor of Accountancy degree from Nanyang Technological University in Singapore. He is also a non-practising member of the Institute of Singapore Chartered Accountants.

Mr Alvin Tay

Senior Vice President,
Asset Management

Mr Tay is responsible for the management of the REIT's portfolio. Prior to joining the Manager in 2018, Mr Tay spent 11 years with the Mapletree Group where he held various investment and asset management positions at Mapletree Industrial Fund and Mapletree Industrial Trust Management Ltd. He was responsible for evaluating and executing real estate investments in various countries, as well as formulating and executing business plans and asset enhancement initiatives, among others. From 2006 to 2007, he was with DTZ Debenham Tie Leung where he was with the forecasting team, carrying out econometric modelling and consultancy work. He started his career with the Singapore Land Authority in 2003.

Mr Tay has a Bachelor of Social Sciences (Honours) degree in Economics from the National University of Singapore.

Ms Clare Koh

Senior Vice President,
Head of Investments

Ms Koh has more than 10 years of experience in corporate finance, advisory and mergers and acquisitions (M&A). Ms Koh is responsible for the sourcing, structuring and execution of acquisitions and disposals for Starhill Global REIT. She was involved in Starhill Global REIT's IPO and its acquisitions in Japan, Australia and Malaysia, and Japan disposals. Prior to joining the Manager, she was with MEAG Pacific Star Asia Pte Ltd's investments team, and spent four years with HSBC investment bank in the execution of regional M&A and advisory transactions.

Ms Koh holds a Bachelor of Commerce degree from the University of Western Australia.

Mr Lam Chee Kin

Senior Vice President,
Legal & Compliance and Company Secretary

Mr Lam is responsible for legal, compliance and company secretarial matters of the Manager and Starhill Global REIT. He has more than 20 years of experience in in-house legal counsel roles within SGX-ST listed companies and REITs. His broad experience includes corporate commercial matters in various industries including real estate, cross-border acquisitions and divestments as well as financing and regulatory compliance.

Mr Lam holds a Bachelor of Law (Honours) degree from the National University of Singapore.

Mr Jonathan Kuah

Senior Vice President,
Head of Investor Relations & Corporate Planning

Mr Kuah is responsible for strategic communication with Unitholders, potential investors, analysts and media as well as corporate planning. He has over 20 years of experience in the financial industry, including 10 years in the real estate industry. Prior to joining the Manager, he spent five years with CapitaLand Limited as Vice President of Investor Relations. Mr Kuah also held corporate banking positions at HSBC and Crédit Agricole Corporate & Investment Bank as well as investment analyst positions at various brokerages. Mr Kuah sits on the Board of Investor Relations Professionals Association (Singapore).

Mr Kuah holds a Bachelor of Science degree in Business Administration (Finance) from California State University, Long Beach, USA.

Executive Officers of Property Manager

Ms Ong Mei-Lynn

General Manager

Ms Ong is responsible for the overall property management of Wisma Atria Property and Ngee Ann City Property, including leasing, marketing, property operations, finance and human resources. She has more than 10 years of asset management, leasing and business development experience at property funds and developers in the Asia Pacific region. Her property experience covers the retail, office and industrial segments in Singapore, Malaysia, China, Japan and Australia. Prior to this, she was Head of Asset Management at YTL Starhill Global REIT Management Limited, where she was responsible for the management of the REIT's portfolio. Ms Ong's experience includes asset management of logistics assets under Mapletree Logistics Trust, as well as leasing head managing commercial assets under the United Engineers group.

She holds a Bachelor of Arts degree from the National University of Singapore and a Master of Business Administration from Imperial College, London.

Ms Sandra Lee

Senior Vice President,
Human Resource & Administration

Ms Lee is responsible for the full gamut of human resource management and office administration functions, including staffing, compensation and benefits, employee engagement and providing both strategic and tactical execution of all HR related programmes. She has over 20 years of HR and administration experience in real estate and related industries.

Prior to this, she was HR and Administration Manager for Al Khaleej Investments (S) Pte Ltd (former owners of Wisma Atria and Forum The Shopping Mall) from 1987 to 2002 where she was involved in organisation change management and integration activities.

Ms Lee holds a Bachelor of Business degree (major in Human Resource Management) from RMIT University, Australia and a Diploma in Management Studies from the Singapore Institute of Management.

Ms Jennifer Lu

Vice President,
Finance

Ms Lu is responsible for finance, accounting and tax functions. She has more than 16 years of experience in accounting and financial analysis across several industries. She was with the media industry for six years prior to joining the Far East Organization accounts department for the hospitality and food and beverage sectors.

Ms Lu holds a double degree – Bachelor in Business (Accounting) and Bachelor in Business (Management) from Monash University, Melbourne, Australia. She is a Chartered Accountant of Singapore, a full member of CPA Australia, an Accredited Tax Practitioner (ATP) (Provisional – GST) and ATP (Income Tax).

Mr Tan How Song

Vice President,
Property Operations

Mr Tan is responsible for the building operations of the Wisma Atria Property and the Ngee Ann City Property. Mr Tan has more than 10 years of experience in the property management industry. He was a project manager at Orchard Square Development Corporation (OSDC), a joint developer of Ngee Ann City, from 1997 to 2003, before joining the Property Manager. Prior to OSDC, he was the project manager managing construction activities, addition & alteration works and maintenance programmes at Metrobilt Construction, Kmart-Singapore and Omni Marco Polo Hotel Singapore.

Mr Tan holds a Bachelor of Science degree in Facilities Management from Heriot-Watt University, Edinburgh, United Kingdom.

Mr Jacke Chye

Vice President,
Marketing

Mr Chye is responsible for conceptualising and implementing marketing programmes to attract shoppers and increase tenant sales turnover at the Wisma Atria Property and Level 5 of the Ngee Ann City Property.

He has over 25 years of experience in the retail property, media, entertainment, IT and non-profit industry having worked at MediaCorp, SingTel, IBM, SNCF and most recently CapitaLand, managing the marketing communications for the cluster malls of Westgate, IMM and JCube. He is also the Director of his non-profit theatre company, Playground Entertainment Limited.

Mr Chye holds both a Master of Commerce in Marketing and a Bachelor of Arts degree, majoring in Public Relations and Journalism from Curtin University of Technology, Australia.

Ms Tan Mei Jun

Assistant Vice President,
Leasing

Ms Tan is responsible for all leasing and tenant management for the commercial division of the Singapore portfolio, which includes Ngee Ann City Tower B, Wisma Atria offices and retail spaces in both properties. She has over 12 years of experience in managing leasing negotiations and engaging tenants in the property management industry, having worked at Far East Organisation, CapitaLand Mall Asia Limited, NTUC Health Co-operative Limited and NTUC FairPrice Co-operative Limited.

Ms Tan holds a Bachelor of Science degree in Applied Mathematics from the National University of Singapore.

Property Highlights

Name	Address	Description	NLA (sq ft) (30 Jun 2018)	Title	Number of Tenants (30 Jun 2018)
Wisma Atria Property	435 Orchard Road, Singapore 238877	257 strata lots in Wisma Atria representing 74.23% of the total share value of the strata lots in Wisma Atria	Retail: 126,358 Office: 98,889	Leasehold estate of 99 years, expiring on 31 March 2061	117
Ngee Ann City Property	391/391B Orchard Road, Singapore 238874	Four strata lots in Ngee Ann City representing 27.23% of the total share value of the strata lots in Ngee Ann City	Retail: 255,021[3] Office: 139,609	Leasehold estate of 69 years, expiring on 31 March 2072	47
Myer Centre Adelaide[4]	14-38 Rundle Mall, Adelaide, Australia	An eight-storey retail centre, with three office buildings and four basement levels	Retail: 501,915[5] Office: 98,093	Freehold	96
David Jones Building[7]	622-648 Hay Street Mall, Perth, Australia	Four-storey heritage-listed building for retail use	259,080 (GLA)	Freehold	7
Plaza Arcade[8]	650 Hay Street Mall & 185-191 Murray Street Mall, Perth, Australia	Three-storey heritage-listed building for retail use	36,731 (GLA)[9]	Freehold	18
Starhill Gallery[10]	181 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Shopping centre comprising part of a seven-storey building with five basements and a 12-storey annex building with three basements	306,113[11][12]	Freehold	1
Lot 10 Property[10]	50 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	137 strata parcels and two accessory parcels within Lot 10 shopping centre	256,811[11][12]	Leasehold estate of 99 years, expiring on 29 July 2076	1
China Property[14]	19, 4th Section, Renminnan Road, Chengdu, Sichuan, China	A four-storey plus mezzanine level retail building forming part of a mixed use commercial development	100,854 (GFA)	Leasehold estate, expiring on 27 December 2035	1
Ebisu Fort[16]	1-24-2 Ebisu Minami, Shibuya-ku, Tokyo, Japan	Seven-storey building for retail and office use	18,816[11]	Freehold	6
Daikanyama[16]	1-31-12 Ebisu Nishi, Shibuya-ku, Tokyo, Japan	Three-storey building for retail and office use	8,087[11]	Freehold	5
Nakameguro Place[16][18]	1-20-2 Aobadai, Meguro-ku, Tokyo, Japan	Four-storey building for retail use	3,526	Freehold	NA
Harajyuku Secondo[16][19]	1-19-1 Jingumae, Shibuya-ku, Tokyo, Japan	Three-storey building for retail use	2,249	Freehold	NA

Notes:
(1) Based on commenced leases as at 30 June 2018.
(2) Based on committed leases, which includes leases that have been contracted but have not commenced as at the reporting date.
(3) Includes 225,969 sq ft of gross lettable area leased to Toshin Development Singapore Pte. Ltd. on a master tenant basis.
(4) Myer Centre Adelaide was acquired on 18 May 2015, and based on the exchange rate of A$0.95:S$1 at acquisition.
(5) Excludes 113,000 sq ft of unactivated vacant area in the retail centre on level 4 and level 5 as at 30 June 2018.
(6) Based on the exchange rate of A$0.99:S$1 as at 30 June 2018.
(7) David Jones Building was acquired on 20 January 2010 and based on the exchange rate of A$0.79:S$1 at acquisition.
(8) Plaza Arcade was acquired on 1 March 2013, and based on the exchange rate of A$0.79:S$1 at acquisition.
(9) Includes new GLA which was created upon completion of asset redevelopment works at Plaza Arcade.
(10) Lot 10 Property and Starhill Gallery were acquired on 28 June 2010, and based on the exchange rate of RM2.32:S$1 at acquisition.
(11) Largely retail with some office component.

		Occupancy Rate			Revenue (S$ million)		NPI (S$ million)	
Purchase Price (S$ million)	**Market Valuation (30 Jun 2018)**	**30 Jun 2018 (Actual)[1]**	**30 Jun 2017 (Committed)[2]**	**Major Tenants and Brands**	**FY 2017/18**	**FY 2016/17**	**FY 2017/18**	**FY 2016/17**
663.0	**997.0**	Retail: 97.1% Office: 92.4%	Retail: 97.7% Office: 92.1%	Coach, Tory Burch, TAG Heuer, Emperor Watch & Jewellery (Singapore) Pte. Ltd., Cotton On, Food Republic, Charles & Keith	**65.8**	68.7	**51.0**	53.0
640.0	**1,150.0**	Retail: 99.5% Office: 88.9%	Retail: 100.0% Office: 93.5%	Toshin Development Singapore Pte. Ltd. (master tenant), DBS Treasures Centre	**63.9**	65.8	**52.0**	54.0
303.1[4]	**296.2[6]**	Retail: 94.4% Office: 31.5%	Retail: 94.6% Office: 50.4%	Myer Pty Ltd, Nine West, LUSH, Daiso, Katies, Sunglass Hut, Rebel, Rubi Shoes	**31.1**	32.7	**16.7**	19.0
145.7[7]	**166.3[6]**	99.3%	99.3%	David Jones Limited, Pandora, Bodyshop, LUSH, Superdry	**12.7**	12.5	**10.6**	10.1
61.0[8]	**54.4[6]**	90.0%	94.1%	UNIQLO, Billabong, Outback Red	**2.6**	3.9	**1.4**	2.4
271.3[10]	**221.2[13]**	100.0%	100.0%	Katagreen Development Sdn. Bhd. (master tenant)	**17.3**	17.0	**16.7**	16.4
173.0[10]	**146.2[13]**	100.0%	100.0%	Katagreen Development Sdn. Bhd. (master tenant)	**10.6**	10.4	**10.2**	10.0
70.6[14]	**29.8[15]**	100.0%	100.0%	Markor International Home Furnishings Co., Ltd	**1.9**	2.3	**1.4**	(0.2)
71.3[16]	**41.9[17]**	100.0%	100.0%	Style Create, Plug-In, Wano KK, Family Mart. Sakura-saku KK, Prime Three	**1.9**	1.9	**1.5**	1.4
22.8[16]	**15.3[17]**	100.0%	100.0%	Good Design Company, Zwiesel, Mizutani Bicycle, Humans Brain, Seki Kagu	**0.8**	0.8	**0.6**	0.5
7.1[16]	**NA**	NA	100.0%	NA	**0.2**	0.3	**0.1**	0.2
6.1[16]	**NA**	NA	NA	NA	**NA**	0.1	**NA**	0.1

[12] Under a master tenancy agreement with Katagreen Development Sdn. Bhd.
[13] Based on the exchange rate of RM2.96:S$1 as at 30 June 2018.
[14] The China Property was acquired on 28 August 2007 and based on the exchange rate of RMB4.96:S$1 at acquisition.
[15] Based on the exchange rate of RMB4.86:S$1 as at 30 June 2018.
[16] Harajuku Secondo, Daikanyama and Nakameguro Place were acquired on 30 May 2007 while Ebisu Fort was acquired on 26 September 2007 and based on the exchange rate of JPY79.97:S$1 at acquisition.
[17] Based on the exchange rate of JPY81.11:S$1 as at 30 June 2018.
[18] Nakameguro Place was divested on 8 May 2018 for JPY525.0 million (approximately S$6.4 million), a 25.0% premium to its latest valuation of JPY420.0 million (approximately S$5.1 million).
[19] Harajuku Secondo was divested on 15 May 2017 for JPY410.2 million (approximately S$5.1 million), a 22.4% premium to its latest valuation of JPY335.0 million (approximately S$4.1 million).

Property Portfolio Summary

Starhill Global REIT's portfolio comprises 10 mid- to high-end retail properties located in six key cities in five countries across the Asia Pacific region. These properties are strategically located in good to prime locations. The resilience of the portfolio is demonstrated by high occupancies since listing in 2005.

TOP 10 TENANTS

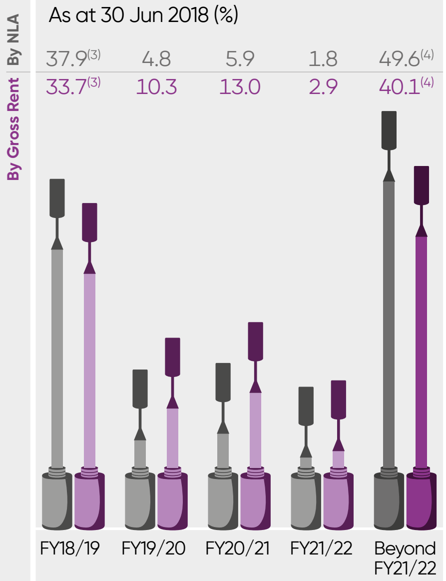
Tenant Name	Property	% of Total Portfolio Gross Rent[1][2]
Toshin Development Singapore Pte. Ltd.	Ngee Ann City Property, Singapore	21.6%
YTL Group [3]	Ngee Ann City Property & Wisma Atria Property, Singapore; Starhill Gallery & Lot 10 Property, Malaysia	15.1%
Myer Pty Ltd	Myer Centre Adelaide, Australia	7.0%
David Jones Limited	David Jones Building, Australia	4.8%
Cotton On Group	Wisma Atria Property, Singapore; Myer Centre Adelaide, Australia	2.3%
BreadTalk Group	Wisma Atria Property, Singapore	1.9%
Coach Singapore Pte. Ltd.	Wisma Atria Property, Singapore	1.5%
Charles & Keith Group	Wisma Atria Property, Singapore	1.3%
Tory Burch Singapore Pte. Ltd.	Wisma Atria Property, Singapore	1.2%
LVMH Group	Wisma Atria Property, Singapore	1.2%

Notes:

[1] As at 30 June 2018.
[2] The total portfolio gross rent is based on the gross rent of all the properties.
[3] Consists of Katagreen Development Sdn. Bhd., YTL Singapore Pte. Ltd., YTL Hotel (Singapore) Pte. Ltd., YTL Starhill Global REIT Management Limited and YTL Starhill Global Property Management Pte. Ltd.

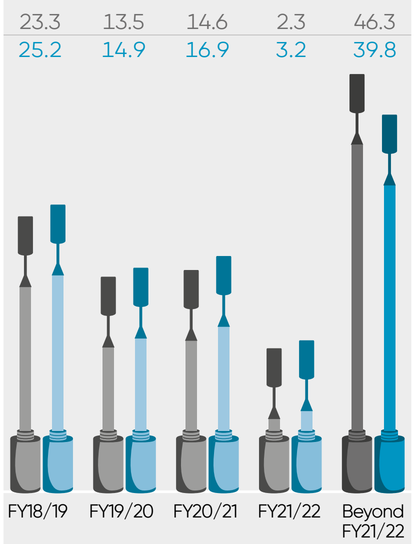
PORTFOLIO LEASE EXPIRY[1][2][5]

As at 30 Jun 2018 (%)



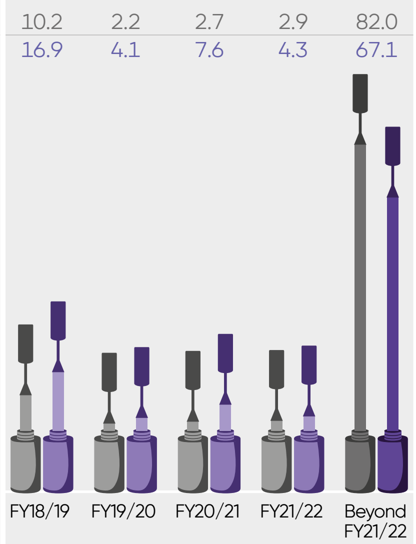
SINGAPORE PORTFOLIO LEASE EXPIRY[1][5]

As at 30 Jun 2018 (%)



AUSTRALIA PORTFOLIO LEASE EXPIRY[1][5]

As at 30 Jun 2018 (%)



Notes:

[1] Lease expiry schedule based on commenced leases as at 30 June 2018.
[2] Portfolio lease expiry schedule includes all of SGREIT's properties.
[3] Includes the master tenant leases in Malaysia that expire in 2019.
[4] Includes the Toshin master lease that expires in 2025 and the long-term leases in Australia and China.
[5] Excludes tenants' option to renew or pre-terminate.

Diversified Retail and Office Portfolio

Singapore is Starhill Global REIT's largest revenue contributor at 62.1% in FY 2017/18. Australia is the second largest revenue contributor at 22.3%, followed by Malaysia at 13.3%. China and Japan accounted for the remaining 2.3% of revenue in FY 2017/18. The retail and office components contributed 88.3% and 11.7% of the Portfolio's FY 2017/18 revenue respectively.

As at 30 June 2018, the top 10 tenants of the Portfolio contributed 57.9% of the Portfolio's gross rent. The top four tenants were mainly master or long-term leases, namely Toshin Development Singapore Pte. Ltd. (Toshin), YTL Group, Myer Pty Ltd and David Jones Limited, accounting for 21.6%, 15.1%, 7.0% and 4.8% of the Portfolio's gross rent respectively. No other tenant accounted for more than 3% of the Portfolio's gross rent.

Stable Lease Profile

Master leases and long-term leases provide rental income stability with potential upside. Toshin's lease at Ngee Ann City Property expiring in June 2025 incorporates a rent review every three years, with the next review due in June 2019.

The Malaysia Properties are under master leases with Katagreen Development Sdn. Bhd., an indirect wholly-owned subsidiary of YTL Corporation Berhad, which will expire in June 2019. We are looking to enhance Starhill Gallery in Kuala Lumpur to leverage on the revival of Bukit Bintang area since the opening of the new MRT station in July 2017.

The David Jones Building in Perth, Australia, has a long-term lease expiring in 2032 with anchor tenant David Jones Limited, with upward-only rent reviews every three years. The recent lease review with David Jones secured a 6.12% rental uplift with effect from 1 August 2017. Myer department store has a long-term anchor tenant lease at Myer Centre Adelaide expiring in 2032 which provides for an annual rent review. Collectively, the master leases and long-term leases for the Group accounted for approximately 49.1% of the Portfolio's gross rent as at 30 June 2018.

The Manager actively manages the remaining leases of the Portfolio, which are on a short- to medium-term basis. As at 30 June 2018, the weighted average lease term expiry of the Portfolio is 6.0[1][2] years and 4.4[1][2] years by NLA and gross rent respectively. The weighted average lease term expiry by gross rent for new leases commenced in FY 2017/18 is 3.9[1] years. The proportion of gross rent attributed to these leases is approximately 16.0% of the Portfolio's monthly gross rental income as at 30 June 2018, excluding retail turnover rent.

For the Singapore Properties, besides the Toshin master lease, earnings are derived from retail leases in Wisma Atria Property and Ngee Ann City Property Level 5, as well as office leases which are generally contracted for a three-year period. The Japan Properties, specialty retail units in the David Jones Building and Plaza Arcade in Perth, as well as Myer Centre Adelaide in Adelaide generally have tenancies with three- to five-year lease terms. At the China Property, one of China's largest furniture retailers, Markor International Home Furnishings Co. Ltd., is the new sole tenant. The long-term fixed lease tenancy with periodic rent step-ups provides income stability for the asset.

Resilient Retail Occupancy

The Singapore Properties consist of both retail and office spaces and enjoy a combined occupancy of 95.5%[2] as at 30 June 2018. A recovery in tourist arrivals has helped boost the Singapore retail sector. Singapore continued to be one of the top markets for international retail brands to expand into the region. In 2017, Singapore ranked behind Hong Kong, Taipei and Tokyo in Asia, with 38 new retail entrants, and ranked seventh internationally in CBRE's global city rankings of international retailer presence[3]. Amidst the soft retail climate, prime monthly rents remain stable for Orchard Road[4].

The retail portfolio in Singapore sustained a high occupancy of 98.7%[2] as at 30 June 2018. In FY 2017/18, Wisma Atria Property recorded centre sales of S$181.5 million and attracted shopper traffic of 23.4 million. In the near term, demand for prime retail space is expected to rise marginally on the back of improving retail sales and tourist arrivals[5].

Recovering Office Portfolio

The office portfolio in Singapore registered a combined occupancy of 90.3%[2] as at 30 June 2018. While the Singapore office portfolio experienced a rise in vacancy rate to about 16.5% as at 30 September 2017, it was partly due to a consolidation of the Singapore operations of oil and gas companies amidst an industry downturn. However, these vacancies have largely been filled, with the committed occupancy rate of the Singapore office portfolio rising to 95.0%[6] as at 30 June 2018. For the office sector, improving occupancy levels have led to the firming up of rents. Rental rates could firm up further if tightening supply is exacerbated by the withdrawal of aging stock for retrofitting/redevelopment[5]. Demand for prime space remains keen, driven by tenants seeking quality and efficiency gains[7]. On the supply side, the lack of quality space will grow over the medium term and this might encourage some tenants to turn to the secondary market or Grade B stock in search of alternative options[7].

Notes:
[1] Excludes tenants' option to renew or pre-terminate.
[2] Based on commenced leases as at 30 June 2018.
[3] CBRE Research, How Global is the Business of Retail, 2018.
[4] Savills World Research, Singapore Retail Sector Briefing, May 2018.
[5] Jones Lang LaSalle Research, Singapore Property Monitor July 2018.
[6] Based on committed leases as at 30 June 2018.
[7] CBRE Research, Asia Pacific Real Estate Market Outlook, Singapore, 2018.

Property Portfolio Summary

GROSS REVENUE BY COUNTRY

FY 2017/18

SINGAPORE 62.1%

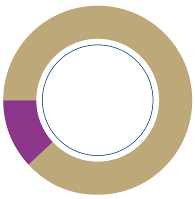
AUSTRALIA 22.3%

MALAYSIA 13.3%

OTHERS (JAPAN & CHINA) 2.3%

GROSS REVENUE BY RETAIL AND OFFICE

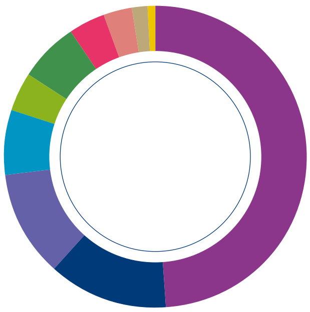
(As at 30 Jun 2018)



PORTFOLIO TRADE MIX

By Gross Rental Contribution

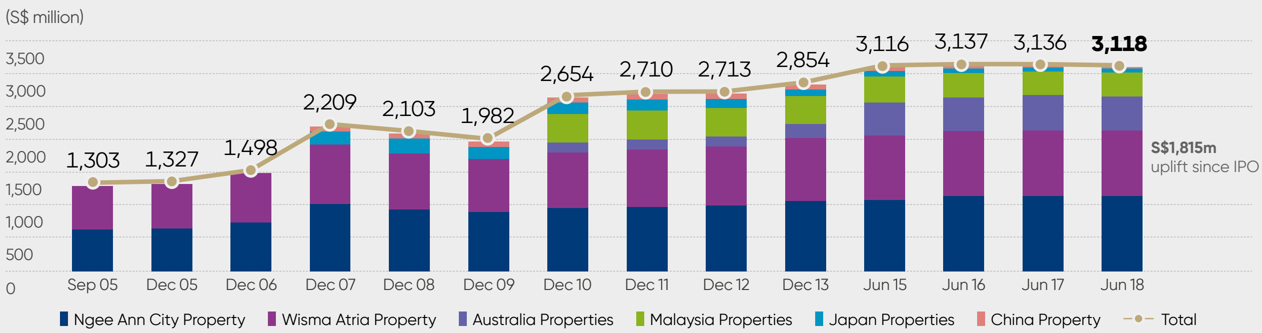
(As at 30 Jun 2018)



Master Tenancies & Long-term Leases	**49.1%**
Office	**12.6%**
Fashion	**11.3%**
F&B	**7.1%**
Beauty & Wellness	**6.5%**
Jewellery & Watches	**4.0%**
Shoes & Accessories	**4.0%**
General Trade	**2.9%**
Services	**1.7%**
Others	**0.8%**

PORTFOLIO VALUATION

(As at 30 Jun 2018)



Asset Enhancement Initiatives

We have successfully completed the refurbishment of our assets in Australia, Malaysia and China during the financial year. Australia remains attractive to international retailers who are looking to expand their footprints globally, especially along prime shopping strips in the CBD. However, the entry of fast and mid-range international fashion retailers has coincided with weaker sales performance of incumbent department stores and discount department stores over the past five years[1].

Asset Redevelopment in Perth

The construction of a revamped facade and an additional retail area at Plaza Arcade commenced in 4Q FY 2016/17 and has since been completed. New anchor tenant UNIQLO opened the doors to its first store in Perth at Plaza Arcade in August 2018. The new international brand will complement the revitalised retail offerings in the city centre and improve the positioning of Plaza Arcade. Currently, two major retail redevelopments are ongoing in the retail precinct at Raine Square and Forrest Chase.

PORTFOLIO VALUATION

Description	30 Jun 2018 (S$ million)	30 Jun 2017 (S$ million)	Change (S$ million)	Change (%)
Ngee Ann City Property	**1,150.0**	1,150.0	–	–
Wisma Atria Property	**997.0**	997.0	–	–
Australia Properties[2]	**516.9**	540.1	(23.2)	(4.3%)
Malaysia Properties[3]	**367.4**	357.5	9.9	2.8%
Japan Properties[4]	**57.2**	59.6[5]	(2.4)	(4.1%)
China Property[6]	**29.8**	32.1	(2.3)	(6.9%)
	3,118.3	3,136.3	(18.0)	(0.6%)

Asset Rejuvenation in Malaysia

The Lot 10 Property in Kuala Lumpur has been refurbished both internally and externally, with improved accessibility. The renovation coincided with the opening of the second phase of the new Sungai Buloh-Kajang MRT Line which has an expected ridership of 400,000 daily[7]. The new Bukit Bintang MRT Station, which is located at the doorstep of Lot 10, is expected to increase footfall to the mall. A new entry point from the MRT station has been constructed to drive traffic to the upper floors of the mall. The RM20 million renovation has uplifted both the hardware and the software of the mall to better engage Generation Y and Millennial shoppers.

Mall Repositioning in China

The China Property secured a new long-term tenant, Markor International Home Furnishings Co., Ltd., which is one of the largest furniture retailers in China. It is listed on the Shanghai Stock Exchange with a market capitalisation of approximately RMB10.4 billion (approximately S$2.1 billion) as at 30 June 2018. The tenancy agreement, which incorporates a fixed rent lease with periodic rental step-up, will provide income stability amidst the challenging market in Chengdu affected by increased competition and austerity measures by the central government. In April 2017, the mall was handed over to the tenant for renovations and reopened in March 2018.

Stable Valuation

Starhill Global REIT's investment properties have been assessed by independent valuers at S$3,118.3 million as at 30 June 2018 (2017: S$3,136.3 million[5]), with the aggregate value remaining stable over the last valuation exercise in June 2017. The year-on-year decrease of 0.6% was largely attributed to downward revaluation mainly for Starhill Gallery, Myer Centre Adelaide and China Property, divestment of Nakameguro Place, as well as negative foreign currency movements mainly in Australian dollars.

As at 30 June 2018, the combined valuation of the Wisma Atria Property and the Ngee Ann City Property remains unchanged at S$2,147 million. Downward adjustment in Wisma Atria Property's retail component was offset by an increase in Wisma Atria Property's office value. As for Ngee Ann City Property, valuation remains unchanged for both office and retail components.

The combined valuation of the Australia Properties was S$516.9 million (A$513 million), decreasing S$23.2 million from that as at 30 June 2017 mainly due to the depreciation of the Australian dollar. Plaza Arcade and David Jones Building experienced an increase in valuation in Australian dollar terms due to the compression of both capitalisation rate and discount rate. The increase was offset by the decrease in the valuation of Myer Centre Adelaide compared to its valuation as at 30 June 2017.

The Malaysia Properties were valued at S$367.4 million (RM1,087.1 million), an increase of S$9.9 million compared to 30 June 2017 mainly due to the appreciation in Malaysian Ringgit. In Ringgit terms, valuation dropped by 2.5% compared to 30 June 2017 mainly due to broad oversupply of retail space in Malaysia, partially offset by a higher valuation of Lot 10 Property post-redevelopment.

The Japan Properties were valued at S$57.2 million (JPY4,640 million), a decrease of S$2.4 million from the previous valuation as at 30 June 2017 mainly due to the divestment of Nakameguro Place in May 2018. The valuation of the remaining Japanese properties improved 4.8% yoy in Singapore dollar terms mainly due to compressions of both the capitalisation rate and discount rate, as well as slight appreciation of the Japanese Yen.

The valuation of the China Property declined S$2.3 million compared to that as at 30 June 2017 mainly as a result of lower market rent and shorter land tenure. As at 30 June 2018, the valuation of the China Property is S$29.8 million (RMB145 million).

Notes:

(1) CBRE Research, Asia Pacific Real Estate Market Outlook, Australia, 2018.
(2) Translated as at 30 June 2018 at A$0.99:S$1.00 (2017: A$0.95:S$1.00).
(3) Translated as at 30 June 2018 at RM2.96:S$1.00 (2017: RM3.12:S$1.00).
(4) Translated as at 30 June 2018 at JPY81.11:S$1.00 (2017: JPY81.37:S$1.00).
(5) Includes Nakameguro Place which was divested on 8 May 2018.
(6) Translated as at 30 June 2018 at RMB4.86:S$1.00 (2017: RMB4.93:S$1.00).
(7) Mass Rapid Transit Corporation, Malaysia.

Business Review

Singapore Properties

Wisma Atria Property & Ngee Ann City Property

Centrally located in the prime stretch of Orchard Road precinct, with excellent connectivity to transportation hubs.

The Singapore Properties comprise distinctive and vibrant shopping malls strategically located in the prime stretch of Orchard Road, one of the world's leading retail destinations. Incorporating the best high-end and affordable fashion brands, Singapore ranked seventh in CBRE's Global City Rankings of International Retailer Presence with 47% of international retailers having a presence in the city-state[1]. Singapore continues to create significant expansion opportunities for retailers, attracting 38 new entrants in 2017[1]. Singapore remains a popular tourist destination and was the top destination among countries in Asia Pacific for total expenditure by international tourists[2].

Wisma Atria Property and Ngee Ann City Property enjoy prime Orchard Road street frontage of 190 metres and house a wide offering of international luxury brands such as Chanel, Coach, Louis Vuitton, Rolex and Tory Burch. Both malls benefit from high tourist traffic along Orchard Road, attributed to the robust tourism landscape in Singapore which saw 17.4 million international visitor arrivals in 2017, a rise of 6% yoy[3]. In the first half of 2018, international visitor arrivals rose 7.6% yoy to 9.2 million visitors[4].

PHOTO COURTESY OF:
Zhang Wenjie
Wisma Atria Orchard Road, Singapore

Notes:
(1) CBRE Research, How Global is the Business of Retail, 2018.
(2) MasterCard, Asia Pacific Destinations Index 2017.
(3) Singapore Tourism Board, Tourism Sector Performance, Q4 2017 report, 25 May 2018.
(4) Singapore Tourism Board, International Visitor Arrivals Statistics, 31 July 2018.

Wisma Atria Property

The Wisma Atria Property comprises 257 strata lots representing 74.23% of the total share value of strata lots in Wisma Atria. These strata lots represent retail areas (excluding the space owned by Isetan and common area property) and the office tower.

Address:
435 Orchard Road,
Singapore 238877

VISIT
www.wismaonline.com

Wisma Atria Property

STRATA LOTS
257
Representing **74.23%** of the total share value in Wisma Atria

TENURE
99 years
Leasehold estate
(Expiring on 31 Mar 2061)

TENANTS
(As at 30 Jun 2018)
117

PURCHASE PRICE
S$**663.0**M

MARKET VALUATION
(As at 30 Jun 2018)
S$**997.0**M

TOTAL NET LETTABLE AREA
(As at 30 Jun 2018)
225,247sq ft

RETAIL	OFFICE
126,358 SQ FT	**98,889** SQ FT

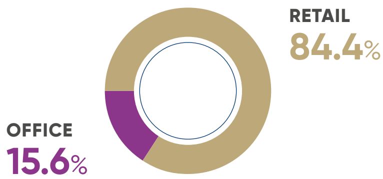
OCCUPANCY RATE
As at 30 Jun 2018 (actual)

	RETAIL	OFFICE
As at 30 Jun 2018 (actual)	**97.1%**	**92.4%**
As at 30 Jun 2017 (committed)	**97.7%**	**92.1%**

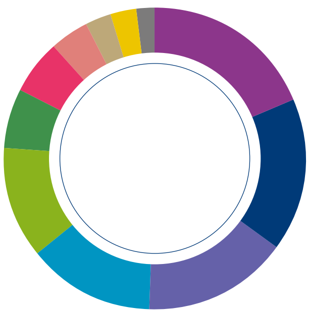
RETAIL TRADE MIX
By Gross Rental Contribution
(As at 30 Jun 2018)

- **35.4%** Fashion
- **22.3%** F&B
- **13.7%** Shoes & Accessories
- **11.9%** Jewellery & Watches
- **11.3%** Health & Beauty
- **5.4%** General Trade

RETAIL & OFFICE MIX
By Gross Revenue
(FY 2017/18)



OFFICE TRADE MIX
By Gross Rental Contribution
(As at 30 Jun 2018)



Trading	**18.7%**
Consultancy/Services	**16.5%**
Fashion Retail	**15.4%**
Beauty/Health	**13.8%**
Real Estate & Property Services	**11.9%**
Others	**6.2%**
Medical	**6.0%**
Government related	**4.1%**
Information Technology	**2.8%**
Aerospace	**2.8%**
Banking & Financial Services	**1.8%**

Business Review

Wisma Atria Property

Strategic Location Along Orchard Road

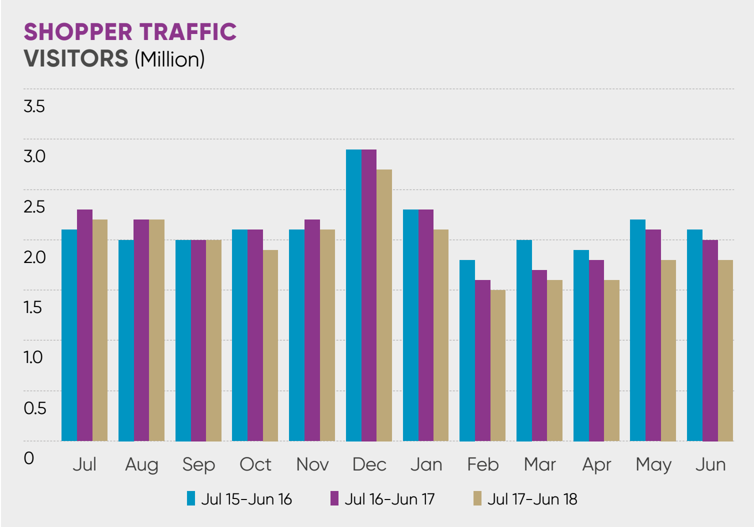
Strategically located along the prime stretch of Orchard Road between ION Orchard and Ngee Ann City, Wisma Atria enjoys more than 100 metres of prime street frontage and has an established following among locals and tourists. It comprises a retail podium with four levels and one basement, three levels of car park space and an office tower with 13 levels of office space. The mall enjoys high pedestrian flow given its Orchard Road frontage and an underground pedestrian linkway which connects Wisma Atria to Orchard MRT Station and Ngee Ann City.

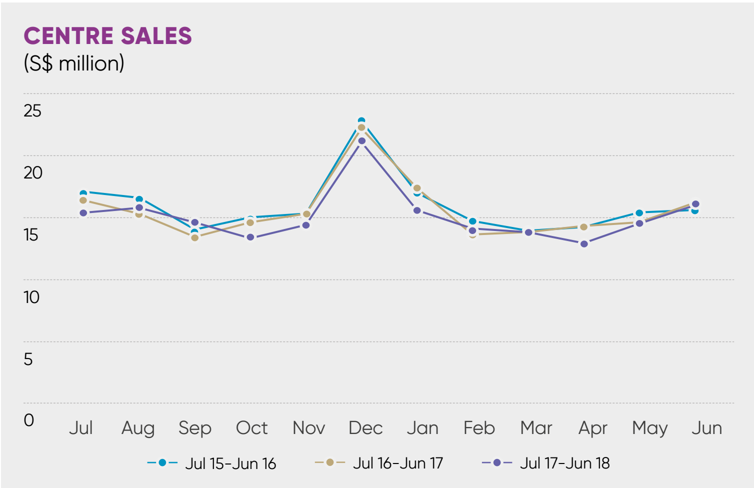
Diversified Tenant Mix

The Wisma Atria Property benefits from a diversified tenant base from various sectors. Wisma Atria is home to the flagship stores of international retailers including Coach, Emperor Watch & Jewellery and Mauboussin. It also houses the first Tory Burch boutique in Singapore and the flagship store of TAG Heuer. Its mid-to-upscale positioning attracts fashion brands such as Cotton On, Forever New, Lacoste and Seafolly, and local labels such as Charles & Keith and Pedro. Complementing the shopping experience is a wide range of beauty stores including ETUDE HOUSE, LUSH and The Face Shop. The mall serves a myriad of F&B options which includes the first Pablo Cheese Tart Café in Singapore, PICNIC which serves international cuisine, and favourites such as Ben's Cookies, Famous Amos, Garrett Popcorn, Yole, Paris Baguette, Starbucks, Din Tai Fung and Food Republic with its mouth-watering local delights. As at 30 June 2018, Wisma Atria Property (Retail) enjoyed an occupancy of 97.1%. In FY 2017/18, centre sales totalled S$181.5 million with shopper traffic of 23.4 million in the financial year.

The Wisma Atria Property's office tower attracts tenants from the fashion retail and services sector due to its proximity to the retail stores and boutiques along Orchard Road. Among these tenants are Ermenegildo Zegna, Lane Crawford, L'Occitane, Longchamp and Valentino. Besides the prestigious Orchard Road address and direct access to Orchard MRT Station, tenants also enjoy amenities such as gyms, F&B outlets and healthcare providers. As at 30 June 2018, Wisma Atria Property (Office) was 92.4% occupied.

For FY 2017/18, retail tenants contributed 84.4% of gross revenue while office tenants contributed 15.6%.





Advertising and Promotion

Wisma Atria rolled out a series of promotions and events during the year to encourage repeat visits and increase customer spending. In August 2017, the first-ever Lexus LC in Singapore was launched at an experiential event at Wisma Atria. TAG Heuer global brand ambassadors Patrick Dempsey and Max Verstappen kicked off the new Heuer Globetrotter initiative in a closed-door, media-only event at its Wisma Atria boutique.

In October 2017, Wisma Atria was the venue sponsor for the Estee Lauder Breast Cancer Awareness Exhibition. Singaporean pop band The Sam Willows and influencer Mae Tan made an appearance at the launch of the G-SHOCK x SBTG DW-5600 watch and capsule collection in February 2018. Japanese culinary expert and cookbook author Reiko Yamada made an appearance at an onigiri contest held at Wisma Atria in April 2018, witnessed by the Ambassador of Japan to Singapore Kenji Shinoda. Following the renovations at ETUDE HOUSE's flagship store at Wisma Atria, celebrity YouTuber Jenn Im made a guest appearance as part of the store's opening celebrations in April 2018.

WISMA ATRIA
23.4M
SHOPPERS IN FY 2017/18

17.4M
INTERNATIONAL VISITORS IN SINGAPORE IN 2017

SINGAPORE IS RANKED
7TH
INTERNATIONALLY IN CBRE'S GLOBAL CITY RANKINGS OF **INTERNATIONAL RETAILER PRESENCE**

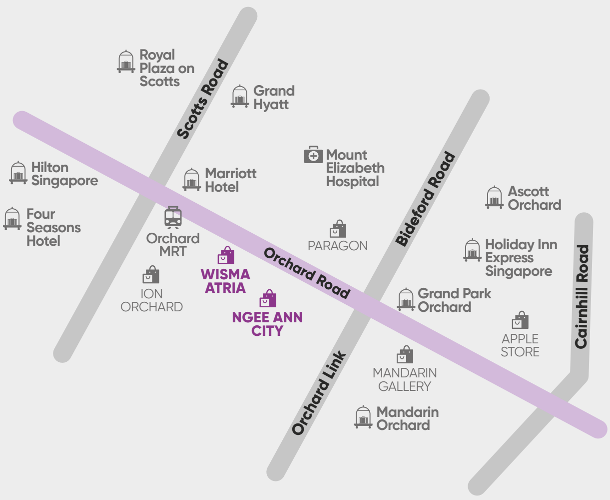
SINGAPORE CONTRIBUTES

62.1%

of the portfolio's gross revenue in FY 2017/18

EXCELLENT CONNECTIVITY AND ACCESSIBILITY

Wisma Atria provides direct basement access to Orchard MRT Station at the heart of the shopping belt.



190 METRES
OF PRIME ORCHARD ROAD STREET FRONTAGE FOR THE SINGAPORE PROPERTIES

Business Review

义安城
NGEE ANN CITY

Ngee Ann City Property

Ngee Ann City Property consists of four strata lots representing 27.23% of the total share value of strata lots in Ngee Ann City. These lots include retail and office spaces.

Address:
391/391B Orchard Road,
Singapore 238874

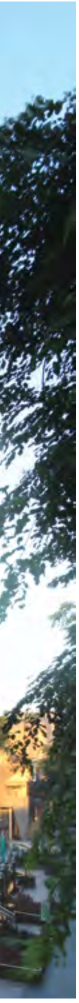
VISIT
www.ngeeanncity.com.sg

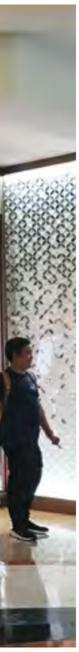
Located on the prime stretch of bustling Orchard Road, Ngee Ann City is easily accessible to locals and tourists. It enjoys connectivity to Orchard MRT Station through the underground pedestrian linkway from Wisma Atria and other parts of Orchard Road through the underpasses. Ngee Ann City is also one of the largest malls along Orchard Road and offers a comprehensive range of retail offerings, making it the mall of choice on Orchard Road.

Ngee Ann City Property consists of four strata lots representing 27.23% of the total share value of strata lots in Ngee Ann City. These lots include retail and office spaces. As at 30 June 2018, Ngee Ann City Property (Retail) was 99.5% occupied and Ngee Ann City Property (Office) was 88.9% occupied.

Distinctive Landmark Property

The distinctive architecture of Ngee Ann City makes it one of the most prominent landmarks along Orchard Road. Ngee Ann City comprises a podium with five levels and two basement levels of retail space, and three levels of car park space. Its twin towers host 18 levels of office space each. Home to many international brands, Ngee Ann City's upscale





Ngee Ann City Property

STRATA LOTS

4

Representing **27.23%** of the total share value in Ngee Ann City

TENURE

69 years

Leasehold estate
(Expiring on 31 Mar 2072)

TENANTS
(As at 30 Jun 2018)

47

including one master tenant

PURCHASE PRICE

S$**640.0**M

MARKET VALUATION
(As at 30 Jun 2018)

S$**1,150.0**M

TOTAL NET LETTABLE AREA
(As at 30 Jun 2018)

394,630sq ft

RETAIL	OFFICE
255,021 SQ FT	**139,609** SQ FT

OCCUPANCY RATE
As at 30 Jun 2018 (actual)

RETAIL	OFFICE
99.5%	**88.9%**

As at 30 Jun 2017 (committed)

100.0%	**93.5%**

RETAIL TRADE MIX
By Gross Rental Contribution
(As at 30 Jun 2018)

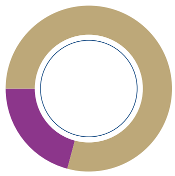
86.4% Toshin

10.6% Beauty & Wellness

2.5% Services

0.5% General Trade

RETAIL & OFFICE MIX
By Gross Revenue
(FY 2017/18)



OFFICE TRADE MIX
By Gross Rental Contribution
(As at 30 Jun 2018)

Consultancy/Services	**26.2%**
Fashion Retail	**20.3%**
Beauty/Health	**15.2%**
Others	**12.3%**
Real Estate & Property Services	**9.1%**
Petroleum Related	**7.0%**
Banking & Financial Services	**5.2%**
Aerospace	**4.7%**

positioning has attracted luxury labels such as Chanel, Goyard, Louis Vuitton, Piaget and Roger Vivier, as well as contemporary labels including lululemon, M.A.C, Red Valentino and Zara. With its iconic retailers and dining options, Ngee Ann City attracts discerning shoppers, families as well as tourists and business travellers from neighbouring hotels.

Tenant Mix

For FY 2017/18, 79.4% of the Ngee Ann City Property's gross revenue was from retail tenants and 20.6% from office tenants.

Retail Tenant Mix

The top contributors to Ngee Ann City Property's retail gross rent are Toshin and DBS Bank. Toshin occupies all retail areas in Ngee Ann City Property except Level 5, which is actively managed by the Manager. As at 30 June 2018, Toshin accounted for 86.4% of the gross rent of the Ngee Ann City Property (Retail). Toshin is a wholly-owned subsidiary of Toshin Development Co., Ltd., which is in turn wholly-owned by Takashimaya Company Limited, listed on the Tokyo Stock Exchange. The Toshin lease, which expires in 2025, has periodic rent reviews which provide opportunities for organic growth for Starhill Global REIT, while ensuring income stability and potentially mitigating fluctuations in the retail market with a downside rent protection. The last rent review was concluded in June 2016 with about 5.5% increase in base rent for the three years commencing 8 June 2016. The next rent review is due in June 2019.

The Manager actively manages the beauty & wellness cluster on Level 5, constantly rejuvenating the tenant mix with complementary offerings, such as the DBS Treasures Centre. Beauty & wellness tenants include New York Skin Solutions, London Weight Management, Shunji Matsuo Hair Studio, Oriental Hair Solutions and Cheryl W Wellness & Weight Management, among others.

Office Tenant Mix

Consultancy/Services, Fashion Retail, and Beauty/Health are the top three trade sectors contributing to the Ngee Ann City Property's office gross rent.

Advertising and Promotion

Ngee Ann City's large outdoor semi-circular Civic Plaza is a popular venue for many prestigious events including concerts, fairs, product launches, road shows, fashion showcases, carnivals and lifestyle launches. Ngee Ann City's large event hall, Takashimaya Square*, is also a popular venue for regular bazaars and events that draw throngs of shoppers.

* SGREIT does not own this strata.

Business Review

Australia Properties

Adelaide

Myer Centre Adelaide is the largest shopping mall in the city centre, and is anchored by the Myer department store. It is located on the premier retail stretch of Rundle Mall – the city's only retail pedestrian street.

RUNDLE MALL – ADELAIDE'S PREMIER SHOPPING PRECINCT

Rundle Mall is an icon in the city of Adelaide and the precinct has been positioned as a compelling retail destination. Rundle Mall houses more than 700 retailers, including international brands such as Apple, Lululemon Athletica and Ted Baker. H&M is expected to open its first store in Adelaide on Rundle Mall in 4Q 2018. The retail strip, which is Australia's first pedestrianised mall, draws 24 million shoppers annually and offers access to an average of 400,000 visitors every week. It is also popular among tourists, with over 85% of all tourists to South Australia visiting Rundle Mall.

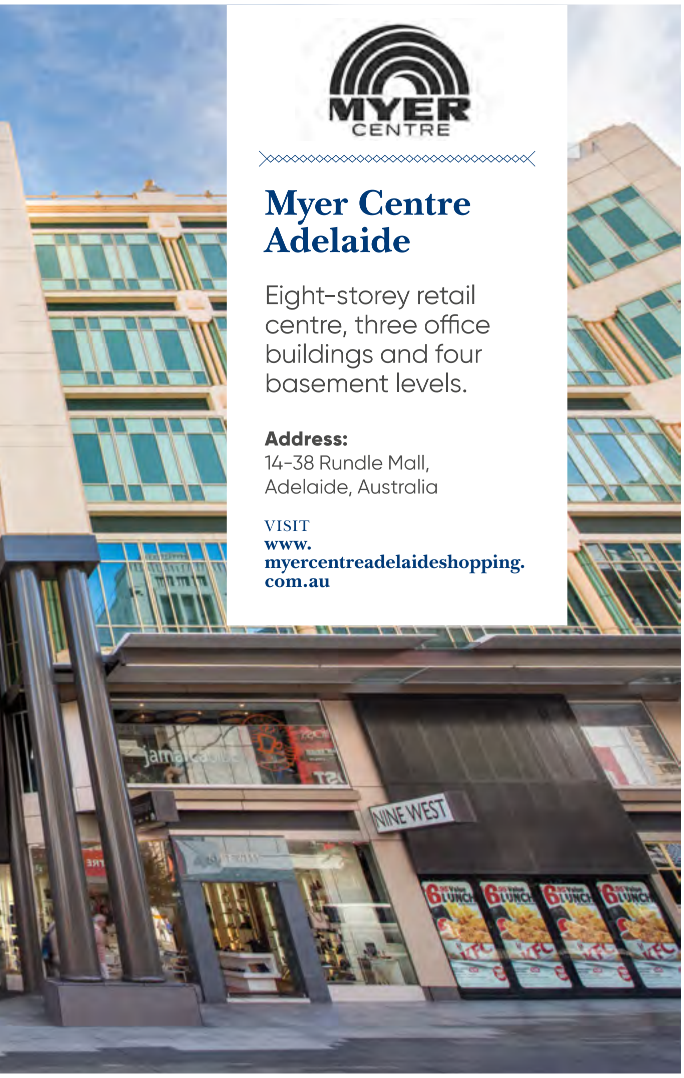
Largest Shopping Mall in Adelaide's City Centre

Myer Centre Adelaide is a prominent landmark and the largest shopping centre located in the heart of Adelaide's city centre. Popular with locals and tourists, the centre is located along the city's premier retail precinct, Rundle Mall. Myer Centre Adelaide is within walking distance to the Riverbank Entertainment Precinct, which includes the Adelaide Festival Centre and the Adelaide Oval multi-sports stadium and also in close proximity to universities, hostels, art galleries, museums and a casino. The property is surrounded by offices in the city centre.

Anchored by the largest Myer department store in South Australia, the 501,915 sq ft[1] retail centre houses over 77 other retail tenants. An all-encompassing retail experience, the retail centre is home to international retailers including Daiso, LUSH, Nine West, Sunglass Hut and Thomas Sabo, as well as national labels such as Angus & Coote, Katies, Platypus Shoes, Rubi Shoes and Review, and toy specialty store ToyWorld.

Note:

(1) Excludes 113,000 sq ft of unactivated vacant area on the highest two floors of the retail centre as at 30 June 2018.



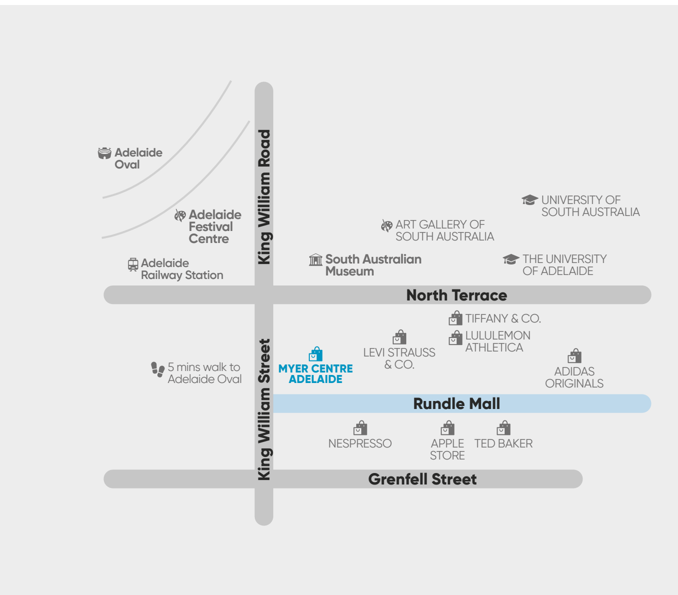
MYER CENTRE

Myer Centre Adelaide

Eight-storey retail centre, three office buildings and four basement levels.

Address:
14-38 Rundle Mall,
Adelaide, Australia

VISIT
www.myercentreadelaideshopping.com.au



Myer Centre Adelaide

TENURE
Freehold

TENANTS
(As at 30 Jun 2018)
96
including one anchor tenant

PURCHASE PRICE
S$**303.1**M

MARKET VALUATION
(As at 30 Jun 2018)
S$**296.2**M

TOTAL NET LETTABLE AREA
(As at 30 Jun 2018)
600,008sq ft(1)

RETAIL	OFFICE
501,915 SQ FT	98,093 SQ FT

OCCUPANCY RATE
As at 30 Jun 2018 (actual)

RETAIL	OFFICE
94.4%	31.5%

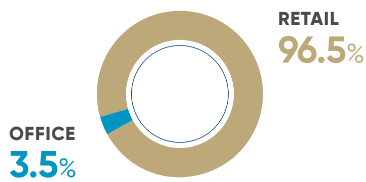
As at 30 Jun 2017 (committed)

94.6%	50.4%

RETAIL TRADE MIX
By Gross Rental Contribution
(As at 30 Jun 2018)

- 55.3% Myer
- 10.8% Fashion
- 10.1% F&B
- 7.7% General Trade
- 5.0% Jewellery & Watches
- 4.2% Shoes & Accessories
- 3.5% Beauty & Wellness
- 2.7% Services
- 0.7% Others

RETAIL & OFFICE MIX
By Gross Revenue
(FY 2017/18)



An all-encompassing retail experience, the retail centre is home to international retailers including Daiso, LUSH, Nine West, Sunglass Hut and Thomas Sabo.

Business Review

Myer Centre Adelaide

Complementing the retail experience, Myer Centre Adelaide provides a wide range of dining options with cafes and a 600-seat lower ground foodcourt – the largest in Adelaide's city centre – serving fast food and international cuisines.

The property comprises an eight-storey retail centre with four basement levels of car park space, and an office component which includes a six-storey office tower above the retail centre and two heritage buildings. Completed in 1991, the property last went through a major A$35 million asset enhancement in 2013 and 2014 which included the refurbishment of the five-storey Myer department store.

The Myer department store occupies approximately 54.0% of Myer Centre Adelaide's NLA. It accounts for 55.3% of the gross rent for Myer Centre Adelaide (Retail) as at 30 June 2018. It is also Starhill Global REIT's third largest tenant, contributing approximately 7.0% of portfolio gross rent as at 30 June 2018. Its long-term lease in the property which expires in 2032 provides for an annual rent review. Most of the remaining leases at the property incorporate annual upward-only rent reviews.

The office component of Myer Centre Adelaide includes Terrace Towers, a six-storey 81,117 sq ft office tower above the retail centre and two heritage buildings (Shell House and Goldsbrough House). As at 30 June 2018, Myer Centre Adelaide (Retail) was 94.4% occupied while Myer Centre Adelaide (Office) was 31.5% occupied as the office market remains challenging with office vacancies in Adelaide being the third highest in the country, worsened by the trend of flight-to-quality[1]. However, vacancy is forecast to continue to decline over the second half of 2018, with demand looking up for the Adelaide CBD, supported by a number of tenants migrating from the fringe and suburban markets[1]. The total revenue from office leases contributed approximately 3.5% of Myer Centre Adelaide's revenue in FY 2017/18.

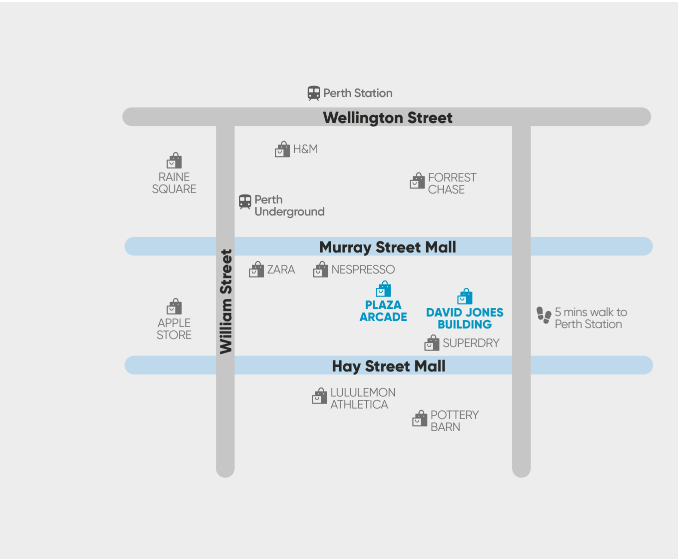
Note:
[1] CBRE Research, MarketView Australia Office, Q2 2018, 25 July 2018.

Perth

The Perth Properties, David Jones Building and Plaza Arcade, are located in Perth's city centre. Both properties enjoy dual frontage to the bustling Murray Street Mall and Hay Street Mall, the only two retail pedestrian streets in the city.

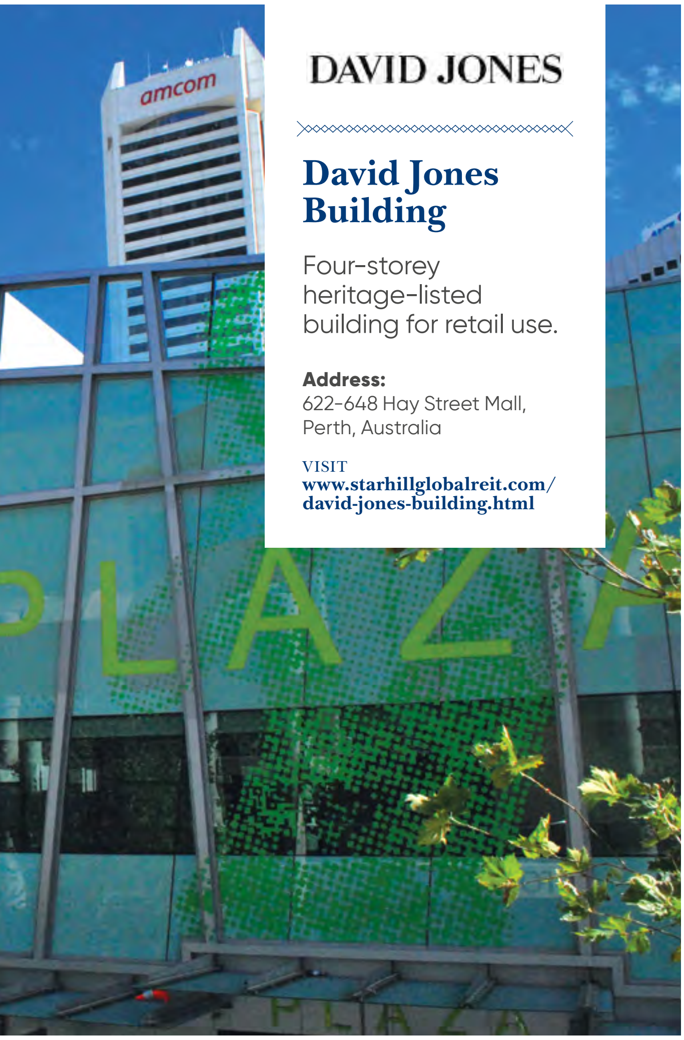
PERTH PROPERTIES' OCCUPANCY RATE
As at 30 Jun 2018 (actual)
98.2%
As at 30 Jun 2017 (committed)
98.7%

PERTH PROPERTIES' CONTRIBUTIONS TO AUSTRALIA PORTFOLIO BY GROSS REVENUE
FY 2017/18
33.0%



DAVID JONES BUILDING AND PLAZA ARCADE – IN THE HEART OF PERTH'S CITY CENTRE

Situated in the heart of Perth's city centre, David Jones Building and Plaza Arcade are well-placed to capitalise on pedestrian traffic from the Perth Busport and train station as well as the new William Street walkway link to the Perth Cultural Centre. Perth's city centre has been attracting international retailers including Zara, Lululemon Athletica, Superdry and H&M who have established their flagship stores along the city's most popular shopping precincts. Global apparel retailer UNIQLO opened its first store in Perth at Plaza Arcade in August 2018 as the mall's anchor tenant. This will complement the city centre's revitalised retail offerings, in conjunction with ongoing redevelopments in the retail precinct at Raine Square and Forrest Chase.



DAVID JONES

David Jones Building

Four-storey heritage-listed building for retail use.

Address:
622-648 Hay Street Mall, Perth, Australia

VISIT
www.starhillglobalreit.com/david-jones-building.html

David Jones Building

TENURE
Freehold

TENANTS
(As at 30 Jun 2018)
7
including one anchor tenant

PURCHASE PRICE
S$**145.7**M

MARKET VALUATION
(As at 30 Jun 2018)
S$**166.3**M

GROSS LETTABLE AREA
(As at 30 Jun 2018)
259,080sq ft

OCCUPANCY RATE
As at 30 Jun 2018 (actual)
99.3%

As at 30 Jun 2017 (committed)
99.3%

RETAIL TRADE MIX
By Gross Rental Contribution
(As at 30 Jun 2018)

- **77.5%** David Jones
- **8.9%** Fashion
- **8.0%** Health & Beauty
- **5.6%** Jewellery & Watches

Business Review

David Jones Building

Centrally located in Perth's prime retail stretch, the David Jones Building sits on a freehold site of approximately 71,473 sq ft in the Perth CBD in Australia. It enjoys dual frontage to the bustling Murray Street Mall and Hay Street Mall, the only two retail pedestrian streets in the city. The property is a few minutes' walk from the Perth central train station. The building is also linked seamlessly to another major shopping centre via a covered walkway. The four-level property, which has heritage-listed components (including a building constructed circa 1910 that was formerly the Savoy Hotel) is anchored by the upmarket David Jones department store and six other tenancies. As at 30 June 2018, the property's occupancy was 99.3%.

David Jones Limited, which has a long-term lease in the building until 2032, occupies approximately 95.2% of the total gross lettable area. It accounts for 77.5% of the gross rent for David Jones Building as at 30 June 2018. David Jones Limited is an upmarket operator of premium department stores across the country and is owned by South African retail group Woolworths Holdings Limited.

The long-term lease with David Jones Limited provides stable income, with the benefit of an upward-only rent review every three years. In August 2017, there was a rental uplift of 6.12% for the David Jones lease.

Six tenancies occupy a gross lettable area of about 10,746 sq ft and comprise international and national brands such as LUSH, Pandora and Superdry. Most of these leases also incorporate annual upward-only rent reviews.

PLAZA ARCADE

Plaza Arcade

A three-storey heritage listed retail building located next to the David Jones Building. The property is anchored by global apparel retailer UNIQLO.

Address:
650 Hay Street Mall &
185-191 Murray Street Mall,
Perth, Australia

VISIT
www.plaza-arcade.com.au

Plaza Arcade

The completed asset redevelopment of the property presented a revamped façade and additional retail area.

TENURE
Freehold

TENANTS
(As at 30 Jun 2018)
18
including one anchor tenant

PURCHASE PRICE
S$**61.0**M

MARKET VALUATION
(As at 30 Jun 2018)
S$**54.4**M

TOTAL GROSS LETTABLE AREA
(As at 30 Jun 2018)
36,731sq ft[(1)]

OCCUPANCY RATE
As at 30 Jun 2018 (actual)
90.0%

As at 30 Jun 2017 (committed)
94.1%

RETAIL TRADE MIX
By Gross Rental Contribution
(As at 30 Jun 2018)

- **62.9**% Fashion
- **16.1**% General Trade
- **9.4**% F&B
- **8.1**% Services
- **2.1**% Jewellery & Watches
- **1.4**% Health & Beauty

Located next to the David Jones Building, Plaza Arcade is in the heart of the city centre and sits on a freehold site of approximately 26,221 sq ft. The property is one of two main thoroughfares with entrances at both Hay and Murray Street Malls. Last renovated in 2006 and recently redeveloped this financial year, it comprises a three-storey heritage-listed retail building with 18 tenancies. The property has a GLA of approximately 36,731 sq ft[(1)] and was 90.0% occupied as at 30 June 2018.

The tenant mix is diversified, comprising services, food & beverage, fashion and mobile shops. Most leases at the property enjoy rental upside from an annual upward-only rent review.

Plaza Arcade's asset redevelopment has been completed, with UNIQLO opening its first store in Perth, in August 2018.

Plaza Arcade Asset Redevelopment

The Murray Street Mall end of Plaza Arcade underwent an asset redevelopment to create additional retail space on the upper floor and a revamped façade. The asset redevelopment commenced in 4Q FY 2016/17 and has been completed in April 2018. The new international tenant at Plaza Arcade complements Perth city centre's revitalised retail offerings, which include a H&M city store and the Forrest Chase and Raine Square redevelopments. Together with UNIQLO, these developments will transform the area into a vibrant retail hub in the heart of the city.

Note:
(1) Includes new GLA of approximately 12,500 sq ft which was created with the completion of asset redevelopment works at Plaza Arcade.

Business Review

Malaysia Properties

Starhill Gallery & Lot 10 Property

Starhill Gallery and Lot 10 Property are strategically situated in the vibrant Bukit Bintang district, one of Kuala Lumpur's premier shopping districts and home to prestigious international hotels, prime office buildings and shopping complexes.

STARHILL GALLERY AND LOT 10 PROPERTY – IN THE HEART OF BUKIT BINTANG

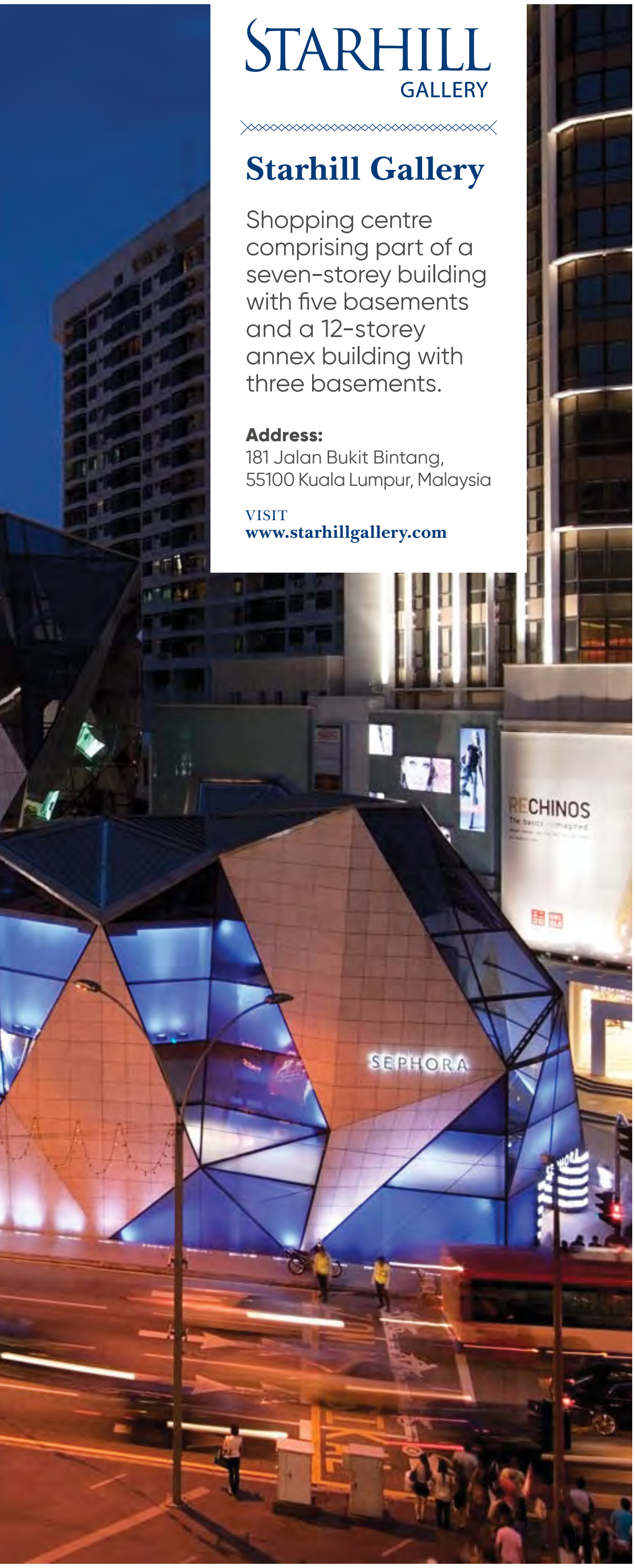
The Malaysia Properties comprise distinctive and vibrant shopping malls strategically located in Bukit Bintang, Kuala Lumpur's premier shopping and entertainment district with many prestigious international hotels, prime office buildings and shopping centres. Kuala Lumpur was ranked 5th Most Visited City in the World in Mastercard's Global Destinations Cities Index for 2017.

Starhill Gallery features a high-profile tenant base with international designer labels and luxury watch and jewellery brands.

Lot 10 offers young and trendy urbanites a wide range of fashion, dining and entertainment offerings. Lot 10 is located next to the Bukit Bintang monorail station, with the H&M store directly connected to the station via a platform.

In July 2017, the new Bukit Bintang MRT Station of the Klang Valley MRT project's Sungai Buloh-Kajang Line commenced operations. Connecting residents in the Greater Kuala Lumpur and Klang Valley region to the city, the new MRT line is expected to hit a ridership of 400,000 daily[1]. An exit from the MRT station is located at the doorstep of Lot 10, providing commuters greater accessibility to the mall and Starhill Gallery. A new entry point has been constructed as part of Lot 10's asset rejuvenation to drive traffic to the upper levels of the mall from the new MRT station, which is expected to bring increased foot traffic to the mall.

Notes:
[1] Mass Rapid Transport Corporation, Malaysia.
[2] Under master lease with Katagreen Development Sdn. Bhd.



STARHILL GALLERY

Starhill Gallery

Shopping centre comprising part of a seven-storey building with five basements and a 12-storey annex building with three basements.

Address:
181 Jalan Bukit Bintang,
55100 Kuala Lumpur, Malaysia

VISIT
www.starhillgallery.com

Starhill Gallery

Luxury Shopping at Starhill Gallery

Starhill Gallery sits on a freehold site connected to two luxury hotels, the JW Marriott Hotel Kuala Lumpur and The Ritz Carlton Kuala Lumpur. Starhill Gallery attracts discerning tourists and shoppers and comprises seven retail floors each offering a distinct and unique shopping experience. Starhill Gallery houses flagship stores of watch brands such as Audemars Piguet, Bedat & Co, HYT and Richard Mille. In addition, Starhill Gallery has a wide range of fashion and lifestyle offerings including luxury labels Louis Vuitton, Dior, Valentino, Van Cleef & Arpels, McQ by Alexander McQueen and British department store Debenhams. The Malaysia Properties are under master leases with Katagreen Development Sdn. Bhd., an indirect wholly-owned subsidiary of YTL Corporation Berhad, which will expire in June 2019.

The Manager is looking to enhance Starhill Gallery in Kuala Lumpur to leverage on the revival of Bukit Bintang area since the opening of the new MRT station.

TENURE
Freehold

TENANT
(As at 30 Jun 2018)
1(2)

PURCHASE PRICE
S$**271.3**M

MARKET VALUATION
(As at 30 Jun 2018)
S$**221.2**M

TOTAL NET LETTABLE AREA
(As at 30 Jun 2018)
306,113sq ft(2)

OCCUPANCY RATE
As at 30 Jun 2018 (actual)
100%

As at 30 Jun 2017 (committed)
100%

Business Review

Lot10

Lot 10 Property

Eight-storey building with a basement and lower ground floor for retail use, and a seven-storey annex building (excludes the space owned by Isetan).

Address:
50 Jalan Sultan Ismail,
50250 Kuala Lumpur,
Malaysia

VISIT
www.lot10.com.my

Fashion and Entertainment for Young Urbanites at Lot 10

Lot 10 Property sits on a 99-year leasehold site expiring on 29 July 2076. It is positioned to appeal to young urbanites. Home to exciting shops, dining outlets and year-round events, Lot 10 offers experiences promoting youthful exuberance, creativity and fun. Lot 10 houses the first flagship H&M store in Malaysia and a three-storey Zara store spanning 16,402 sq ft. Notable tenants in Lot 10 include Braun Buffel, The Hour Glass, Celebrity Fitness, The Coffee Bean & Tea Leaf, Alpha Hub and the Yes Mobile flagship store. The basement houses the Lot 10 Hutong, a heritage gourmet village which offers a gastronomic experience in the heart of Bukit Bintang. New tenants at Lot 10 include the first offline Reebonz store in Malaysia, J's Gate Dining with its cluster of 18 authentic Japanese eateries, Tokyo Candy Factory and Molten Chocolate.

Rejuvenation of Lot 10

The holistic rejuvenation of Lot 10 was timed to complete with the opening of the second phase of the new Sungai Buloh-Kajang MRT Line in July 2017.

Improvements of the mall include the remodelling of its interior ceiling, a new hoisting system to allow moving decorative pieces hanging in the central atrium, new escalators, lifts and signage and a redesigned carpark. Externally, the vehicle drop-off closest to the monorail station has been revamped, while the main entrance is more visually appealing with colour-changing smart LED lights. New entry point from the Bukit Bintang MRT Station has been constructed to lead shoppers directly from street level to the shops at level 1, tapping into the enlarged population catchment served by the Sungai Buloh-Kajang MRT Line.

The mall has been repositioned as a digital, fashion-forward destination with its tagline meet.play.#loveLot10, appealing to tech-savvy young urbanites.

Lot 10 Property

Lot 10 is re-conceptualised as a dynamic, fashion-forward destination offering a trendy digital environment with its tagline meet.play.#loveLot10

TENURE

99 years
Leasehold estate
(Expiring on 29 July 2076)

TENANT
(As at 30 Jun 2018)

1(1)

PURCHASE PRICE

S$**173.0**M

MARKET VALUATION
(As at 30 Jun 2018)

S$**146.2**M

TOTAL NET LETTABLE AREA
(As at 30 Jun 2018)

256,811sq ft(1)

OCCUPANCY RATE
As at 30 Jun 2018 (actual)

100%

As at 30 Jun 2017 (committed)

100%

Selected spaces in the mall have been transformed into an arts and community engagement area. For example, the rooftop converts into an outdoor cinema featuring free movie screenings on certain Saturdays, while exercise sessions like yoga are planned for weekend mornings. Events to attract shoppers have also been planned, including quarterly charity e-sports matches, regular busking performances, and a free public piano to encourage public musical expression.

The mall is also social media friendly, with new Instagram Spots and Play Walls and free WiFi. Changing art installations and programmes like exhibitions, workshops and art trail tours improve the mall's vibrancy. Members of the public could also unleash their inner artist at Art Jam sessions on weekends with canvasses set up at the mall's new side entrance. Lot 10 has also partnered with car-sharing platform SOCAR to allow shoppers to book a ride on their mobiles.

Stable Income from Master Lease

A master lease with Katagreen Development Sdn. Bhd., an indirect wholly-owned subsidiary of YTL Corporation Berhad, is in place at both Starhill Gallery and Lot 10 Property. The leases' fixed term of 3+3 years which commenced on 28 June 2010 was extended for a further three-year term with an approximately 6.7% increase in rent. The extension is effective from 28 June 2016, and will expire in June 2019.

Note:
(1) Under master lease with Katagreen Development Sdn. Bhd.

Business Review

China Property

The sole and long-term tenant of the China Property opened its renovated store in March 2018.

The China Property is located in Chengdu, the capital city of Sichuan province. The property has a gross floor area (GFA) of approximately 100,854 sq ft and comprises four levels of retail space with a mezzanine floor. Situated within the Second Ring Road, it is in close proximity to high-end residences, offices and the US Consulate in Chengdu. The Nijiaqiao MRT Station is located in front of the property and provides convenient access.

Repositioning the Mall

The China Property has secured a long-term tenant, Markor International Home Furnishings Co., Ltd., which is one of the largest furniture retailers in China. It is listed on the Shanghai Stock Exchange with a market capitalisation of RMB10.4 billion (approximately S$2.1 billion[1]) as at 30 June 2018. This long-term tenancy agreement, which incorporates a fixed rent with a periodic rental step-up lease, replaced the department store model and provides income stability amidst the challenging retail landscape in Chengdu. The sole tenant renovated the premises and officiated its opening on 28 March 2018.

China Property

A four-storey plus mezzanine level retail building forming part of a mixed use commercial development.

Address:
19, 4th Section,
Renminnan Road,
Chengdu, China

VISIT
www.starhillglobalreit.com/china-portfolio.html

TENURE
Leasehold
(Expiring on 27 Dec 2035)

TENANT
(As at 30 Jun 2018)
1[2]

PURCHASE PRICE
S$70.6M

MARKET VALUATION
(As at 30 Jun 2018)
S$29.8M

TOTAL GROSS FLOOR AREA
(As at 30 Jun 2018)
100,854sq ft

OCCUPANCY RATE
As at 30 Jun 2018 (actual)
100%

As at 30 Jun 2017 (committed)
100%

> The new long-term tenancy with sole tenant Markor International Home Furnishings Co., Ltd. provides income stability as it incorporates a fixed rent with a periodic rental step-up lease.

Notes:
(1) Based on exchange rate of S$1.00: RMB4.86 as at 30 June 2018.
(2) Under long-term lease with Markor International Home Furnishings Co., Ltd.

Japan Properties

Daikanyama & Ebisu Fort

Starhill Global REIT's Japan portfolio consists of two contemporary commercial buildings located within walking distance of major subway stations in prime Tokyo areas.

As at 30 June 2018, the Japan Properties are fully occupied.

The portfolio was refined in May 2018 with the divestment of Nakameguro Place at a sale consideration of JPY525.0 million (or approximately S$6.4 million[2]), representing a 25.0% premium to its latest valuation and a yield of 3.1%[3]. The sale marks the Manager's fifth divestment in Japan in five years and is part of the ongoing strategy to refine the portfolio. The four-storey building, which is located in the Nakameguro district in the Meguro Ward, Tokyo, is mainly for retail use and was last valued at JPY420.0 million[4] (or approximately S$5.1 million[2]).

Having weighed the costs and benefits of earthquake insurance for the Japanese assets, no specific earthquake insurance has been taken up, which is consistent with industry practice in Japan.

TENURE
Freehold

TENANTS
(As at 30 Jun 2018)
11[(1)]

PURCHASE PRICE
S$**94.1**M[(1)]

MARKET VALUATION
(As at 30 Jun 2018)
S$**57.2**M[(1)]

TOTAL NET LETTABLE AREA
(As at 30 Jun 2018)
26,903sq ft[(1)]

OCCUPANCY RATE
As at 30 Jun 2018 (actual)
100%

As at 30 Jun 2017 (committed)
100%

RETAIL TRADE MIX
By Gross Rental Contribution
(As at 30 Jun 2018)

38.3% Services

7.3% General Trade

54.4% Others


EBISU FORT
Tokyo, Japan


DAIKANYAMA
Tokyo, Japan

Notes:
(1) Excludes Nakameguro Place which was divested in May 2018 to ACN Fudosan Inc. for JPY525.0 million, representing a 25.0% premium to its latest valuation. The open market value was derived using the discounted cash flow and income capitalisation methods.
(2) Based on exchange rate of S$1.00: JPY81.87 as at 4 May 2018.
(3) Based on the net property income for the financial year ended 30 June 2017.
(4) Based on the latest independent valuation as at 28 February 2018 conducted by CBRE K.K.

Market Overview

Singapore

Singapore's economy grew by 3.9% yoy in the second quarter of 2018, easing from the 4.5% growth in the first quarter of 2018[1]. For 2018, the country's economy is expected to grow between 2.5% and 3.5%[1]. For the first half of 2018, international visitor arrivals remained healthy, rising 7.6% yoy to 9.2 million, supported by growth from Singapore's traditional markets like China and Indonesia[2]. For 2017, international visitor arrivals rose 6% yoy over 2016 to reach 17.4 million visitors[3]. Tourism receipts for 2017 also grew 4% yoy to reach S$26.8 billion[3]. Besides food & beverage expenditure which fell 5% yoy, tourism receipts for all the other categories recorded an increase of between 2% and 11%, whereby shopping expenditure rose 4% in 2017[3]. For 2018, the Singapore Tourism Board forecasts tourism receipts to grow by between 1% and 3% to S$27.6 billion, and visitor arrivals to be in the range of 17.6 million to 18.1 million, an increase of 1% to 4%[4].

Singapore Retail

Singapore claimed the top spot among countries in Asia Pacific for total expenditure by international tourists at US$15.4 billion[5] in 2017. In 2017, Singapore ranked behind Hong Kong, Taipei and Tokyo in Asia, with 38 new retail entrants, and ranked seventh internationally in CBRE's global city rankings of international retailer presence[6]. Retail sales (excluding motor vehicles) registered a yoy growth of 0.2% in June 2018[7]. Notwithstanding a gradually improving retail environment, the retail sector continues to be challenged by tight labour market conditions and high occupancy costs[8]. Rents for prime retail spaces remained stable across all submarkets with no significant movements seen[9]. Capital values moved in tandem with the rental trend, keeping yields relatively stable[9]. For 2018, rents for prime locations along Orchard Road are expected to stay flat in spite of the lack of new supply[10].

Singapore Office

For the office sector, improving occupancy levels have led to the firming up of rents. Rental rates could firm up further if tightening supply is exacerbated by the withdrawal of aging stock for retrofitting/redevelopment[9]. Demand for prime space remains keen, driven by tenants seeking quality and efficiency gains[11]. On the supply side, the lack of quality space will grow over the medium term and this might encourage some tenants to turn to the secondary market or Grade B stock in search of alternatives[11].

Australia

The Reserve Bank of Australia's central growth forecast for gross domestic product (GDP) is above 3% in 2018 and 2019[12]. GDP firmed up in the March quarter, with the economy expanding by 3.1% over the year, with low interest rates continuing to support the Australian economy[12]. Business conditions have improved and higher levels of public infrastructure investment are also supporting the economy[12].

However, the outlook for household consumption continues to be a source of uncertainty as household income has been growing slowly and debt levels are high[12]. For the 12 months to June 2018, retail sales in South Australia grew 3.2% yoy but declined 0.2% in Western Australia on seasonally-adjusted terms[13]. The entry of fast and mid-range fashion international fashion retailers has coincided with weaker sales performance of incumbent department stores and discount department stores over the past five years[14].

Adelaide Retail

Following approximately 12 months of outperformance relative to national averages, South Australian retail sales have started to ease[15]. In terms of category performance, spending at cafes and restaurants has experienced consistent strength over the past two years, exceeding both state and national levels of growth[15]. In 1H 2018, retail vacancy along Rundle Mall was 2.9%[15] compared to 4.6% across all sub-markets in Adelaide[16]. H&M has announced that it expects to open its first store in Adelaide at Rundle Mall in 4Q 2018[15]. Rents along Rundle Mall have remained unchanged over 1H 2018, but are likely to come under pressure in the coming 12 months[15].

Adelaide Office

Still feeling the effects of above average vacancy (14.6% in June 2018), rents have contracted over the last 12 months[17]. Prime rents were steady over the quarter and down 0.7% yoy[17]. Office vacancies are forecast to continue declining over 2H 2018, with demand looking up for Adelaide CBD, supported by a number of tenants migrating from the fringe and suburban markets[17]. Supporting demand for office assets has been offshore and eastern seaboard based investors attracted by Adelaide's comparatively higher yields[17].

Perth Retail

The Western Australia retail trade environment remained sluggish over the December 2017 quarter[18]. Demand for retail space remained subdued over the March 2018 quarter, with achievable rents continuing to be hampered by soft economic factors and restrained growth in retail spend[18]. Average CBD rents declined 1.2% over the March 2018 quarter and 7.6% lower over the year[18]. Global apparel retailer UNIQLO has opened its first store in Perth at Plaza Arcade in August 2018 as the mall's anchor tenant. This will complement the city centre's revitalised retail offerings in conjunction with ongoing redevelopments in the retail precinct at Raine Square and Forrest Chase.

In the short term, economic conditions are likely to remain mixed[18]. However, as the economy and labour markets stabilise, the benefits should flow through to household incomes[18]. This, combined with the gradual improvement in population growth and the expected return of better wages growth, should see the firming up of total turnover growth and potentially lead to the recovery of the retail sector in the years ahead[18].

Malaysia

The Malaysian economy continued to expand in 1H 2018, supported by private sector activity with additional impetus from net exports[19]. Sustained growth is expected, driven by both domestic and external demand[19]. Private consumption will be underpinned by continued wage and employment growth, with an additional lift from higher household spending due to the tax holiday[19]. The positive domestic economic outlook, sound financial sector and improving current account surplus of the balance of payments will continue to support Malaysia's fundamentals[19]. Malaysia's economy grew 4.5% in 2Q 2018 compared to 5.4% in 1Q 2018, supported by the services, manufacturing and construction sectors[20]. On a seasonally adjusted qoq basis, GDP for 2Q 2018 grew 0.3%[20].

Malaysia Retail

Malaysia's wholesale and retail trade sales value rose 9.6% yoy in June 2018 to RM106.1 billion, boosted by the zero-rated Goods and Services Tax which took effect in June 2018 and the Hari Raya festive season[21].

The retail market in Klang Valley was challenging in 2017 and this is expected to persist throughout 2018[22]. As of 1H 2018, retail supply in Kuala Lumpur stood at 31.3 million sq ft, recording 2.9% growth yoy[23]. With incoming supply of more than 6 million sq ft slated for completion within the next couple of years, aggregate supply is expected to reach over 37 million sq ft by 2020[23]. Generally, the upcoming supply may exert pressure on rents but shopping malls in prime areas which are strategically located and well-positioned are likely to remain resilient[23].

The completion of the Sungai Buloh–Kajang MRT Line has enhanced accessibility and is expected to improve footfalls to the malls located near MRT stations[22]. Mall operators are improving tenant mix and enhancing assets[22]. Aging malls in prime locations are also seen striving for a new modern look through refurbishments and mall repositioning, i.e. Lot 10 and Sungei Wang with refreshing tagline[22]. In 2017, Malaysia received a total of 25.9 million international tourists and recorded a 0.1% growth in tourist receipts to RM82.2 billion[24]. Although tourist arrivals dropped by 3%, in terms of numbers, Malaysia was the second most-visited South East Asian country after Thailand, which had 35.3 million tourists in 2017[24]. The Visit Malaysia 2020 campaign is kicking off in various markets in 2018, targeting 36 million tourists and RM168 billion in tourist receipts by 2020[24].

China

Based on preliminary estimates, China's GDP rose 6.7% yoy in 2Q 2018, just under the yoy growth of 6.8% in 1Q 2018[25]. Retail sales of consumer goods in Chengdu reached RMB108.1 billion, up 11.9% yoy for the first two months of 2018[26]. Demand for retail space in Chengdu remained stable in 1Q 2018 with a net absorption of 80,994 sq m, causing city-wide vacancy rates to decrease by one percentage point to 5.9%[26]. Going forward, 570,000 sq m of space is in the pipeline in Chengdu, with expected delivery to the market in 2H 2018[27].

Japan

Based on preliminary estimates, Japan's GDP expanded at an annualised pace of 1.9% in 2Q 2018[28]. For the month of June 2018, retail sales grew by 0.9% yoy[29]. Private consumption is expected to continue to pick up in 2018 amid improvements in employment and income environment[30]. Strength from inbound tourism should continue to support retail sales, particularly in prime retail areas[30]. Prime rents in Tokyo, Osaka, and Nagoya were flat qoq[31]. However, demand for store space has increased compared to 3Q 2017[31].

Notes:

(1) Ministry of Trade and Industry Singapore, MTI Maintains 2018 GDP Growth Forecast at "2.5 to 3.5 Per Cent", 13 August 2018.
(2) Singapore Tourism Board, International Visitor Arrivals Statistics, 31 July 2018.
(3) Singapore Tourism Board, Tourism Sector Performance Q4 2017, 25 May 2018.
(4) Singapore Tourism Board, Singapore tourism sector performance breaks record for the second year running in 2017, 12 February 2018.
(5) Mastercard, Asia Pacific Destinations Index 2017.
(6) CBRE Research, How Global is the Business of Retail?, 2018.
(7) Singapore Department of Statistics, Retail Sales Index, Food and Beverage Services Index June 2018, 10 August 2018.
(8) CBRE Research, Singapore MarketView Q2 2018, 13 July 2018.
(9) Jones Lang LaSalle Research, Singapore Property Monitor July 2018.
(10) Savills World Research, Singapore, Retail Sector Briefing, May 2018.
(11) CBRE Research, Asia Pacific Real Estate Market Outlook, Singapore, 2018.
(12) Reserve Bank of Australia, Statement by Philip Lowe, Governor: Monetary Policy Decision, 3 July 2018.
(13) Australia Bureau of Statistics, Retail Trade for June 2018, Australia, 3 August 2018.
(14) CBRE Research, Asia Pacific Real Estate Market Outlook, Australia, 2018.
(15) Colliers International, Adelaide Retail, First Half 2018.
(16) Jones Lang LaSalle, Australia Market Overview, Q2 2018.
(17) CBRE Research, Australia Office MarketView Q2 2018.
(18) Colliers International, Perth Retail, First Half 2018.
(19) Bank Negara Malaysia, Monetary Policy Statement, 11 July 2018.
(20) Department of Statistics Malaysia, Official Portal, Malaysia Economic Performance Second Quarter 2018, 17 August 2018.
(21) Bernama, June wholesale, retail trade sales value up 9.6% at RM 106.1 bil, 10 August 2018.
(22) CBRE, WTW Research, Asia Pacific Real Estate Market Outlook, Malaysia, 2018.
(23) Nawawi Tie Leung Research, 2018.
(24) Tourism Malaysia, 25.9 million international tourists visited Malaysia in 2017, 29 March 2018.
(25) National Bureau of Statistics of China, National economy registered a stable performance with good momentum for growth in the first half of 2018, 16 July 2018.
(26) Savills World Research, Chengdu, Retail Sector Briefing, May 2018.
(27) CBRE Research, China MarketView, Q2 2018.
(28) Cabinet Office, Japan, Apr-Jun 2018 (The 1st Preliminary), 10 August 2018.
(29) Ministry of Economy, Trade and Industry, Japan.
(30) Jones Lang LaSalle, Tokyo Retail Market Summary, Q1 2018.
(31) CBRE Research, Japan Retail MarketView, Q1 2018 press release.

Financial Review

Group	FY 2017/18 (S$'000)	FY 2016/17 (S$'000)	Change (%)
Gross revenue	**208,814**	216,364	(3.5%)
Property expenses	**(46,627)**	(49,476)	(5.8%)
Net property income	**162,187**	166,888	(2.8%)
Non property expenses	**(57,576)**	(57,595)	(0.0%)
Net income before tax	**104,611**	109,293	(4.3%)
Change in fair value of derivative instruments	**4,467**	1,425	213.5%
Foreign exchange gain	**134**	3,819	(96.5%)
Change in fair value of investment properties	**(22,669)**	(16,321)	38.9%
Gain on divestment of investment property	**1,147**	770	49.0%
Total return for the period before tax and distribution	**87,690**	98,986	(11.4%)
Income tax	**(3,446)**	1,268	NM
Total return for the period after tax, before distribution	**84,244**	100,254	(16.0%)
Non-tax deductible/(chargeable) items and other adjustments	**18,892**	10,191	85.4%
Income available for distribution	**103,136**	110,445	(6.6%)
Income to be distributed to Unitholders	**99,244**	107,315	(7.5%)
Distribution per Unit	**4.55 cents**	4.92 cents	(7.5%)
Total operating expenses[1]	**66,546**	69,235	(3.9%)
Net asset value[2]	**1,990,296**	2,009,346	(0.9%)
Total operating expenses to net asset value	**3.3%**	3.4%	NM

Notes:
[1] Total operating expenses mainly comprise property expenses, management fees and trust expenses, including all fees and charges paid to the Manager and Trustee.
[2] Net assets as at 30 June 2018 and 30 June 2017 respectively.

Financial Performance

Group revenue of S$208.8 million for FY 2017/18 was 3.5% lower than S$216.4 million achieved in FY 2016/17. NPI for the Group was S$162.2 million, representing a decrease of 2.8% over FY 2016/17, mainly due to the one-off S$1.9 million pre-termination rental compensation for a retail lease at Wisma Atria Property recorded in FY 2016/17 which has been filled up, weaker contributions from offices and Myer Centre Adelaide (Retail), as well as disruption of income from asset redevelopment works at Plaza Arcade in Perth, partially offset by lower expenses mainly for China Property and Wisma Atria Property (Retail). Excluding the one-off rental compensation recorded in FY 2016/17, gross revenue for the Group would have decreased by 2.6% and NPI for the Group would have decreased by 1.7%.

Singapore Properties contributed 62.1% of total revenue, or S$129.7 million in FY 2017/18, 3.5% lower than in FY 2016/17. NPI decreased by 3.7% to S$103.0 million for FY 2017/18, mainly due to the recognition of S$1.9 million pre-termination rental compensation for a retail lease at Wisma Atria Property in FY 2016/17, as well as lower contributions from the Singapore offices. Excluding the one-off rental compensation recorded in FY 2016/17, gross revenue for the Singapore Properties would have decreased by 2.1% and NPI would have decreased by 2.0%.

Australia Properties contributed 22.3% of total revenue, or S$46.4 million in FY 2017/18, 5.6% lower than in FY 2016/17. NPI was S$28.7 million, 9.2% lower than in FY 2016/17, mainly due to Plaza Arcade redevelopment works, lower occupancies at Myer Centre Adelaide (Office), as well as allowance for rent arrears and rebates.

Malaysia Properties contributed 13.3% of total revenue, or S$27.9 million in FY 2017/18, 1.9% higher than in FY 2016/17. NPI was S$26.9 million, 1.9% higher than in FY 2016/17, mainly due to appreciation of RM against S$.

China and Japan Properties contributed 2.3% of total revenue, or S$4.8 million in FY 2017/18. NPI was S$3.6 million, 86.6% higher than in FY 2016/17, mainly due to lower expenses for China Property, following the conversion of the departmental store model to a single tenancy model.

Non property expenses were S$57.6 million in FY 2017/18, as well as in FY 2016/17. The lower finance expenses in FY 2017/18 was largely

RETAIL PEDESTRIAN STREET
David Jones Building and Plaza Arcade in Perth, Australia, enjoy dual frontage to Murray Street Mall and Hay Street Mall (pictured), the only two retail pedestrian streets in the city. David Jones Building is anchored by David Jones department store and features specialty tenants like Pandora and Superdry, while Plaza Arcade is anchored by UNIQLO's first store in Perth.

offset by the variance in fair value adjustment on security deposits, higher trust expenses and lower interest income for the current year.

Finance expenses for FY 2017/18 were S$38.3 million, S$0.7 million or 1.7% lower than in FY 2016/17. This was mainly due to lower interest costs incurred on the existing borrowings for FY 2017/18, partially offset by the write-off of remaining upfront borrowing costs following the early repayment of loans during the current year.

Management fees for FY 2017/18 were S$16.1 million, S$0.1 million or 0.6% lower than in FY 2016/17, mainly in line with the lower average value of trust property during the current year.

Trust expenses for FY 2017/18 were S$3.8 million, S$0.3 million or 7.1% higher than in FY 2016/17. This was mainly due to higher expenses incurred by Australia Properties and Malaysia Properties, partially offset by lower expenses for the Singapore Properties, as well as China and Japan Properties during the current year.

The net gain on derivative instruments of S$4.5 million for FY 2017/18 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 for FY 2017/18 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. The Group designated its JPY loan as a net investment hedge for its Japan operations. 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.

The change in fair value of investment properties of S$22.7 million for FY 2017/18 represents the net revaluation loss on the Group's investment properties.

The gain on divestment of investment property for FY 2017/18 represents the difference between the net proceeds (including directly attributable costs) from divestment and the carrying amount of Nakameguro Place divested in May 2018 (2017: Harajuku Secondo).

Financial Review

The variance in income tax was mainly attributed to lower deferred tax reversal arising from downward revaluation of the China Property, as well as higher withholding taxes for the Malaysia Properties and Australia Properties, including one-off payment of withholding tax in Malaysia during the current year.

Income available for distribution for FY 2017/18 was S$103.1 million, a decrease of S$7.3 million or 6.6% over FY 2016/17. Income to be distributed to Unitholders for FY 2017/18 was S$99.2 million, a decrease of S$8.1 million or 7.5% over FY 2016/17, mainly due to lower NPI including the effects of straight-line rental adjustments, higher withholding taxes and higher distributable income retained. Approximately S$3.9 million of income available for distribution for FY 2017/18 has been retained for working capital requirements.

Total DPU for FY 2017/18 was 4.55 cents, representing a decrease of 7.5% over DPU of 4.92 cents achieved in FY 2016/17.

Assets and Liabilities

The Group's total assets as at 30 June 2018 were S$3,191.5 million, representing a decrease of S$27.9 million or 0.9%, compared to S$3,219.4 million as at 30 June 2017, mainly due to the decrease in investment properties, cash, as well as trade and other receivables. The Group's portfolio of 10 prime properties across five countries was independently revalued at S$3,118.3 million as at 30 June 2018 (2017: 11 properties, S$3,136.3 million), resulting in a net revaluation loss of S$22.7 million over the last valuation exercise in June 2017. The lower portfolio valuation was mainly due to downward revaluation of Starhill Gallery, Myer Centre Adelaide and China Property, divestment of Nakameguro Place, as well as negative net movement in foreign currencies in relation to the overseas properties during the current year. The fair values of the properties include capital expenditure incurred and straight-line rental adjustments during the current year. The geographic breakdown of the portfolio by asset value as at 30 June 2018 was as follows: Singapore 68.8%, Australia 16.6%, Malaysia 11.8%, Japan 1.8%, and China 1.0%.

The Group's total liabilities as at 30 June 2018 were S$1,201.2 million, representing a decrease of S$8.9 million or 0.7%, compared to S$1,210.1 million as at 30 June 2017, mainly due to decrease in borrowings, derivative financial instruments, deferred tax liabilities as well as trade and other payables. The net decrease in total borrowings was mainly due to the net movement in foreign currencies, capitalisation of upfront borrowing costs, the prepayment of S$4.3 million (JPY350 million) of JPY term loan and S$1.5 million (JPY122 million) of Japan bond, as well as the net repayment of S$3 million of short-term revolving credit facilities during the current year, partially offset by the drawdown of S$200 million four-year unsecured term loan facility and S$260 million five-year unsecured term loan facility in September 2017 to largely refinance the outstanding S$450 million term loans ahead of their maturities in 2018. Gearing increased slightly from 35.3% as at 30 June 2017 to 35.5% as at 30 June 2018.

The Group's net asset value as at 30 June 2018 was S$1,990.3 million (NAV per Unit of S$0.91), representing a decrease of S$19.1 million or 0.9%, compared to S$2,009.3 million (NAV per Unit of S$0.92) as at 30 June 2017.

Cash Flow

Total net cash outflow (excluding effects of exchange rate differences) for FY 2017/18 was S$9.8 million, largely comprising cash outflow from financing activities of S$139.1 million and investing activities of S$6.6 million, partially offset by cash flows generated from operating activities of S$135.9 million. Cash outflows from financing activities comprised mainly repayment of borrowing and related costs, as well as distributions paid to Unitholders, partially offset by proceeds from borrowings. The cash outflow from investing activities related mainly to capital expenditure on investment properties, including asset redevelopment costs paid in relation to Plaza Arcade and Lot 10 Property, partially offset by net proceeds on divestment of Nakameguro Place in May 2018.

GROSS REVENUE

(S$ million)

	FY 2017/18 (%)	FY 2017/18: 208.8	FY 2016/17 (%)	FY 2016/17: 216.4
Wisma Atria Property	31.5%	65.8	31.8%	68.7
Ngee Ann City Property	30.6%	63.9	30.4%	65.8
Australia Properties	22.3%	46.4	22.7%	49.1
Malaysia Properties	13.3%	27.9	12.6%	27.4
Others [1]	2.3%	4.8	2.5%	5.4

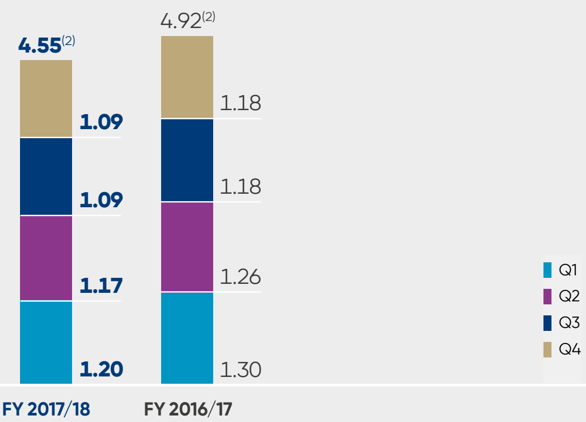
NET PROPERTY INCOME

(S$ million)

	FY 2017/18 (%)	FY 2017/18: 162.2	FY 2016/17 (%)	FY 2016/17: 166.9
Wisma Atria Property	31.5%	51.0	31.7%	53.0
Ngee Ann City Property	32.0%	52.0	32.4%	54.0
Australia Properties	17.7%	28.7	18.9%	31.5
Malaysia Properties	16.6%	26.9	15.8%	26.4
Others [1]	2.2%	3.6	1.2%	2.0

DISTRIBUTION PER UNIT

(cents)



ASSET VALUE BY COUNTRY

(%)

	As at 30 Jun 2018	As at 30 Jun 2017
Singapore	68.8%	68.5%
Australia	16.6%	17.2%
Malaysia	11.8%	11.4%
Others [1]	2.8%	2.9%

Notes:
[1] Others comprise one property in Chengdu, China and two (2017: three) properties in Tokyo, Japan as at 30 June 2018.
[2] The computation of DPU for FY 2017/18 and FY 2016/17 was based on number of units entitled to distributions comprising 2,181,204,435 units in issue.

Capital Management

Prudent Capital Management to Optimise Unitholders' Returns

Starhill Global REIT's main objective when managing capital is to be prudent and optimise Unitholders' returns through a mix of available capital sources. The Group monitors capital on the basis of both the gearing ratio and interest service coverage ratio and maintains them within the approved limits. The Group assesses its capital management approach as a key part of the Group's overall strategy and this is continuously reviewed by the Manager.

In July 2017, the Group entered into an unsecured facility agreement with a club of seven banks, comprising (a) four-year term loan facility of S$200 million; (b) five-year term loan facility of S$260 million; and (c) five-year revolving credit facilities of S$240 million (of which S$50 million is on uncommitted basis at inception and subsequently fully converted to committed basis in July 2018), which were used to refinance the existing unsecured S$250 million and S$200 million term loans in September 2017, ahead of their respective maturities in June 2018 and September 2018, with the balance available for working capital purposes.

In July and August 2017, the Group has prepaid JPY350 million term loan and JPY55 million Series 3 Japan bond respectively using the net proceeds from the divestment of Harajuku Secondo in May 2017.

In November 2017, the Group refinanced the existing A$145 million secured term loan with the same bank, thereby extending the new maturity to November 2021.

In May and July 2018, the Group has prepaid JPY67 million Series 3 Japan bond and JPY350 million term loan respectively using the net proceeds from the divestment of Nakameguro Place in May 2018.

In July 2018, the Group entered into an agreement with the same bank for a new five-year secured term loan facility of A$63 million to refinance its existing loan of the same amount, ahead of its maturity in June 2019.

As at 30 June 2018, Starhill Global REIT's outstanding debt stood at approximately S$1,134 million with a gearing ratio of 35.5%, and approximately S$2.3 billion (73%) of the Group's investment properties are unencumbered, enhancing its financial flexibility. As at 30 June 2018, the average debt maturity profile of Starhill Global REIT is approximately 3.5 years, with no significant debt refinancing requirement until September 2019. The Manager intends to continue with its prudent capital management.

Starhill Global REIT's current financial risk management policy is described in greater details below.

Interest Rate Risk Management

In order to protect the Group's earnings from interest rate volatility and provide stability to Unitholders' returns, Starhill Global REIT hedges substantially its interest rate exposure within the short to medium term by using fixed rate debt and interest rate derivatives including interest rate swaps and caps.

Following the purchase of new interest rate swaps which replace those maturing in 2018 largely for the S$460 million four-year and five-year term loans drawn in September 2017, Starhill Global REIT hedged about 96% of its debt as at 30 June 2018, of which 92% were hedged by a combination of fixed rate debt and interest rate swaps, and the remaining 4% were hedged using interest rate caps. The weighted average interest rate was approximately 3.13% per annum as at 30 June 2018. The interest service coverage ratio was a healthy 4.1 times for the year ended 30 June 2018.

DEBT GEARING AND HIGHLIGHTS

As at 30 Jun 2018

SGD term loans	S$460M
JPY term loan	S$50M
Singapore MTNs	S$295M
Malaysia MTN	S$111M
Australia term loans	S$210M
Japan bond	S$8M
Total Debt	**S$1,134M**
Gearing ratio [1]	35.5%
Fixed/hedged debt ratio [2]	96%
Unencumbered assets ratio	73%
Interest cover for the year ended 30 June 2018	4.1x
Weighted average interest rate per annum[3]	3.13%
Starhill Global REIT corporate rating by Standard & Poor's	BBB+

Notes:
[1] Based on consolidated deposited property.
[2] Including interest rate derivatives such as interest rate swaps and caps.
[3] As at 30 June 2018. Includes interest rate derivatives but excludes upfront costs.

The Manager intends to continue to secure diversified funding sources from both financial institutions and capital markets when opportunities arise, while keeping Starhill Global REIT's ongoing cost of debt competitive.

Foreign Exchange Risk Management

As at 30 June 2018, Starhill Global REIT is exposed to foreign exchange risk arising from its investments in Australia, Malaysia, China and Japan. The income generated from these investments and net assets are denominated in foreign currencies. In managing its currency risks associated with its foreign investments, Starhill Global REIT has adopted the following income and capital hedging strategies.

Income hedging

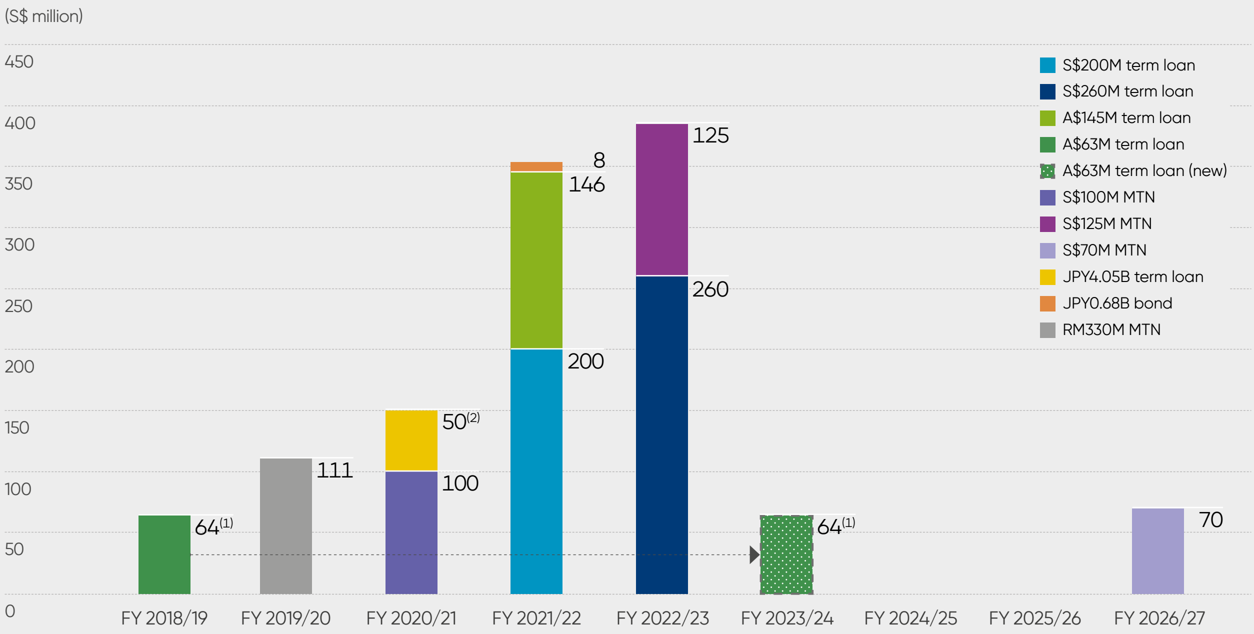
Starhill Global REIT's core portfolio is largely based in Singapore, which contributed approximately 62% of its revenue for the year ended 30 June 2018. Starhill Global REIT actively monitors the exchange rates and assesses hedging on a case-by-case basis. The impact of the volatility in the foreign currencies mainly Australian dollar and Malaysian Ringgit on its distributions has been partially mitigated by having foreign currency denominated borrowing as a natural hedge, and short-term foreign currency forward contracts.

Capital hedging

In managing the currency risks associated with the capital values of Starhill Global REIT's overseas assets, borrowings are denominated in the same currency as the underlying assets to the extent feasible, to provide a natural currency hedge. As the investments in overseas assets are generally long term in nature, the remaining net positions of the foreign exchange risk on such investments are not hedged.

As at 30 June 2018, the average debt maturity profile of Starhill Global REIT is approximately 3.5 years, with no significant debt refinancing requirement until September 2019. The Manager intends to continue with its prudent capital management.

DEBT MATURITY PROFILE
As at 30 Jun 2018



Notes:
(1) In July 2018, the Group has refinanced its A$63 million secured loan for five years with the same bank ahead of its maturity in June 2019.
(2) In July 2018, the Group has prepaid JPY350 million term loan using the net proceeds from the divestment of Nakameguro Place in May 2018.

Risk Management

The Manager has put in place an enterprise risk management framework for Starhill Global REIT, comprising procedures and protocol to identify and initiate mitigation of enterprise risks which may arise in the management and operations of Starhill Global REIT, particularly in the areas of asset acquisitions, asset integration, financial risk management, and safety and health. To address each of these areas, the Manager has adopted policies and/or hired or designated staff with specific expertise in that area, and continues to assess the potential impact of risks which may arise and the necessary response or process to effectively mitigate those risks.

1 ASSET ACQUISITION PROCESS

Prior to any new acquisition, each of the key risks attributable to the acquisition or the subsequent management of the asset is assessed. Functional heads in the Manager are responsible for this process. The Board is made aware of all key risks considered and that these have been addressed or mitigated appropriately.

2 ASSET INTEGRATION PROCESS

Following every successful acquisition, it is imperative that each asset is quickly integrated into Starhill Global REIT's existing portfolio, from financial, operational and compliance perspectives. This process is activated before the closing of each acquisition, and completed as soon as practicable thereafter.

3 SAFETY AND HEALTH

Standard operating procedures for fire safety practices have been put in place and appropriate insurances for the properties are procured. Renewals of required certificates and permits or inspections for fire safety, lifts and escalators are regularly reported and monitored. In addition, the internal auditor reviews periodically, the operating effectiveness of key controls over the fire safety arrangements of key assets. For more information on customer health and safety, please refer to pages 66 to 67 of this Annual Report.

4 FINANCIAL RISK MANAGEMENT POLICY

Starhill Global REIT's returns are primarily from net operating income and capital appreciation of its assets. However, these returns are exposed to financial risks including credit, liquidity, interest rates and foreign currency risks. Where appropriate, the Manager may hedge against the volatility of interest rates, foreign currency net income and foreign currency investments. Starhill Global REIT has a system of controls in place to create an acceptable balance between the cost of the financial risks occurring and the cost of managing these risks.

The Manager continuously monitors the Group's financial risk management process to ensure that an appropriate balance between risk and control is achieved. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and Starhill Global REIT's activities.

The policies contain the parameters and processes for managing these risks, and define the roles and responsibilities of those who manage the process. For more information on financial risk management, please refer to pages 134 to 140 of this Annual Report.

5 BUSINESS CONTINUITY PLANNING

The Manager has developed a plan to address the impact and recovery of unforeseen disruptions or emergency circumstances to its business and operations. Key areas such as information technology, finance, regulatory compliance, vital record storage and recovery are addressed, to ensure smooth continuation of the Manager's and the Property Manager's essential business operations, in the event of a major disruption or contingency.

6 OPERATIONAL RISK SELF ASSESSMENTS (ORSA)

The Manager has an ORSA protocol to ensure a regular review and assessment of the internal processes which have been implemented under the enterprise risk management framework. The Manager periodically conducts ORSA to assess the key risks and controls identified. This process also ensures that adequate resources are allocated to mitigate these risks.

7 RISK REPORTING

The Manager actively assesses and manages legal and compliance risks for Starhill Global REIT. Such risks may arise in each of the various jurisdictions Starhill Global REIT has assets located in, with the application of different laws and regulatory requirements, the enforceability of counterparty obligations and/or changes to applicable laws and regulations. Quarterly reports are made to the Manager's Audit Committee (on an exceptions basis), and the Board is regularly updated on all such matters.

8 WHISTLE BLOWING POLICY

The Board has established a whistle blowing policy, pursuant to which employees and any other persons may, in confidence, raise concerns about potential or actual improprieties in financial or other operational matters, so as to facilitate independent investigations of such matters and ensure that appropriate remedial and follow-up action is taken.

On an ongoing basis, the whistle blowing policy is covered during staff orientation to promote fraud awareness.

Investor Relations and Communications

Starhill Global REIT keeps Unitholders and the financial community abreast of its latest developments and strategic direction through equitable, timely and effective communications. The Manager employs communication channels such as announcements, press releases, briefing sessions, investor presentations, annual reports, corporate video, corporate website and emails to disseminate information on its financial and operational performance, business plans and latest developments.

The Manager is active in engaging investors and analysts through regular meetings, property tours and attending conferences both locally and overseas throughout the year. In FY 2017/18, the Manager participated in a number of investor conferences and roadshows in Singapore, Hong Kong, Japan and South Korea. As at 30 June 2018, Starhill Global REIT is covered by a total of 11 research houses. Starhill Global REIT is a component stock of FTSE ST REIT Index.

The Manager continues to be proactive in reaching out to Unitholders, prospective investors and analysts. It is committed to sharing accurate information with the investing public in a timely manner.

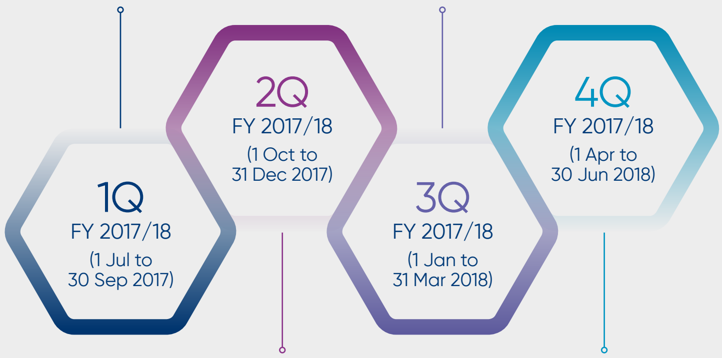
Research Coverage

- CIMB Research
- Daiwa Securities Capital Markets
- DBS Vickers Research
- Macquarie Capital Securities
- Maybank Kim Eng Research
- Nomura
- OCBC Securities
- Soochow CSSD
- RHB Research
- UBS Investment Research
- UOB Kay Hian Research

FY 2017/18 INVESTOR RELATIONS ACTIVITIES

- **Release of financial results for FY 2016/17 and results briefing for analysts**
- **Release of Annual Report for FY 2016/17**
- **Release of the first Sustainability Report for FY 2016/17**
- **Citibank C-Suite Forum, Singapore**
- **Macquarie Non-Deal Roadshow, Hong Kong**
- **Credit Suisse Corporate Day, Singapore**

- **Release of 2Q FY 2017/18 financial results**
- **SGX-DBSV-REITAS: S-REITs Corporate Day, Seoul and Tokyo**



- **Release of 1Q FY 2017/18 financial results**
- **Annual General Meeting**

- **Release of 3Q FY 2017/18 financial results**
- **Citibank Asia Pacific Property Conference 2018, Hong Kong**

Unitholders' Enquiries

If you have any enquiries or would like to find out more about Starhill Global REIT, please contact:

The Manager

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Sustainability Report

SUSTAINABILITY REPORT CONTENTS

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BOARD STATEMENT

Starhill Global Real Estate Investment Trust ("SGREIT" or "We") is pleased to present our Sustainability Report from 1 July 2017 to 30 June 2018 (FY 2017/18). This is the second year we are publishing an annual sustainability report, and we wish to demonstrate to SGREIT stakeholders that we are committed to creating a sustainable business model. We believe that adopting the best practices in environment, social and governance (ESG) aspects is fundamental to the conduct of our business.

Sustainable practices are essential in building a reliable and resilient business, especially today, where increased accountability is demanded from every business. Doing business responsibly not only ensures longevity for SGREIT by improving our business operations, but also creates greater long-term value for our stakeholders. The Board considers sustainability in the formulation of SGREIT's long-term strategies. The material ESG aspects identified by the Management were approved by the Board. Under the guidance and oversight of the Board, the Management manages and monitors the material ESG aspects.

For SGREIT's properties in Singapore, we have a 10-year target to reduce energy consumption by 15%. Efforts to meet this goal have been ongoing, in terms of switching to more efficient LED lighting and adopting more energy efficient practices at work. Based on our progress to date, we are hopeful that we will be able to achieve our 10-year goal.

On top of regular business dealings, our Management team believes in sharing our spaces with the local community. We welcome social entrepreneurs and non-profit organisations seeking to hold meaningful events and awareness campaigns in our malls to educate the public. We wish to play a part in shaping the communities that we operate in, making a lasting social impact across the region.

This financial year, SGREIT's Malaysia Properties organised numerous events and initiatives in collaboration with various external organisations. Many of these collaborations revolved around upcycling old materials for new purposes. We are proud to have been a part of these efforts to encourage a culture of sustainability.

As a people-oriented organisation, YTL Starhill Global REIT Management Limited (the "Manager") also recognises the importance of attracting, retaining and developing people who are committed to growing with us. Our employees are ready to take up new challenges in the dynamic, ever-changing environment of real estate investment trusts (REIT), and thrive in a supportive, family-like culture. The Manager believes in upgrading the skills of its employees, encouraging them to attend training workshops and courses locally and overseas, and go on overseas mall trips to familiarise themselves with the retail landscape and trends.

Our Board and Management are committed to ensuring long-term value creation for SGREIT's stakeholders and our goal is to establish our foothold on sustainability that will make an impact across the countries that we operate in.

ABOUT THIS REPORT

Scope of the Report

The scope of this report covers the sustainability performance of our operations for FY 2017/18. All data and activities reported were from 1 July 2017 to 30 June 2018, unless stated otherwise. The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards – Core option, the international standard for sustainability reporting unveiled by GRI in 2016. This report is developed with reference to the primary components set in Singapore Exchange Securities Trading Limited's (SGX-ST) Listing Rule 711B on a 'comply or explain' basis. For further information on the relevant references, kindly refer to the GRI Content Index found on pages 76 and 77 of this Annual Report.

This report aims to provide you with a holistic overview of our initiatives and strategies related to sustainability and responsible business development. Through these actions, we aim to address the key concerns and issues that our stakeholders face. We have identified ten material ESG aspects with regard to the operations of our businesses and we are committed to addressing these material aspects so as to achieve long-term value creation for our stakeholders.

The content of this report was defined by the four reporting principles established by GRI Standards: (1) Stakeholder Inclusiveness; (2) Sustainability Context; (3) Materiality; (4) Completeness.

The Stakeholder Inclusiveness principle was implemented in determining the report context through various stakeholder engagements and internal discussions amongst the Management team. This helped in understanding the reasonable expectations as well as interests of SGREIT's stakeholders.

The Sustainability Context principle was implemented in determining the report context which covered the ESG aspects.

The Materiality principle was implemented in determining the report context through the abovementioned stakeholder engagements and internal discussions. After which, all relevant factors were weighed according to their respective importance to stakeholders, as well as impact on SGREIT's business. This combined assessment then allowed the Manager to identify and agree upon the appropriate material ESG aspects for the business.

The Completeness principle was implemented by examining specific and material topics to check the data availability and determination of the topics' boundaries.

Unless otherwise stated, the report covers the ESG performance of SGREIT's properties across its core portfolio of properties in Singapore, Australia, and Malaysia, with FY 2016/17 data for comparison, where available. Our first sustainability report was published in FY 2016/17 and hence, it will be our base year to gauge our progress in building a more sustainable business.

Environmental performance pertains only to the common areas within SGREIT's properties which are actively managed by the property managers, and where the Manager has the ability to monitor and influence the efficiency of utilities. In general, the environmental performance of the report does not include master-tenanted areas and long-term leases over which SGREIT does not have operational control, namely Toshin at Ngee Ann City Property, Myer department store at Myer Centre Adelaide and David Jones department store at David Jones Building. The data presented include the master-tenanted properties in Malaysia which are under a master lease with Katagreen Development Sdn. Bhd., an indirect wholly-owned subsidiary of YTL, but excludes the data on the remaining space at Ngee Ann City Property whereby the common areas are not within the operational control of SGREIT.

The data on waste for Singapore encompasses Wisma Atria under the Management Corporation Strata Title. This includes Wisma Atria Property which is owned by SGREIT, as well as Isetan's own strata space. As for Malaysia, non-recyclable waste data are not available.

The Product Responsibility and Human Capital performance indicators pertain only to the Manager in Singapore. Data on the Manager's workforce is reported in relation to the Manager in Singapore and does not include the small team in China. Countries which account for less than 5% of revenue and not deemed strategic were not included in the scope of reporting. Please refer to Figure 1 for the summarised report scope.

This report forms part of SGREIT's Annual Report FY 2017/18 and can be viewed or downloaded from www.starhillglobalreit.com. This Sustainability Report will be published annually to report on the performance and strategy on issues that are key to our stakeholders.

This report is not externally assured.

Figure 1: **PROPERTIES IN SCOPE FOR THE REPORT**

Portfolio by Country	Environmental	Product Responsibility	Community	Human Capital
SINGAPORE				
Wisma Atria Property	◆	◆	◆	◆
Ngee Ann City Property[1]		◆	◆	◆
AUSTRALIA				
Myer Centre Adelaide, Adelaide[1]	◆		◆	
David Jones Building, Perth[1]	◆		◆	
Plaza Arcade, Perth	◆		◆	
MALAYSIA				
Starhill Gallery, Kuala Lumpur	◆		◆	
Lot 10 Property, Kuala Lumpur	◆		◆	
JAPAN				
Ebisu Fort, Tokyo[2]	NA	NA	NA	NA
Daikanyama, Tokyo[2]	NA	NA	NA	NA
CHINA				
China Property, Chengdu[2]	NA	NA	NA	NA

Notes:

(1) In general, data presented does not include the master-tenanted areas and long-term leases which SGREIT does not have operational control, namely Toshin at Ngee Ann City Property, Myer department store at Myer Centre Adelaide and David Jones department store at David Jones Building. The data presented includes the master-tenanted properties in Malaysia which is under a master lease with Katagreen Development Sdn Bhd, an indirect wholly-owned subsidiary of YTL, but excludes the data on the remaining space at Ngee Ann City Property.

(2) Countries which account for less than 5% revenue and not deemed strategic are not included in the scope of reporting.

Sustainability Report

SUSTAINABILITY AT STARHILL GLOBAL REIT

Our Approach to Sustainability

The Manager is dedicated to our core values of integrity, client commitment, strive for profitability, fulfillment for our people, teamwork and maintaining the highest standards. We believe that these six goals can be further championed through continuously driving our sustainability programme forward, hence making sustainability crucial to our business.

Our sustainability programme is aligned with the strategic sustainability directives of SGREIT's sponsor, YTL Group. Led by Mr Ho Sing, the Chief Executive Officer ("CEO") of YTL Starhill Global REIT Management Limited, key representatives from the Manager and the Property Manager (YTL Starhill Global Property Management Pte. Ltd.) in Singapore facilitate the embedding of sustainable practices within the organisation.

We remain focused on our sustainability framework as indicated below:

EMBRACING THE MARKETPLACE
- Corporate Governance
- Anti-Corruption and Whistle-Blowing
- Risk Management
- Customer Health and Safety
- Personal Data Security
- Tenant Satisfaction
- Unitholder Communications
- Supply Chain

ENVIRONMENTAL CONSERVATION
- Sustainable Certification of our Properties
- Energy Efficiency
- Water Conservation
- Waste Management

EMPOWERING OUR PEOPLE
- Fair Employment
- Workplace Health and Safety
- Employee Well-Being and Active Engagement
- Talent Management

ENRICHING COMMUNITIES
- Local Communities

Stakeholder Engagement

We engage our stakeholders regularly through various communication platforms, seeking to address their issues and concerns while we strive to build lasting relationships.

Stakeholder Groups	Purpose and Goal	Modes of Engagement	Key Concerns Raised by Stakeholder Group
Tenants	• Provide a comfortable and safe environment and quality tenant mix • Collaborate with tenants to drive business at the mall	• Joint promotional and strategic partnerships • Tenant satisfaction survey	• Create a conducive mall environment • Differentiated tenant mix • Stable shopper traffic
Investors	• Provide accurate information to the investing public through timely communication	• Dedicated Investor Relations section on the company's website • SGXNET announcements • Annual General Meeting • Annual Report • Results briefings to analysts, investors, and the media • Meetings with investors, roadshows, and conferences • Mall tours upon requests • Corporate video	• Access to high-quality real estate investment • Business performance and strategy • Sustainable delivery of returns
Shoppers	• Identify shoppers' needs and improve their shopping experience at the mall	• Marketing and promotional programmes and events • Online and mobile platforms • Social media	• Create a conducive mall environment • Differentiated tenant mix • Stable shopper traffic
Employees	• An inclusive environment with enhanced well-being and productivity, with potential and opportunities to develop skills	• Weekly department meetings • Annual performance appraisals • Recreational and team building activities • Training courses • Employment incentives	• Communicating business strategy and developments • Reward and recognition • Training and career development • Employee wellness activities
Partners (Government, Regulators, Suppliers)	• Compliance with government policies, rules, and regulations • Fair and reasonable treatment • Win-win partnership	• Meetings, feedback and correspondences • Participation in industry associations such as the REIT Association of Singapore	• Sharing of best practices • Compliance with rules and regulations
Community	• Contribute to the communities we operate in	• Corporate social responsibility programme	• Environment • Employee philanthropy

Materiality Assessment

Upon understanding the various ESG aspects raised by our stakeholders, we then map them to the GRI list of aspects. The relative importance of each aspect is considered through its impact on the business and stakeholders. The aspects are then plotted on a materiality matrix, which helps us to identify and prioritise our efforts.

The assessment produced a list of 10 material issues that were identified to share high importance for both the stakeholders, as well as the Manager. These issues were then assessed by key representatives from the Manager and Property Manager in Singapore.

The Manager regularly takes into consideration key issues that would interest stakeholders surfaced from its member representations in strategic associations including the REIT Association of Singapore, Investor Relations Professionals Association (Singapore) as well as engagement with government agencies and regulators including Building and Construction Authority, Monetary Authority of Singapore, Singapore Exchange Limited and Urban Redevelopment Authority of Singapore. The Property Manager is a member of the Orchard Road Business Association.

In Adelaide, the Centre Manager of Myer Centre Adelaide serves as a main contact for the Adelaide City Council. Myer Centre Adelaide is associated with the Rundle Mall Management Authority which focuses on promoting the Rundle Mall precinct.

The Malaysia Properties are members of the Bukit Bintang Kuala Lumpur City Centre (BBKLCC) Tourism Association, chaired by Mr Joseph Yeoh, Vice President of YTL Land & Development Berhad, which works with selected malls within the precinct to promote shopping tourism.

Material Aspects Identified

The GRI Standards have taken effect for reports or other materials published on or after 1 July 2018. Hence, there is a need for us to transition to the GRI Standards and map over the ESG indicators that we have referred to in our previous sustainability report, which were prepared in accordance to the G4 Guidelines.

Material Aspects	GRI Standards ESG Indicators
Economic Performance	GRI 201-1: Direct economic value generated and distributed
Energy	GRI 302-1: Energy consumption within the organisation
	GRI 302-4: Reduction of energy consumption
Water	GRI 303-1: Water withdrawal by source
Effluents and Waste	GRI 306-2: Waste by type and disposal method
Employment	GRI 401-1: New employee hires and employee turnover
	GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees
	GRI 401-3: Parental leave
Occupational Health and Safety	GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
Training and Education	GRI 404-1: Average hours of training per year per employee
	GRI 404-3: Percentage of employees receiving regular performance and career development reviews
Customer Health and Safety	GRI 416-1: Assessment of the health and safety impacts of product and service categories
	GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services
Customer Privacy	GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data
Socioeconomic Compliance	GRI 419-1: Non-compliance with laws and regulations in the social and economic area

Sustainability Report

EMBRACING THE MARKETPLACE

OUR APPROACH

> Delivering profitable and sustainable business growth through effective compliance and risk management
> Operating our business responsibly with accountability
> Strengthening responsible stewardship of our assets, products and services

Figure 2: **ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK**

Corporate Governance

An extensive system of policies, processes, training and communications is in place as we uphold compliance, setting the tone for better governance and performance. For more details on SGREIT's Corporate Governance, please refer to pages 78 to 92 of this Annual Report.

Anti-Corruption and Whistleblowing

The Manager enforces a culture which has zero-tolerance towards corruption. An anti-corruption policy is in place to provide detailed guidance on corrupt practices. To ensure all employees are clear about the acceptable standards and procedures in business dealings, an annual compliance training is held for all employees.

A whistleblowing policy is also in place as a safe channel for employees and other persons to report potential or actual improprieties in financial and operational matters. Complaints can be made verbally or in writing to whistleblowing@ytlstarhill.com. Whistle-blowers' identities are kept in confidence to the extent possible to facilitate independent investigations for appropriate remedial and follow-up actions.

For more details on whistleblowing, please refer to page 60 of this Annual Report.

Following the results from FY 2016/17, there were again no reported cases of material non-compliance with any laws and regulations (including anti-corruption laws) in FY 2017/18.

Risk Management

An Enterprise Risk Management (ERM) framework and Board-approved policies are in place to provide a structured approach to identifying and managing material risks that could arise in the course of managing SGREIT. An Operational Risk Self-Assessment (ORSA) is established to ensure risks are assessed and reviewed at least on an annual basis. For more details on risk management, please refer to page 60 of this Annual Report.

Customer Health & Safety

SGREIT upholds high standards of health, hygiene and safety standards for our tenants and shoppers alike. The appropriate safety measures and standard operating procedures have been put in place to ensure that tenants and staff are clear about what to do in case of an emergency, and management teams are well-equipped to respond to such situations.

Standard operating procedures for fire safety practices have been put in place.

Properties in Singapore are managed by property management teams who are trained in first aid. The properties are also subject to fire safety audits. Fire and evacuation drills are conducted at least once a year for the malls and office towers in Singapore, Australia and Malaysia Properties, to familiarise tenants and staff with the emergency response plans. In Australia, all Myer Centre Adelaide CBRE staff are offered training in emergency procedures, and an annual inspection on fire and emergency controls are carried out by an external consultant for compliance. In Malaysia, tenants, management staff, security and fire wardens work together with the Fire and Rescue Department of Malaysia to carry out fire or evacuation drills.

Renewals of required certificates and permits or inspections for fire safety, lifts and escalators are regularly reported and monitored. Internal safety assessments such as lift maintenance are conducted based on the requirements of the relevant authorities in the respective countries.

In Singapore, these requirements are listed in the Codes of Practice. In Australia, lift maintenance is carried out monthly at Myer Centre Adelaide and an Annual Safety Test is carried out on each lift. The maintenance of lifts within the David Jones department store is done by the tenant, who provides periodic updates to the Manager. In Malaysia, safety assessment of lifts is done by the Department of Occupational Safety and Health.

Internal audit also reviews the operating effectiveness of key controls over the fire safety arrangements of key assets periodically. In addition, appropriate insurances are procured to mitigate losses resulting from unforeseen events.

In the event of any safety incident reported at Wisma Atria, ground staff such as Security Officers, Property Officers or Mall Technicians will respond to the incident within a reasonable and practicable time frame. The Operations team will be updated concurrently through any available means of communication – WhatsApp or telephone calls. Should the incident involve any business disruption, property loss or loss of life, the Management team will be informed immediately through similar means of communication. After the incident has been adequately dealt with, the operations team will submit an incident report within 24 hours of its occurrence. In Australia, the property manager would adhere to the Emergency Communication Flow Chart, whereby the fire command centre and security personnel will be alerted, followed by the property manager, who would then inform the Manager.

In Australia, Myer Centre Adelaide hosts the monthly Adelaide CBD BusinessWatch meetings whereby the various security divisions and the South Australia Police Division get together with representatives from major organisations to discuss issues relating to security, safety, threats, and risks. This enables a strong working relationship between the central management and South Australia Police Division.

This year, there were zero major reported incidents relating to customer health and safety occurring on the premises of our properties.

Personal Data Security

In compliance with the Singapore Personal Data Protection Act (PDPA) 2012, the Manager has a personal data protection policy in place to safeguard data which concerns all parties in our value chain. Our policy lists clear guidelines governing the collection, use, protection and disclosure of individuals' personal data.

At Wisma Atria, consent is sought and obtained from shoppers before collection, use or disclosure of their personal data in compliance with the PDPA and their personal data is protected through encryption or passwords. In FY 2017/18, there were no substantiated complaints concerning breaches of customer privacy.

Tenant Satisfaction

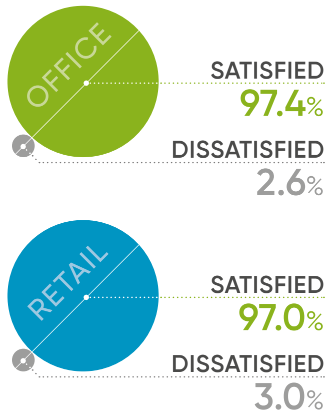
To improve customer service and experience, we rely on feedback to understand how to better serve them. Annual tenant surveys gather feedback regarding our tenant management services, building security and building maintenance.

We analyse any potential gaps and areas of improvement, and identify appropriate follow-up actions. Our proactive approach has ensured that we achieve high satisfaction level at all stages of services to our customers.

In FY 2017/18, a total of 182 surveys were sent out to measure the level of satisfaction of both our office building and retail shop tenants in Ngee Ann City Property and Wisma Atria Property. We sent 69 surveys to office tenants, and 113 surveys to retail tenants. The pie charts below show the satisfaction levels of our tenants.

For every question in the survey, tenants could respond "Poor", "Below Average", "Satisfactory", "Good" or "Excellent". Satisfied tenants refer to those who had more than 80% of their responses in the satisfactory range of "Satisfactory", "Good" and "Excellent".

Figure 3: **SATISFACTORY FACTORS**
By Tenants
(FY 2017/18)



Unitholder Communications

To promote transparency and accountability, the Manager engages in timely and effective communications with all stakeholders. This is carried out via a wide range of communication channels, such as SGX announcements, press releases, briefing sessions, investor presentations and conferences, annual reports, corporate video, corporate website, and emails to disseminate information on its financial and operational performance, business plans and latest developments. Prior to publication, all investor relations materials are also vetted by the Manager for accuracy, consistency, and compliance with policies.

Supply Chain

Our supply chain includes our property managers, tenants and suppliers for various services. Compliance with local government and legal requirements is a criterion for appointed contractors and service providers. Potential tenants and suppliers are also evaluated and selected based on their reputation, track records and expertise in their field to ensure common standards across SGREIT's business units. For engagements that are complex or entail high financial risks, due diligence is carried out to ascertain their financial standing and track record for heightened risk.

Sustainability Report

ENVIRONMENTAL CONSERVATION

OUR APPROACH

> Promoting energy efficiency in our properties
> Improving water efficiency

We embrace practices that are more environmentally friendly, such as by improving efficiency in energy, water and waste management in our properties, raising awareness on climate change among our employees and encouraging customers to make sustainable choices. Furthermore, we have collaborated on various meaningful and novel initiatives.

ENVIRONMENTAL HIGHLIGHTS

Initiative:

Earth Hour Participation

Date:
24 March 2018

Description:
SGREIT is a dedicated supporter of the Earth Hour cause. This year, we switched off the façade lights of our properties such as Wisma Atria, Lot 10 and Starhill Gallery.

Initiative:

Upcycled Fashion

Date:
19 to 25 March 2018

Description:
Lot 10 Property went a step further in its support of environmental sustainability by championing upcycled fashion and increasing recycling efforts. In a collaboration with Singaporean omnichannel marketplace for buying and selling womenswear REFASH, women could resell their pre-loved clothes and collect their proceeds in Lot 10 vouchers from 19 March 2018 onwards. REFASH's Green Fashion Week Showcase from 21-25 March 2018 featured items worn by top Malaysia media personalities whereby all proceeds were donated to YTL Foundation.

Additionally, Lot 10 also partnered Raffles College of Higher Education to organise a Sustainable Design Exhibition from 22-25 March 2018. It featured jewellery made from upcycled bottles and electronic waste. Tenants such as Reebonz and H&M also held their own sustainability drives to encourage shoppers to bring in their old clothes in exchange for discounts off items.

Initiative:

Recycling Bins

Date:
Ongoing

Description:
Recycling bins have been set up at various locations at Lot 10 where members of the public can drop off their pre-owned clothes, handbags, belts, linen and soft toys. This initiative was organised in collaboration with Kloth Cares by Kloth Lifestyle, a sustainable fashion brand based in Malaysia. The collection drive helps the environment by creating less waste for landfills and less pollution through the reduction in manufacturing of new clothes.

Old fabrics are given a new life in many ways, as donations to underprivileged groups, used as garments and industrial wiring cloth, turned into refuse-derived fuel (RFD) as engineered fuel, or even being pieced together to make blankets and other items.

Lot 10 collected 1,794.7 kg of fabric from July 2017-June 2018. All proceeds from the sale of items in this campaign will be channelled to National Cancer Council Malaysia (MAKNA), Malaysia Association for the Blind (MAB) and Recycle Community Malaysia Lestari (RCOMM Lestari).

This financial year, the offices of the Manager and Property Manager in Singapore were re-certified by Project Eco-Office for another three years from 2018 for their green efforts. Project Eco-Office is an initiative between Singapore Environment Council and City Developments Limited that recognises environmentally friendly practices in workplaces. SGREIT strives to be at the forefront of energy- and resource-efficient building management, receiving many certifications and awards over the years.

SUSTAINABLE CERTIFICATION OF OUR PROPERTIES

Certification	Description of Awards/ Certifications/Ratings/ Labelling Schemes	Property	Year of Award
PUB Water Efficient Building (Basic)	Adopt water-efficient flow rates and flush volume through the use of water efficient fittings	Wisma Atria, Singapore	2015
NABERS Energy Base Building – 4.5-star rating	A national rating system that measures the environmental performance of Australian buildings, tenancies and homes	Myer Centre Adelaide (Terrace Towers), Australia	2017

Initiative:

Sustainable Furniture

Date:
NA

Description:
Stylish, yet functional furniture items were upcycled from waste materials to adorn Lot 10. This year, two furniture pieces, namely "Patch by Batch" and "Reborn", were fabricated for the mall, based on winning designs by Raffles College of Higher Education students from last year's Earth Hour Green Furniture Design Exhibition.

"Patch by Batch" is a lounge sofa created from recycled pallets used as the chair structure, while the fabric for the upholstery was developed using leftover cloth stitched together to form the vintage patchwork.

"Reborn" is a bench constructed from waste timber and parts of old stools and chairs. Different types of chair legs were randomly selected as the bench support to symbolise that no matter who and where we come from, all of us shoulder the responsibility to protect the environment.

PATCH BY BATCH
A lounge sofa created from recycled pallets used as the chair structure.

REBORN
A bench constructed from waste timber and parts of old stools and chairs.

Sustainability Report

Energy Efficiency

In line with Singapore's 2016 Climate Action Plan strategy of reducing greenhouse gas emissions, SGREIT remains committed to a long-term target of achieving a 15% reduction in energy consumption for Wisma Atria. This will continue to be observed over a 10-year period which began in FY 2016/17.

Electrical energy is the primary source of energy used by SGREIT properties. Electrical energy consumption in three operating countries has seen a reduction from FY 2015/16, signifying the effectiveness of our continuous energy conservation efforts.

In Singapore, besides using LED lights for greater energy efficiency, motion sensors have also been added onto every LED fitting on mid-landing for all staircases. Lights will be dimmed by 50% if there is no movement in that particular landing for more than 30 seconds. Replacement works are still ongoing for plant rooms which will further reduce energy consumption.

In Australia, the replacement of two chillers in the Myer department store is among the contributors to the savings in electricity usage.

In the next financial year, we aim to continue to reduce our electricity consumption in line with our 10-year goal by replacing the ageing motor and pumps at Wisma Atria with a higher efficiency model. We also intend to upgrade the Building Management System (BMS) at Myer Centre Adelaide, which allows for a better control of the system. The new BMS would have new meters to improve the monitoring of power usage throughout the building. For Plaza Arcade, we have plans to upgrade to LED lights in FY 2018/19.

Figure 4:
ELECTRICITY CONSUMPTION
(MWh)

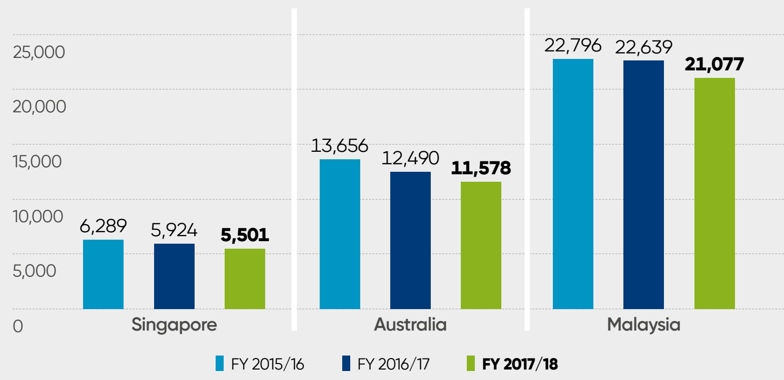
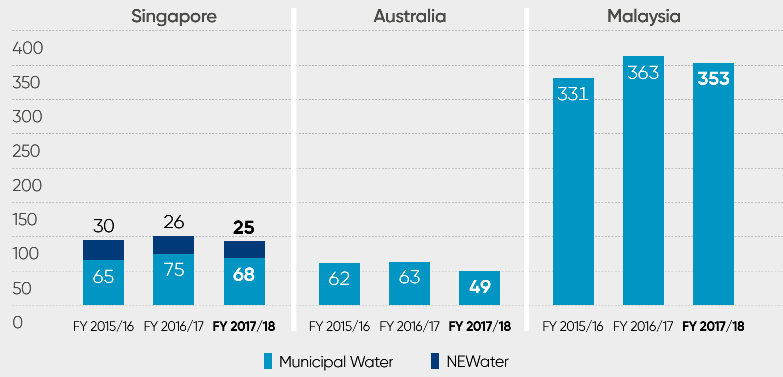


Figure 5:
WATER WITHDRAWAL
(1,000 cu M)



Water Conservation

We believe that small initiatives can help to create a huge difference. In Singapore, we have increased the proportion of recycled water (NEWater) used in our mall. At Wisma Atria, we have installed water-saving features such as tap flow restrictors, waterless urinal systems and other fittings approved by the Public Utilities Board's (PUB) Water Efficiency Labelling Scheme (WELS) in Singapore.

We also have a Water Efficiency Management Plan (WEMP) in place, which helps the Manager understand water usage within our buildings, and thus the identification of areas to reduce water consumption and raise water efficiency. Private water meters were installed at essential areas as mandated by PUB to monitor water consumption and serve as an advance warning on possible pipe leakages. These translate into cost-savings for tenants and discourage excessive use of water through WELS rated fittings.

In FY 2017/18, the water consumption in our Singapore, Australia and Malaysia Properties decreased compared to the prior year due to effective water conservation efforts. Although the total water consumption seems larger for our Malaysia Properties, total water usage per area (i.e. water intensity) is comparable. Considering Singapore and Malaysia operate under a similar climate, the difference of water intensity between the properties of both countries is about two times, compared to about five times when compared solely on water consumption. In 2008, the use of NEWater was implemented only for cooling towers and fire protection systems such as sprinklers and wet risers. In 2013, this was expanded to include non-essential areas such as taps for air handling unit (AHU) rooms, bin centre and ad-hoc cleaning like façade cleaning. Moving forward, we intend to use water more efficiently in our Singapore Properties.

Waste Management

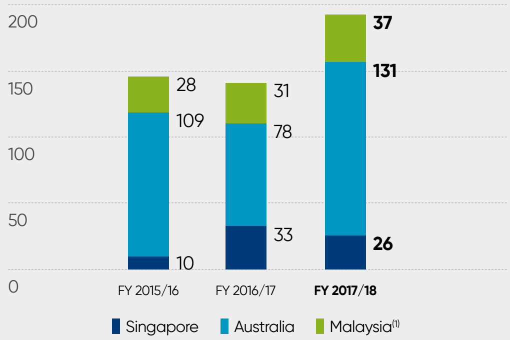
Aside from practising a culture of recycling amongst our employees, we encourage our tenants to participate in recycling efforts by separating their recyclable waste as much as possible. Many different types of non-hazardous wastes are generated at SGREIT properties as our tenants span a wide range of industries.

One significant group of recycled waste comes from our Food and Beverage tenants in our properties in Malaysia. Food waste such as used cooking oil is collected and sold to a third-party oil recycling company that processes the used oil into biodiesel. In FY 2017/18, 3,824.5kg of used cooking oil was recycled from Starhill Gallery and Lot 10 Property. From July 2015 to June 2018, the malls have recycled over 16.5 tonnes of used cooking oil.

In Australia, the waste data collected (Figures 6 & 7) does not include that of Plaza Arcade and David Jones Building as waste collection was conducted by the City of Perth. As for Myer Centre Adelaide, waste is removed by our waste removal contractor, Veolia Environment Services SA, who collects, sorts and delivers the waste to the respective facilities for recycling.

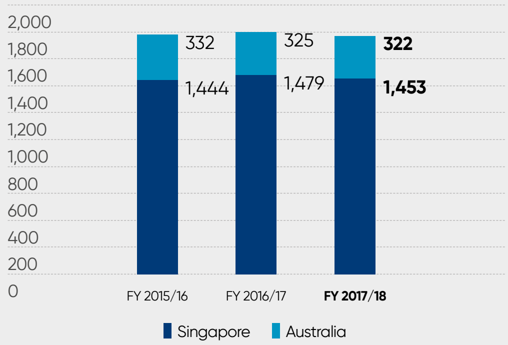
We aim to continue encouraging recycling throughout our value chain and in the wider community through various initiatives and campaigns. One example is Lot 10's collaboration with Kloth Cares this year, where recycling bins were set up at various locations in the mall to encourage members of the public to donate their pre-loved items. These old garments were collected and used as sources of fuel or upcycled into other items for underprivileged groups.

Figure 6:
TOTAL RECYCLED WASTE
(tonnes)



Note:
(1) Total recycled waste data for Malaysia includes recycled oil.

Figure 7:
TOTAL NON-RECYCLED WASTE[2][3]
(tonnes)



Notes:
(2) Data represents non-recycled solid general wastes.
(3) Excludes Malaysia as non-recycled waste data from Malaysia Properties are not available.

ELECTRICITY TARGET REDUCE CONSUMPTION BY

15%

For Wisma Atria in Singapore, we have a 10-year target to reduce energy consumption by 15%.

RECYCLED USED COOKING OIL

3,824.5kg

In FY 2017/18, 3,824.5kg of used cooking oil was recycled from Starhill Gallery and Lot 10 Property. From July 2015 to June 2018, the malls have recycled over 16.5 tonnes of used cooking oil.

We aim to continue encouraging recycling throughout our value chain and in the wider community through various initiatives and campaigns.

Sustainability Report

EMPOWERING OUR PEOPLE

OUR APPROACH

> Creating a well-balanced workplace that is healthy and safe
> Fostering fair and equitable workplace conditions
> Caring for our employees through active engagement; and
> Nurturing human capital through learning and development

Fair Employment

We pride ourselves in maintaining a harmonious and diverse workforce spanning different generations, genders, nationalities and skill sets.

We are committed to providing equal opportunities and fair employment practices. As at 30 June 2018, the Manager has 24 employees*, all located in Singapore. We have no temporary or part-time employees.

In FY 2017/18, we had several new hires and a turnover rate of 28.4%. The graphs below show a detailed breakdown of the changes in our workforce according to age group.

Workplace Health and Safety

In compliance with the Singapore Workplace Safety and Health Act 2006, the Manager places a large emphasis on cultivating good safety habits in all individuals. This has created a strong safety culture in the Manager which extends beyond physical health to mental and emotional health as well. In FY 2017/18, our efforts in strengthening the company's safety culture have shown results as we have experienced a zero-injury, fatality, and occupational disease rate.

Additionally, our employees are provided with a wide range of life and medical insurance plans, inclusive of disability coverage, to protect them and safeguard their interests.

Figure 8:
TOTAL NO. OF EMPLOYEES

By Employment Category and Gender

Note:
* SGREIT is managed by the Manager, YTL Starhill Global REIT Management Limited. The data reported is in relation to the Manager in Singapore.

Figure 9:
EMPLOYEE HIRES IN FY 2017/18

By Age Group and Gender

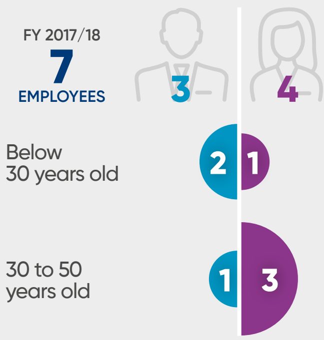
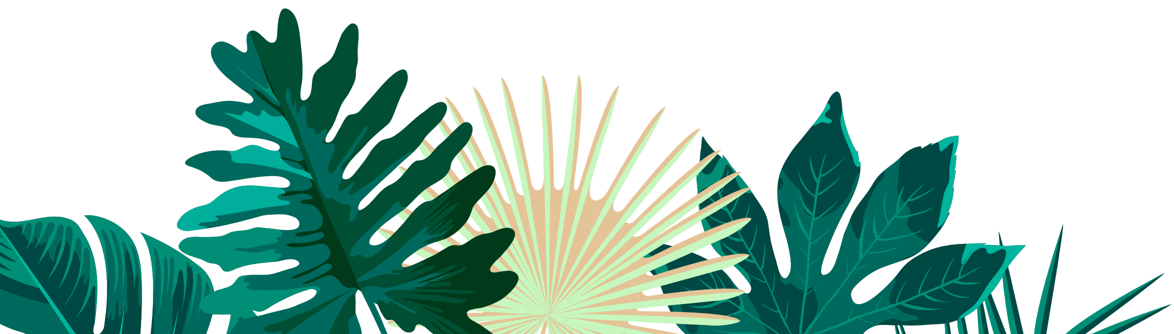


Figure 10:
EMPLOYEE TURNOVER IN FY 2017/18

By Age Group and Gender



Employee Well-being and Active Engagement

We promote a family-like culture and focus on employee bonding to forge stronger team dynamics.

The Singapore Office held a Chinese New Year (CNY) celebration to welcome a bountiful year ahead together. We also organised a study trip cum CNY lunch for our Singapore employees to Johor Bahru where they visited several malls. The aim of the trip was to examine recent retail developments in Johor Bahru, at the same time encouraging team bonding. The trip was a huge success, allowing employees to gain valuable insights into what makes a great mall, whilst having a wonderful time together.

We have also continued to promote the merits of healthy living and encourage employees to embrace a holistic lifestyle through our Workplace Health Programme (WHP). The WHP comprises a calendar of sports and health-related activities organised for employees to experience quality work-life balance, stay fit, healthy and productive. Employees attended talks to better educate themselves on various aspects of their health, such as brain health and eye care. YTL Starhill Global Property Management Pte. Ltd. was awarded a Certificate of Recognition for Singapore HEALTH Award 2017.

CNY CELEBRATION
Employees enjoyed a lion dance and joined in a prosperity toss for a bountiful year ahead.

TEAM BONDING
Employees learnt how to make bath bombs and be more aware of the environment through a talk by LUSH.

The award by the Health Promotion Board distinguishes the company as a caring employer who values its employees' health and well-being.

Other team-bonding activities include learning how to make bath bombs and healthy mooncakes. Significant events are also celebrated together with colleagues, such as the Mooncake Festival and our annual year-end luncheon. Our continual efforts in implementing workplace health and bonding activities have resulted in a happier, more cohesive and more productive workforce.

In support of work-life balance, family-friendly initiatives such as staggered work-hours and monthly 'Bright Sky Day' are also implemented at the workplace. On Bright Sky Day, staff are encouraged to leave early on Friday to spend more time with their families, or to pursue their personal interests over the weekend. The Manager also participates in the annual 'Eat With Your Family Day' initiative by the Centre for Fathering in Singapore which encourages companies and schools to end the day at 5 p.m. to spend time with their family.

The Manager provides government-paid maternity and paternity leave to all eligible female and male employees in Singapore. In FY 2017/18, six male and ten female employees were entitled to parental leave. During the reporting period, only one female employee had a newborn baby. She utilised her maternity leave benefits and returned to work after her maternity leave. Employees also enjoy a range of benefits including medical insurance, birthday leave, wedding vouchers, childbirth vouchers and service awards.

Employees are encouraged to maintain a healthy lifestyle and to look after their well-being through the 'Perfect Attendance Award' issued quarterly, whereby they are rewarded with vouchers for staying healthy. For FY 2017/18, 72.5% of our employees, excluding senior management, regularly receive Perfect Attendance Awards. We also have had no lost days this year as there were zero number of absentees.

STUDY TRIP
Employees bonded with each other while examining the recent retail developments in Johor Bahru.

Sustainability Report

Figure 11:
AVERAGE TRAINING HOURS PER EMPLOYEE

By Employment Category and Gender

Talent Management

We believe in encouraging holistic development of our employees and grooming them to their fullest potential, personally and professionally. Hence, we are committed to learning and development programmes to drive productivity and develop the personal effectiveness of our employees.

Our employees undergo training, workshops and seminars on management, technical skills, communication, leadership and other topics. These opportunities allow them to improve on their job-related skills and knowledge, remain future-ready and progress to take on larger roles in the organisation. We continue to enhance our Executive Development Programme, which nurtures high-performing business unit leaders. The programme gives them additional knowledge and experience to improve their management and leadership skills. Concurrently, the intern placement programme provides our people with valuable mentoring and supervisory experience.

We believe in nurturing human capital through learning and development, ensuring that employees are future-ready with skills that stay relevant. Employees are encouraged to attend training workshops and courses both locally and overseas, as well as go on overseas mall trips to familiarise themselves with the retail landscape and current trends.

Each employee undergoes an average of 33.5 hours of training, with the detailed breakdown by gender and employment category illustrated in Figure 11.

Staff are appraised annually to cultivate the learning culture in the company. Employees are encouraged to reflect on their performance over the financial year and they also receive all-rounded 360-degree feedback from their supervisors, peers and juniors. During staff appraisal, we recognise every employee for their valuable contributions at work, identify areas of improvement and set achievable targets for the next review period. In FY 2017/18, 100% of employees received their appraisal.

Employees are encouraged to attend training workshops and courses both locally and overseas.

ENRICHING COMMUNITIES

OUR APPROACH

> Local Communities
> Strive to positively impact and enrich the lives of people in the communities where we operate

We strive to positively impact the lives of people in the countries where we operate in, through our participation in corporate social responsibility activities. Below are some of the community events that we have been involved in this year.

GROW Sustainability Drive

The adopted charity of a unit of YTL Group, Goodwill, Rehabilitation and Occupational Workshop (GROW), provides training and sheltered employment for adults aged 18 and above with cerebral palsy and other associated disability conditions.

As part of our philanthropic contributions, the Manager took part in a sustainability effort initiated by YTL PowerSeraya Singapore, a unit of our sponsor YTL Group. We collected second-hand items from our employees to be sold at GROW's thrift store. All proceeds from sales are then used to fund the meaningful programmes organised by GROW.

Christmas Bazaar

Lot 10 worked with YTL Foundation, the education aid provision arm of YTL Group, to organise a Christmas Bazaar featuring social enterprises focused on skills training for underprivileged youth on 1-3 December 2017. The event, also known as Lottie's Talent Village, was held in collaboration with 54C The YTL Learning Space – a learning space offering fun, creative and engaging after-school programmes to underprivileged students aged seven to 18 years, and was open to the public.

1. GROW SUSTAINABILITY DRIVE
Second hand items collected from the employees of the Manager.

2. LOTTIE'S TALENT VILLAGE
Christmas Bazaar featuring social enterprises.

3. ART IN THE CITY
Art Jam session on a weekend at Lot 10.

Space for Charity

Lot 10 was a venue sponsor for the "Share-A-Gift" charity drive by car-sharing startup SOCAR and Prasarana in conjunction with RapidKL during the month of Ramadan. Shoppers and commuters could drop off their gifts including clothes, shoes, books and others at several locations in the city, including Lot 10. The items collected were then distributed to the partnering non-governmental organisation Dignity for Children, via a SOCAR. Myer Centre Adelaide also held a charity drive display in December 2017 on its premises.

Supporting Arts and Culture

Starhill Gallery hosted a charity-driven art exhibition entitled LISTEN, a debut solo exhibition by Kuala Lumpur-based artist Suwen Low. A portion of the sales proceeds from her paintings will go towards missionary work by Iris Global in Mozambique and Madagascar, as well as a volunteer refugee center in Kuala Lumpur, United Learning Centre (ULC), which provides education to children of Myanmar refugees. Iris Global is a missionary organisation that provides humanitarian aid in Africa, the Americas, Asia, Europe and the Middle East.

Lot 10 also collaborated with the Malaysian Cultural Economy Development Agency (Cendana) to bring local artists and their creations to the heart of Bukit Bintang through its "Art in the City" programme. Artworks were displayed at the new side entrance while art installations, exhibitions, workshops and art trail tours were hosted in the mall for the rest of the year. Members of the public also unleashed the artist in them during Art Jam sessions on weekends. Lot 10 also played host to the inaugural Pasar Sari, a homegrown artisan market, to encourage entrepreneurship among the youth.

GRI Content Index

TABLE OF GRI CONTENT INDEX FOR 'IN ACCORDANCE' – CORE

General Standard	Disclosure	References	Omission[1]
General Disclosures			
ORGANISATIONAL PROFILE			
GRI 102: General Disclosures 2016	102-1 Name of the organisation	Annual Report	
	102-2 Activities, brands, products and services	Annual Report	
	102-3 Location of headquarters	Annual Report	
	102-4 Location of operations	Annual Report	
	102-5 Ownership and legal form	Annual Report	
	102-6 Markets served	Annual Report	
	102-7 Scale of the organisation	Annual Report	
	102-8 Information on employees and other workers	Sustainability Report, Empowering Our People	
	102-9 Supply Chain	Sustainability Report, Supply Chain	
	102-10 Significant changes to organisation and its supply chain	Not applicable	
	102-11 Precautionary principle or approach	Sustainability Report, Embracing the Marketplace	
	102-12 External Initiatives	Sustainability Report, Our Approach to Sustainability	
	102-13 Membership of associations	Annual Report	
STRATEGY			
GRI 102: General Disclosures 2016	102-14 Statement from senior decision-maker	Sustainability Report, Board Statement	
ETHICS AND INTEGRITY			
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behaviour	Sustainability Report, Embracing the Marketplace	
GOVERNANCE			
GRI 102: General Disclosures 2016	102-18 Governance structure	Sustainability Report, Embracing the Marketplace	
STAKEHOLDER ENGAGEMENT			
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	Sustainability Report, Sustainability at Starhill Global REIT	
	102-41 Collective bargaining agreements	Sustainability Report, Our employees are not covered by collective bargaining agreements	
	102-42 Identifying and selecting stakeholders	Sustainability Report, Sustainability at Starhill Global REIT	
	102-43 Approach to stakeholder engagement	Sustainability Report, Sustainability at Starhill Global REIT	
	102-44 Key topics and concerns raised	Sustainability Report, Sustainability at Starhill Global REIT	
REPORTING PRACTICE			
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	Annual Report	
	102-46 Defining report content and topic Boundaries	Sustainability Report, About this Report	
	102-47 List of material topics	Sustainability Report, Sustainability at Starhill Global REIT	
	102-48 Restatements of information	Not applicable	
	102-49 Changes in reporting	Not applicable	
	102-50 Reporting period	Sustainability Report, About this Report	
	102-51 Date of most recent report	Sustainability Report, About this Report	
	102-52 Reporting cycle	Sustainability Report, About this Report	
	102-53 Contact point for questions regarding the report	Sustainability Report, About this Report	
	102-54 Claims of reporting in accordance with the GRI Standards	Sustainability Report, About this Report	
	102-55 Content Index	Sustainability Report, GRI Content Index	
	102-56 External assurance	Sustainability Report, About this Report	
Category: Economic			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Annual Report	
	103-2 The management approach and its components	Annual Report	
	103-3 Evaluation of the management approach	Annual Report	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Annual Report	
Category: Environment			
ENERGY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Report, Environmental Conservation	
	103-2 The management approach and its components	Sustainability Report, Environmental Conservation	
	103-3 Evaluation of the management approach	Sustainability Report, Environmental Conservation	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Sustainability Report, Environmental Conservation	
	302-4 Reduction of energy consumption	Sustainability Report, Environmental Conservation	

Note:
(1) The column is left blank intentionally as there are no omissions made in the Sustainability Report.

General Standard	Disclosure	References	Omission[1]
WATER			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Report, Environmental Conservation	
	103-2 The management approach and its components	Sustainability Report, Environmental Conservation	
	103-3 Evaluation of the management approach	Sustainability Report, Environmental Conservation	
GRI 303: Water 2016	303-1 Water withdrawal by source	Sustainability Report, Environmental Conservation	
EFFLUENTS AND WASTE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Report, Environmental Conservation	
	103-2 The management approach and its components	Sustainability Report, Environmental Conservation	
	103-3 Evaluation of the management approach	Sustainability Report, Environmental Conservation	
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	Sustainability Report, Environmental Conservation	

Category: Social

General Standard	Disclosure	References	Omission[1]
EMPLOYMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Report, Empowering Our People	
	103-2 The management approach and its components	Sustainability Report, Empowering Our People	
	103-3 Evaluation of the management approach	Sustainability Report, Empowering Our People	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report, Empowering Our People	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report, Empowering Our People	
	401-3 Parental leave	Sustainability Report, Empowering Our People	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Report, Empowering Our People	
	103-2 The management approach and its components	Sustainability Report, Empowering Our People	
	103-3 Evaluation of the management approach	Sustainability Report, Empowering Our People	
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Sustainability Report, Empowering Our People	

General Standard	Disclosure	References	Omission[1]
TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Report, Empowering Our People	
	103-2 The management approach and its components	Sustainability Report, Empowering Our People	
	103-3 Evaluation of the management approach	Sustainability Report, Empowering Our People	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Report, Empowering Our People	
	404-3 Percentage of employees receiving regular performance and career development reviews	Sustainability Report, Empowering Our People	
CUSTOMER HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Report, Embracing the Marketplace	
	103-2 The management approach and its components	Sustainability Report, Embracing the Marketplace	
	103-3 Evaluation of the management approach	Sustainability Report, Embracing the Marketplace	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Sustainability Report, Embracing the Marketplace	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report, Embracing the Marketplace	
CUSTOMER PRIVACY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Report, Embracing the Marketplace	
	103-2 The management approach and its components	Sustainability Report, Embracing the Marketplace	
	103-3 Evaluation of the management approach	Sustainability Report, Embracing the Marketplace	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report, Embracing the Marketplace	
SOCIOECONOMIC COMPLIANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Report, Embracing the Marketplace	
	103-2 The management approach and its components	Sustainability Report, Embracing the Marketplace	
	103-3 Evaluation of the management approach	Sustainability Report, Embracing the Marketplace	
GRI 419: Socio-economic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Sustainability Report, Embracing the Marketplace	

Corporate Governance

MANAGER OF STARHILL GLOBAL REIT

YTL Starhill Global REIT Management Limited was appointed the Manager of Starhill Global REIT in accordance with the terms of the Starhill Global REIT Trust Deed dated 8 August 2005 (as amended) ("Trust Deed").

The Manager of Starhill Global REIT has general power of management over the assets of Starhill Global REIT. The primary role of the Manager is to set the strategic direction of Starhill Global REIT and to make recommendations to HSBC Institutional Trust Services (Singapore) Limited, as trustee of Starhill Global REIT ("Trustee") on acquisitions, divestments and enhancement of the assets of Starhill Global REIT, in accordance with its stated business strategy and the terms of the Trust Deed. Other important functions and responsibilities of the Manager include:

1. using its best endeavours to ensure that the business of Starhill Global REIT is carried out and conducted in a proper and efficient manner and to conduct all transactions with, or for Starhill Global REIT, at arm's length;
2. preparing property business plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and underlying assumptions on rental rates, occupancy costs and any other relevant assumptions. The purpose of these plans is to manage the performance of Starhill Global REIT's assets;
3. ensuring compliance with applicable laws and regulations, and the Trust Deed;
4. attending to all communications with Unitholders; and
5. supervising the property managers in performing the day-to-day property management functions (such as leasing, marketing, maintenance, promotion and accounting) for the properties, pursuant to the property management agreements.

Starhill Global REIT, which is constituted as a trust, has no direct staff of its own (other than the staff of its China subsidiary). It is externally managed by the Manager, who appoints experienced and well-qualified management staff to run its operations. All Directors and employees of the Manager are remunerated by the Manager, and not by Starhill Global REIT.

The Trust Deed provides inter alia for the removal of the Manager in certain situations, including by way of resolution passed by a simple majority of Unitholders present and voting at a general meeting duly convened, with no Unitholder being disenfranchised.

On 16 September 2010, the Manager obtained a capital markets services licence from the Monetary Authority of Singapore ("MAS") to conduct REIT management activities under the Securities and Futures Act, Chapter 289 of Singapore ("SFA").

CORPORATE GOVERNANCE CULTURE

The Manager believes that strong and effective corporate governance is essential in protecting the interests of the Unitholders of Starhill Global REIT and is critical to the success of its performance as the Manager.

The Manager is committed to the highest standards of corporate governance and transparency in the management of Starhill Global REIT and operates in the spirit of the Code of Corporate Governance 2012 ("Code") in the discharge of its responsibilities as Manager.

The following sections describe the Manager's primary corporate governance policies and practices with specific references to the Code, which incorporate measures for avoiding conflicts of interest, including prioritising the interests of Unitholders over those of the Manager. Where there are differences from the principles and guidelines of the Code, an explanation has been provided in this section. These policies and practices also ensure that applicable laws and regulations including the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Code of Collective Investment Schemes ("CIS Code") (including the Property Funds Appendix) issued by the MAS, the SFA and the tax ruling dated 20 May 2005 issued by the Inland Revenue Authority of Singapore are complied with, and that the Manager's obligations in the Trust Deed are honoured.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and Management remains accountable to the Board.

The Board of Directors of the Manager ("Board") is responsible for the overall management and corporate governance of the Manager and Starhill Global REIT, including establishing performance objectives for the management team of the Manager ("Management") and monitoring the achievement of these objectives. All Board members participate in matters relating to corporate governance, business operations and risk management, and financial performance.

Each Director must act honestly, with due care and diligence, and in the best interest of Unitholders. This obligation ties in with the Manager's prime responsibility in managing the assets and liabilities of Starhill Global REIT for the benefit of Unitholders. Decisions are taken objectively in the interests of Starhill Global REIT. The Manager has adopted guidelines, details of which are set out on pages 89 to 90 for related party transactions and dealing with conflicts of interests.

Board meetings are scheduled and held at least once every quarter. Four Board meetings were held in FY 2017/18. The Constitution of the Manager permits Board meetings to be held by way of teleconference and videoconference. Directors meet to discuss and review the strategies and policies of Starhill Global REIT, including any significant matters pertaining to acquisitions and disposals, the annual budget, and the financial performance of Starhill Global REIT measured against a previously approved budget. The Board also reviews and approves the release of Starhill Global REIT's quarterly and annual results. The Board will generally review matters which have an impact on the business risks and management of liability of Starhill Global REIT, and acts on comments and recommendations from the auditors of Starhill Global REIT.

The Board has considered and reviewed sustainability issues in the environment, social and governance aspects of our business. More information on the material sustainability issues of Starhill Global REIT are set out from pages 62 to 77 of this Annual Report.

In the discharge of its functions, the Board is supported by an Audit Committee that provides independent oversight of Management and which also serves to ensure that there are appropriate checks and balances. The Board has established a system of internal controls and an enterprise risk management framework. The application of the policies and protocol under the framework is further described in the section "Risk Management" on page 60. The Board has adopted a set of internal controls with approval limits for capital expenditure, investments and divestments, bank borrowings and cheque signatories, amongst others. Apart from matters that specifically require Board approval, such as the issue of new units, income distributions and other returns to Unitholders, the Board approves transactions exceeding certain threshold limits, while delegating authority for matters below those limits to Management to facilitate operational efficiency.

Changes to regulations, policies and accounting standards are monitored closely. Where the changes have significant impact on Starhill Global REIT and its obligations of continuing disclosure, the Directors will be briefed during Board meetings or by circulation of Board papers. Further, Directors have access to programmes, courses or seminars organised by the Singapore Institute of Directors ("SID"). The costs of training are borne by the Manager. The Board has reviewed the current training and professional development programmes in place for the Directors.

Newly appointed directors are briefed on their roles and responsibilities as Directors of the Manager, and of the business activities and strategic directions of Starhill Global REIT. Upon appointment, a formal letter setting out the Director's duties, obligations and responsibilities, together with the Trust Deed and latest annual report will be given to the Director. The Manager has in place an orientation programme aimed at familiarising new Directors with the business activities and strategic directions of Starhill Global REIT, the corporate governance and risk management structure and practices, as well as their disclosure obligations as Directors. The Manager conducted an orientation programme for the two Independent Non-Executive Directors of the Manager appointed during FY 2017/18, Mr Tan Bong Lin and Mr Tan Woon Hum. Appropriate training will also be provided to any first-time directors.

Board Composition

Principle 2:

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The Board comprises six members, three of whom are Independent Non-Executive Directors. As such, there is a strong and independent element on the Board. A Director who has no relationship with the Manager, its shareholders who hold 10% or more of the voting shares in the Manager, Unitholders who hold 10% or more of the units in issue of Starhill Global REIT, its related corporation or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of Starhill Global REIT is considered to be independent. The assessment of a Director's independence also takes into account the enhanced independence requirements and the definition of "independent director" as set out in the draft amendments to the Securities and Futures (Licensing and Conduct of Business) Regulations ("Draft SF(LCB)R"). Under the enhanced independence requirements set out in the Draft SF(LCB)R, an independent director is one who:

(i) is independent from any management and business relationship with the Manager and Starhill Global REIT,
(ii) is independent from any substantial shareholder of the Manager and any substantial Unitholder of Starhill Global REIT, and
(iii) has not served on the Board for a continuous period of nine years or longer.

Corporate Governance

Mr Ching Yew Chye has disclosed that he is the independent non-executive Chairman of AIA General Berhad and AIA Berhad. AIA General Berhad is a subsidiary of AIA Berhad, which is in turn a wholly-owned subsidiary of AIA Group Limited, a substantial Unitholder of Starhill Global REIT. Despite the foregoing, the Board has assessed Mr Ching's independence and has taken the view that his independent judgment and ability to act in the interests of all Unitholders as a whole will not be impeded, given that Mr Ching is not an executive but an independent director of AIA General Berhad and AIA Berhad and is not appointed on the Board as a nominee of any AIA entities. He is also not a director of AIA Group Limited, the substantial Unitholder of Starhill Global REIT, and the businesses of Starhill Global REIT and each of AIA General Berhad, AIA Berhad or AIA Group Limited are distinctly different and there are therefore unlikely to be any competing interests.

In addition, Mr Tan Woon Hum has disclosed that he is a partner of M/s Shook Lin & Bok LLP ("SLB"), which provides services to the Trustee from time to time. As the amount of legal fees paid to SLB by Starhill Global REIT in FY 2016/17 and FY 2017/18 is insubstantial in relation to the revenue of SLB, and Mr Tan will not be personally involved in legal services to be provided by SLB for Starhill Global REIT, the Board has assessed Mr Tan Woon Hum's independence and has taken the view that his independent judgment and ability to act in the interests of all Unitholders as a whole will not be impeded.

Further, Mr Tan Bong Lin is a Non-Executive Independent Director of APAC Realty Limited ("APAC Realty"). APAC Realty provides real estate brokerage services, franchise arrangements, and training, valuation and other ancillary services. As such, APAC Realty provides leasing agency services to Starhill Global REIT and real estate salesperson training courses to YTL Starhill Global Property Management Pte. Ltd., a related company of the Manager, from time to time. The aggregate amount of fees paid to APAC Realty for leasing agency services and training courses in FY 2016/17 and FY 2017/18 is insubstantial, relative to the revenue of APAC Realty, and the total amount of leasing agency fees paid by Starhill Global REIT. Mr Tan's directorship in APAC Realty is non-executive in nature and he is not involved in its day-to-day management. He will also recuse himself from any issues and/or matters arising from the provision of any of the above services by APAC Realty to Starhill Global REIT. Based on the above, the Board has assessed Mr Tan Bong Lin's independence and has taken the view that his independent judgment and ability to act in the interests of all Unitholders as a whole will not be impeded.

As such, none of the Independent Directors have any relationships which are likely to affect his independent judgment and ability to act in the interests of all Unitholders as a whole. The independence of the Independent Directors is assessed by the Board on an annual basis. As and when any relationship which is likely to affect an Independent Director's judgment and ability to act in the interests of all Unitholders as a whole arises, the affected Director is expected to disclose such relationship to the Board.

The composition of the Board as at 30 June 2018 is as follows:

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
Non-Executive Chairman (Non-independent)

Mr Ho Sing
Executive Director & Chief Executive Officer (Non-independent)

Dato' Yeoh Seok Kian
Non-Executive Director (Non-independent)

Mr Tan Bong Lin
Lead Independent Director (Non-executive) (Independent)

Mr Ching Yew Chye
Non-Executive Director (Independent)

Mr Tan Woon Hum
Non-Executive Director (Independent)

The Non-Executive Directors participate in setting and developing strategies and goals for Management, and reviewing and assessing Management's performance. This enables Management to benefit from their external and objective perspective of issues that are brought before the Board. It also enables the Board to interact and work with Management through a healthy exchange of ideas and views to help shape the strategic process.

The size of the Board and core competencies of its members in various fields of accounting, finance, business management and legal, together with their relevant industry knowledge and strategic planning experience, effectively serve Starhill Global REIT and the Manager. Management is able to benefit from their diverse and objective perspectives on issues that are brought before the Board with a healthy exchange of ideas and views between the Board and Management.

The Board is of the view that its current composition comprises persons who, as a group, provide the necessary core competencies and that the current Board size is appropriate, taking into consideration the nature and scope of Starhill Global REIT's operations. When the Board decides to appoint new directors, it will consider suitable candidates without regard to gender, as the ultimate choice should primarily be based on merit.

The profiles of the Directors are set out on pages 22 and 23 of this Annual Report.

Chairman and Chief Executive Officer

Principle 3:

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The positions of Chairman and Chief Executive Officer ("CEO") are held by two separate persons in order to maintain effective segregation of duties. There is a clear separation of the roles and responsibilities between the Chairman and the CEO. The Chairman, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, and the CEO, Mr Ho Sing, are not related.

The Chairman facilitates active Board discussion on matters concerning the business of Starhill Global REIT, and ensures that the Board satisfactorily oversees and evaluates the implementation of Starhill Global REIT's strategy, policies, business plans and Board decisions. In addition, the Chairman ensures that the members of the Board receive complete, adequate and timely information, facilitates the effective contribution of the Non-Executive Directors, encourages constructive relations within the Board and between the Board and Management, ensures effective communication with Unitholders and promotes a high standard of corporate governance.

The CEO works with the Chairman and the Board in formulating and executing strategies for Starhill Global REIT and is responsible for the day-to-day operations of Starhill Global REIT.

Mr Tan Bong Lin is appointed the Lead Independent Director and he has the discretion to hold meetings with the Independent Directors (without the presence of Management) as he deems appropriate or necessary, and he will provide feedback to the Non-Executive Chairman, where appropriate. The Lead Independent Director is available to Unitholders where they have concerns and for which contact through the normal channels of the CEO or the Chief Financial Officer ("CFO") has failed to resolve or is inappropriate.

Board Membership

Principle 4:

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Manager has not established a nominating committee as the Board undertakes the function of a nominating committee, including assessing the independence of the Independent Directors on an annual basis. The Manager, taking into account the capacity of the Board to undertake the responsibilities of a nominating committee in light of the activities and scale of the business of Starhill Global REIT, the fact that Independent Directors constitute half of the Board of the Manager and that the nomination policy is required to be approved by the Board, including by at least a majority of Independent Directors, does not consider it necessary for the Board to establish a nominating committee. The Independent Directors constitute half the Board and therefore play a substantial role and assures the objectivity and independence of the decision-making process.

Directors of the Manager are not subject to periodic retirement by rotation, nor re-appointment through voting by Unitholders, as the Manager is a wholly-owned subsidiary of YTL Corporation Berhad and Independent Directors comprise a minimum of one-half of the Board.

The composition of the Board is reviewed regularly to ensure that it has the appropriate mix of expertise and experience. The composition of the Board (including the selection of candidates for new appointments as part of the Board's renewal process) is determined in accordance with the following principles:

1. The Board should comprise directors with a broad range of commercial experience including expertise in fund management and experience in all facets of the property or real estate industry; and
2. At least half of the Board should comprise independent directors.

A director with multiple board representation is expected to ensure sufficient attention is given to the affairs of the Manager and Starhill Global REIT. The Manager believes that putting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements and complexity for each vary, and thus should not be prescriptive. A sufficient safeguard is requiring each Director to confirm his ability to devote sufficient time and attention to the affairs of the Manager and Starhill Global REIT, having regard to all his other listed company board representations and other principal commitments.

No alternate directors were appointed during FY 2017/18.

Any Director may source for and nominate new Directors to be appointed by the Board of Directors, through their extensive networks and contacts. If necessary, the Board may seek advice from the SID or external search consultants. During FY 2017/18, new potential directors of both genders were sourced through contacts and recommendations, including recommendations from the SID, contacts from Directors, and recommendations from relevant industry professionals.

Corporate Governance

Selections and nominations are made based on the following guidelines:

- Integrity;
- Relevant expertise (sector and functional) and the degree to which his or her skill set complements the skill set of the other Board members;
- Reputation and standing in the market;
- In the case of prospective Independent Directors, independence based on the criteria in the Code;
- The fit and proper criteria issued by MAS;
- Potential Directors will be considered without regard to gender, and the ultimate choice will primarily be based on merit; and
- The Director should be likely to have adequate time to discharge his duties.

Board Performance

Principle 5:

There should be a formal assessment of the effectiveness of the Board as a whole and its Board committees and the contribution by each director to the effectiveness of the Board.

The Manager believes that the performance of the Manager, and the Board, is reflected in the long-term success of Starhill Global REIT.

Reviews of Board performance are conducted once a year. Directors are required to complete a questionnaire evaluating the Board and the Audit Committee. The questionnaire covers areas such as Board composition, access to information, Board processes, risk management, Board training and development, understanding of the business, strategic planning and any specific areas where improvements may be made. The Board will evaluate and discuss the results of the annual Board performance review with a view towards improving the effectiveness of the Board. Pursuant to the Board evaluation process, the Board is satisfied that it has achieved its performance objectives for FY 2017/18.

In cases where the Director(s) have multiple listed board representations, the Board conducts an annual review to ensure that they are able to and have been devoting sufficient time to discharge their responsibilities adequately. Each Director confirmed his ability to devote sufficient time and attention to the affairs of the Manager and Starhill Global REIT, having regard to all his other listed company board representations and other principal commitments. Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Manager.

The Manager believes that contributions from each Director go beyond his attendance at Board and committee meetings. Contributions by an individual Board member take other forms, which includes providing objective perspectives of issues, facilitating business opportunities and strategic relationships, and accessibility to Management outside of a formal environment of Board and/or Audit Committee meetings. A Director of the Manager would have been appointed on the principles outlined earlier in this statement, and on his/her ability to contribute to the proper guidance of the Manager in its management of Starhill Global REIT.

In the year under review, the number of Board and Audit Committee meetings held and attended by each Board member is as follows:

	Board	Audit Committee
	No. of meetings held in FY 2017/18: 4	No. of meetings held in FY 2017/18: 5
	Attended	Attended
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	4	NA
Mr Ho Sing	4	NA
Dato' Yeoh Seok Kian	2	NA
Mr Tan Bong Lin (appointed w.e.f. 1 January 2018)	2	2
Mr Ching Yew Chye	4	5
Mr Tan Woon Hum (appointed w.e.f. 1 August 2017)	3	3
Mr Lim Kok Hoong (resigned w.e.f. 1 January 2018)	2	3
Dr Michael Hwang (resigned w.e.f. 1 August 2017)	1	2

Access to Information

Principle 6:

In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Management provides the Board with regular updates on financial results, market and business developments, and business and operational information. Board papers and agenda are provided to each Director in advance of Board meetings so that Directors can review and consider the matters being tabled beforehand. Management provides the Board with management accounts of Starhill Global REIT on a quarterly basis to enable the Board to keep abreast of Starhill Global REIT's financial performance. In addition, as and when any significant matter arises, Management promptly brings these matters to the Board's attention and provides the Board with the relevant financial information.

Where necessary, senior members of Management participate in Board meetings to provide additional insights and to respond to any queries from Directors. The Board has unfettered access to senior members of Management and the company secretary at all times. The Board also has access to independent professional advice (legal, financial or otherwise) where appropriate or necessary, with the cost borne by the Manager or Starhill Global REIT, as appropriate. The company secretary of the Manager will render necessary assistance to the Board and will ensure that the Board procedures are followed and that applicable laws and regulations are complied with. Under the direction of the Chairman, the company secretary's responsibilities include ensuring good information flow between the Board and its committees and between Management and Non-Executive Directors and advising the Board on all governance matters. The company secretary attends all Board and Audit Committee meetings of the Manager to take minutes. The appointment and removal of the company secretary is a Board reserved matter.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7:

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8:

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Disclosure on Remuneration

Principle 9:

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The remuneration of Directors and staff of the Manager is paid by the Manager from the fees it receives from Starhill Global REIT, and not by Starhill Global REIT itself.

The Manager has not established a remuneration committee as the Board undertakes the function of a remuneration committee. The Manager, taking into account the capacity of the Board to undertake the responsibilities of a remuneration committee in light of the activities and scale of business of Starhill Global REIT, the fact that independent directors constitute half of the Board of the Manager and that the remuneration policy is required to be approved by the Board, including by at least a majority of Independent Directors, does not consider it necessary for the Board to establish a remuneration committee. The Independent Directors constitute half the Board and therefore play a substantial role and assures the objectivity and independence of the decision-making process.

The Board approves the remuneration policy of the Manager, Directors' fees for Non-Executive Directors, remuneration packages for the CEO and CFO, the total variable bonus amount payable to all employees and the corporate performance targets for payment of variable bonus. Such matters will also require approval by at least a majority of Independent Directors.

The Board of Directors seeks expert advice on remuneration and governance matters from external consultants, where necessary. The Board will ensure that existing relationships between the group and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the external remuneration consultants.

Corporate Governance

Directors Remuneration
The remuneration of the Non-Executive Directors for FY 2017/18 comprises entirely of Directors' fees payable in cash. Directors' fees are subject to approval by the Board of Directors and the shareholders of the Manager. Each Director abstains from voting in respect of the fees payable to their respective selves. The Directors' fees take into account industry practices and norms on remuneration. Each Director is paid a basic fee and the Chairman and the Chairman of the Audit Committee are paid a higher fee in view of the greater responsibility carried by that office. The CEO does not receive Directors' fees as he receives employee remuneration from the Manager. Each Director will be remunerated based on their level of responsibilities on the Board and the Audit Committee, in accordance with the following framework:

Fee Structure		Fees (per annum)
Board of Directors	Non-Executive Chairman	S$100,000
	Non-Executive Director	S$63,000
Audit Committee	Chairman and Lead Independent Director	S$10,000
	Member	S$5,000

The total amount of Directors' fees (gross before net of withholding tax) paid to the Non-Executive Directors for FY 2017/18 are as follows:

Name of Director	FY 2017/18
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	S$100,000
Dato' Yeoh Seok Kian	S$63,000
Mr Tan Bong Lin	S$36,500 [(1)]
Mr Ching Yew Chye	S$68,000
Mr Tan Woon Hum	S$62,333 [(2)]
Mr Lim Kok Hoong	S$36,500 [(3)]
Dr Michael Hwang	S$5,667 [(4)]

Notes:
(1) Mr Tan Bong Lin was appointed as Lead Independent Non-Executive Director of the Board and Chairman of the Audit Committee with effect from 1 January 2018.
(2) Mr Tan Woon Hum was appointed as Independent Non-Executive Director of the Board and member of the Audit Committee with effect from 1 August 2017.
(3) Mr Lim Kok Hoong resigned as Lead Independent Non-Executive Director of the Board and Chairman of the Audit Committee with effect from 1 January 2018.
(4) Dr Michael Hwang resigned as Independent Non-Executive Director of the Board and member of the Audit Committee with effect from 1 August 2017.

Employee Remuneration
To support the business growth and aspirations, the Manager is committed to strengthen its leadership capability and organisational effectiveness through talent management. As such, the Manager adopts a remuneration philosophy that is directed towards the attraction, retention and motivation of competent employees and key talents to ensure the long-term success of Starhill Global REIT.

It emphasises on performance-based remuneration by linking total compensation directly to the achievement of organisational and individual performance goals, and gives consideration to the equitability and market competitiveness of its remuneration practices.

In determining the mix of different forms of remuneration for executive officers, the Board seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between fixed and performance-related components.

Total remuneration comprises the following components:

- Fixed remuneration comprises base salary, Central Provident Fund contributions, Annual Wage Supplement and benefits and allowances.
- Variable bonus payments, paid wholly in cash, incentivises and rewards individuals for their performance, efforts and achievement. The payment of variable bonus is subject to achievement of Starhill Global REIT's DPU, the Manager's profit after tax targets and other long-term targets approved by the Board, with substantial emphasis on the performance of Starhill Global REIT to align employee interests with the interests of Starhill Global REIT. In approving the variable bonus for FY 2017/18, the Board is satisfied that the performance targets have been largely achieved.
- A long-term deferred bonus scheme, awarded wholly in cash, is put in place to retain selected management executives and talent who are key in the business operation. The scheme focuses on strengthening its organisational capability and leadership core, with the objective of encouraging loyalty and ensuring that decisions are taken with a long-term view in mind.

No share/unit option schemes or share/unit schemes have been implemented. The Manager ensures that performance-related remuneration is aligned with the interests of the Unitholders and will promote the long-term success of the Manager. The Board has reviewed the remuneration components above and is satisfied that there is reasonable mitigation of any potential misalignment of interests, taking into account (i) the Board's discretion (including the requirement for approval by not less than a majority of Independent Directors) to determine whether the remuneration payable is in line with the remuneration policy; (ii) the substantial emphasis placed on the performance of Starhill Global REIT; and (iii) the absence of any remuneration payment in the form of shares or interest in the controlling Unitholder of Starhill Global REIT or its related entities.

The Manager is cognisant of the requirement to disclose (i) the remuneration of the CEO and each individual Director on a named basis, (ii) the remuneration of at least the top five executive officers (who shall not include the CEO and Directors), on a named basis, in bands of S$250,000 and (iii) the aggregate total remuneration paid to the top five executive officers. The Board has assessed and decided against the disclosure of the remuneration of the CEO and executive officers on a named basis, whether in exact quantum or in bands of S$250,000 and of the aggregate total remuneration paid to the top five executive officers because it is not in the Manager's best interest to do so, taking into account, inter alia, the commercial sensitivity and confidential nature of remuneration matters, the presence of highly competitive conditions for talent in the industry, which is relatively small, the importance of ensuring stability and continuity of business operations of Starhill Global REIT with a competent and experienced management team in place and the negative impact which such disclosure may have on the Manager in attracting and retaining talent on a long-term basis. The non-disclosure will not be prejudicial to the interests of Unitholders as sufficient information is provided on the Manager's remuneration policy to enable Unitholders to understand the link between the remuneration paid to the CEO and executive officers and performance.

There were no employees of the Manager who were immediate family members of a Director or the CEO and whose remuneration exceeds S$50,000 during FY 2017/18. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10:

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Manager provides Unitholders with quarterly and annual financial statements. The Board, with the support of Management, is responsible for providing a balanced and informed assessment of Starhill Global REIT's performance, position and prospects, including interim and other price-sensitive public reports, and reports to regulators (if required). Management provides the Board with management accounts on a quarterly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment. Financial reports and other material information are disseminated to Unitholders through announcements to SGX-ST via SGXNET, Starhill Global REIT's website and where applicable, press releases, of the performance, position and prospects of Starhill Global REIT.

Risk Management and Internal Controls

Principle 11:

The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Effective risk management is a fundamental part of Starhill Global REIT's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests and value. The Manager has in place an enterprise risk management ("ERM") framework and policies, which have been approved by the Board, that provide a structured approach to identifying and managing the material risks that could arise in the course of managing Starhill Global REIT. The ERM framework and policies are monitored and reviewed by the Board as and when appropriate, and major developments and significant revisions to the ERM framework or policies will be submitted to the Board for approval. An independent consultant also reviews the ERM framework and the identified risks and control activities, and provides a report to the Board once every two years. Material risks at both the Manager and Starhill Global REIT levels are managed through this ERM framework.

The Audit Committee has also been tasked by the Board to include risk management within its oversight role. This includes the review of material risks identified by Management with respect to the business operations of the Manager, Starhill Global REIT and the assets of Starhill Global REIT.

Corporate Governance

Application of the policies and protocol under the ERM framework in respect of Starhill Global REIT assets and operations is further described in the section "Risk Management" on page 60.

The Manager has put in place a system of internal controls, compliance procedures and processes to safeguard Starhill Global REIT's assets and Unitholders' interests, manage risks and ensure compliance with high standards of corporate governance. Financial risk management is exercised in accordance with a robust policy. During FY 2017/18, the Audit Committee and the Board, with the assistance of the internal and external auditors, has reviewed the adequacy and effectiveness of Starhill Global REIT's system of risk management and internal controls that address material risks, including material financial, operational, compliance and information technology risks. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviewed the measures taken by Management on the recommendations made by the internal and external auditors.

The Board has also received assurance from the CEO and CFO of the Manager that:

1. The financial records of Starhill Global REIT have been properly maintained and the consolidated financial statements give a true and fair view of Starhill Global REIT's operations and finances; and
2. Starhill Global REIT's system of risk management and internal controls in place within the Group were adequate and effective as at 30 June 2018 in addressing the material risks in the Group, including material financial, operational, compliance and information technology risks.

Based on the system of risk management and internal controls established and maintained by the Manager, work performed by the internal and external auditors, reviews performed by Management, and the assurance from the CEO and CFO of the Manager, the Board with the concurrence of the Audit Committee is of the opinion that Starhill Global REIT's system of risk management and internal controls in place within the Group were adequate and effective as at 30 June 2018 in addressing the material risks in the Group, including material financial, operational, compliance and information technology risks. The CEO and the CFO of the Manager have obtained similar assurances from the function heads of the Manager.

The Board notes that the system of risk management and internal controls provides reasonable, but not absolute, assurance that Starhill Global REIT will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives.

In this regard, the Board also notes that no system of risk management and internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Audit Committee
Principle 12:
The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee is established by the Board from amongst the Directors of the Manager and currently comprises three members, all of whom are Independent Non-Executive Directors. The members of the Audit Committee as at 30 June 2018 are Mr Tan Bong Lin (Chairman), Mr Ching Yew Chye and Mr Tan Woon Hum. The members of the Audit Committee, collectively, have relevant accounting and financial management expertise or experience and are qualified to discharge the Audit Committee's responsibilities. No former partner or director of the Manager's existing auditing firm or audit corporation is a member of the Audit Committee within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation, or for as long as he has any financial interest in the auditing firm or auditing corporation.

The Audit Committee assists the Board in overseeing the ERM framework and any matters of significance affecting financial reporting and internal controls of Starhill Global REIT.

The terms of reference for the Audit Committee include:

1. reviewing audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management;
2. monitoring the procedures in place to ensure compliance with applicable legislation, the listing manual of the SGX-ST and the Property Funds Appendix;
3. reviewing and making recommendations to the Board in relation to the financial statements and the audit report;
4. monitoring the procedures established to regulate Related Party Transactions (as defined below), including ensuring compliance with the provisions of the relevant regulations;
5. making recommendations to the Board on the appointment, reappointment and removal of

the external auditor, and approving the remuneration and terms of engagement of such auditors; and
6. ensuring that the internal audit function is adequately resourced through outsourcing the appointment to a reputable accounting firm where appropriate and approving their appointment, removal and remuneration.

During FY 2017/18, the Audit Committee performed independent reviews of the financial statements of Starhill Global REIT before the announcement of Starhill Global REIT's quarterly and annual results, including key areas of management judgment.

The Audit Committee also reviewed and approved both the internal auditor's and the external auditor's audit plans of Starhill Global REIT for FY 2017/18. The audit findings and recommendations put up by the internal auditor and the external auditor were reported and discussed at the Audit Committee meetings.

The Audit Committee is responsible for the nomination of external auditors and internal auditors, and reviewing the adequacy and effectiveness of existing audits in respect of cost, scope and performance. The Audit Committee meets with the internal auditor at least once a year and with the external auditor at least once every quarter without the presence of Management, to discuss any matters which the Audit Committee or the auditors believe should be discussed privately without the presence of Management.

The Audit Committee is authorised to investigate any matters within its terms of reference. It has unfettered access to and cooperation from Management and to reasonable resources to enable it to discharge its functions. The Audit Committee has also reviewed all non-audit services provided by the external auditor and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. The aggregate amount of fees paid and payable to the external auditor for FY 2017/18 and the breakdown into audit fees and non-audit fees are set out on page 130. Pursuant to Rule 1207(6)(c) of the listing manual of the SGX-ST, the Manager confirms that Starhill Global REIT has complied with Rules 712 and 715 of the listing manual in relation to the appointment of the external auditor.

The Audit Committee has reviewed the procedures in place to ensure that employees of the Manager and any other persons are provided with well-defined and accessible channels to report on potential or actual improprieties in financial or other operational matters, in confidence, and for the independent investigation of any reports by employees and any other persons and appropriate follow up action. Reports may be made to the compliance officer and to the Chairman of the Audit Committee via email at whistleblowing@ytlstarhill.com.

The Audit Committee meets at least once every quarter. A total of five Audit Committee meetings were held in FY 2017/18.

As part of its oversight role over financial reporting, the Audit Committee has reviewed the following key audit matter identified by the external auditor:

Significant matter	**How the AC reviewed the matter and what decisions were made**
Valuation of investment properties	The Audit Committee reviewed the outcomes of the annual external valuation process and discussed the details of the valuation of Starhill Global REIT's investment properties with the Management and the external auditor. The Audit Committee had a robust discussion with Management and the professional valuers to review the methodology, bases and assumptions used in arriving at the valuation of the Singapore, Australia and Malaysia investment properties (the "key investment properties"). The work performed by the external auditor was considered by the Audit Committee, including their assessment of the appropriateness of the valuation methodologies and assumptions applied in the valuation of the key investment properties. No significant matter came to the attention of the Audit Committee in the course of the review.

Corporate Governance

Internal Audit
Principle 13:
The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Audit Committee has appointed PricewaterhouseCoopers LLP to perform the internal audit functions. The internal auditor subscribes to, and is guided by the Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors, Inc ("IIA") and has incorporated these standards into its audit practices and meets with the standards set by the IIA. To ensure that the internal audits are performed effectively, the internal auditor recruits and employs suitably qualified professional staff with the requisite skill sets and experience. For FY 2017/18, the Audit Committee has reviewed the adequacy and effectiveness of the internal audit function and was satisfied that the internal audit function was adequately resourced and has appropriate standing within Starhill Global REIT and the Manager.

The internal auditor provides risk assessment services and controls assurance in order to ensure internal controls are aligned to business objectives and address related risks, and reports directly to the Audit Committee. Management is responsible for addressing issues identified by the internal auditor. The internal auditor will also audit and report on the appropriateness and effectiveness of processes for the management of Related Party Transactions at least once a year. In addition, the Trustee also has a right to review the internal audit reports so as to ascertain that the Property Funds Appendix has been complied with. The internal auditor has unrestricted access to the Audit Committee, and access to the Manager's and Starhill Global REIT's documents, records, properties and personnel, where relevant to their work.

(D) UNITHOLDER RIGHTS AND RESPONSIBILITIES
Principle 14:
Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15:
Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16:
Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investing community. The Manager has in place a dedicated team performing the investor relations function and has developed a communications policy, the cornerstone of which is delivery of timely and full disclosure of all material information relating to Starhill Global REIT by way of announcements via SGXNET in the first instance and then including the announcements on Starhill Global REIT's website at www.starhillglobalreit.com. Where there is inadvertent disclosure of material information made to a select group, the Company will make the same disclosure publicly to all others as promptly as possible, where appropriate or necessary. More details on the Manager's investor relations activities and efforts are set out on page 61.

Starhill Global REIT's website contains recent announcements, press releases, presentations, and past and current reports to Unitholders. The website also provides visitors with the option of signing up for a free email alert service on public materials released by the Manager in relation to Starhill Global REIT.

The Manager also participates in investor conferences locally and overseas as part of its efforts to cultivate and maintain regular contact with investors and analysts and to build interest in and strengthen the branding of Starhill Global REIT.

All Unitholders can access the electronic copy of the Starhill Global REIT Annual Report which is published via SGXNET as well as Starhill Global REIT's website. Prior to an Annual General Meeting ("AGM"), all Unitholders will receive a notice of AGM and an accompanying booklet containing instructions on accessing the Annual Report online with the option of receiving a printed version. As and when an Extraordinary General Meeting of the Unitholders is to be held, each Unitholder is sent a copy of a circular to Unitholders which contains details of the matters to be proposed for Unitholders' consideration and approval. Unitholders are invited to attend these meetings to put forward any questions they may have on the matters on the agenda. Proxy forms containing voting rules and procedures are provided to Unitholders. During the meeting, Unitholders are also briefed on the detailed voting procedures and to ensure transparency, the Manager conducts electronic poll voting and all votes cast for or against and their respective percentages will be displayed "live" immediately at the meeting after the conduct of each poll and detailed results showing the number of votes cast for and against each resolution and the respective percentages are announced on SGXNET.

Notices for the general meetings of Unitholders setting out all items of business to be transacted at the general meetings are also announced on SGXNET. Members of the Board, representatives of the Trustee, the Manager's senior management and the external auditor of Starhill Global REIT are in attendance at such general meetings, and Unitholders are given the opportunity to air their views and ask questions regarding the matters to be tabled at the general meetings. Resolutions put to the general meeting are separate unless they are interdependent and linked, and the reasons and material implications are explained. Minutes of general meetings will be made available to Unitholders at their request.

The Manager is in full support of unitholder participation at AGMs. A Unitholder is allowed to appoint one or two proxies to attend and vote at the general meetings in his/her stead. Where a Unitholder is a relevant intermediary (including but not limited to, a nominee company, a custodian bank or a CPF agent bank), such Unitholder may appoint more than two proxies to vote on its behalf at the meeting through proxy forms sent in advance, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by it.

The Manager is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Starhill Global REIT's distribution policy is to distribute at least 90% of its taxable income.

(E) ADDITIONAL INFORMATION
Dealing With Related Party Transactions

Review procedures for related party transactions
The Manager has established internal control procedures to ensure that transactions involving the Trustee, as trustee for Starhill Global REIT, and any Interested Person or Interested Party as defined in the listing manual of the SGX-ST and the Property Funds Appendix respectively ("Related Party Transactions") are undertaken on normal commercial terms and will not be prejudicial to the interests of Starhill Global REIT or the Unitholders. As a general rule, the Manager would have to demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining valuations from independent professional valuers (in accordance with the Property Funds Appendix).

In addition, the following procedures are followed:

1. Transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) below 3.0% of Starhill Global REIT's latest audited net tangible assets will be subject to review by the Audit Committee;
2. Transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of Starhill Global REIT's latest audited net tangible assets will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and consistent with similar types of transactions made by the Trustee, as trustee for Starhill Global REIT, with third parties which are unrelated to the Manager; and
3. Transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of Starhill Global REIT's latest audited net tangible assets will be subject to review and prior approval of the Audit Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including obtaining valuations from professional valuers. Further, under the listing manual of the SGX-ST and the Property Funds Appendix, such transactions would have to be approved by Unitholders at a meeting of Unitholders.

Where matters concerning Starhill Global REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Starhill Global REIT with a related party of the Manager or Starhill Global REIT, the Trustee is required to satisfy itself that such transactions are conducted on normal commercial terms and are not prejudicial to the interests of Starhill Global REIT or Unitholders and are in accordance with all applicable requirements of the Property Funds Appendix and/or the listing manual of the SGX-ST relating to the transaction in question. Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or Starhill Global REIT. If the Trustee is to sign any contract with a related party of the Manager or Starhill Global REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix and the provisions of the listing manual of the SGX-ST relating to interested person transactions as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST or other relevant authority to apply to real estate investment trusts.

Internal control procedures
The Manager's internal control procedures are intended to ensure that Related Party Transactions are conducted on normal commercial terms and are not prejudicial to Unitholders. The Manager maintains a register to record all Related Party Transactions

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(and the basis, including, where practicable, the quotations obtained to support such basis, on which they are entered into) which are entered into by Starhill Global REIT. The Manager has incorporated into its internal audit plan a review of all Related Party Transactions entered into by Starhill Global REIT.

The Audit Committee reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Audit Committee periodically reviews all Related Party Transactions to ensure compliance with the internal control procedures and with the relevant provisions of the listing manual of the SGX-ST and the Property Funds Appendix. The review includes the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee. If a member of the Audit Committee or any Director has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction. The Manager discloses in Starhill Global REIT's Annual Report the aggregate value of Related Party Transactions (equal to or exceeding S$100,000 each in value) entered into during the relevant financial year.

Dealing with conflicts of interest
The Manager has instituted the following procedures to deal with potential conflicts of interest issues which may arise in managing Starhill Global REIT:

1. The Manager will not manage any other real estate investment trust which invests in the same type of properties as Starhill Global REIT;
2. Executive officers will be employed by the Manager or measures will be put in place to mitigate any potential conflict;
3. All resolutions in writing of the Directors of the Manager in relation to matters concerning Starhill Global REIT must be approved by a majority of the Directors, including at least one independent Director;
4. At least half of the Board shall comprise independent Directors;
5. All Related Party Transactions must be reviewed by the Audit Committee and/or approved by a majority of the Audit Committee in accordance with the materiality thresholds and procedures outlined above. If a member of the Audit Committee has an interest in a transaction, he will abstain from voting;
6. In respect of matters in which a Director of the Manager or his Associates (as defined in the listing manual of the SGX-ST) have an interest, direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors of the Manager and must exclude such interested Director; and
7. The Manager and its Associates are prohibited from being counted in a quorum for or voting at any meeting of Unitholders convened to approve any matter in which the Manager or any of its Associates have a material interest.

The Directors of the Manager are under a fiduciary duty to Starhill Global REIT to act in its best interests in relation to decisions affecting Starhill Global REIT when they are voting as a member of the Board. In addition, the Directors and executive officers of the Manager are expected to act with integrity at all times. It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Starhill Global REIT with a related party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) on the matter. If the said law firm is of the opinion that the Trustee has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Manager (including its independent Directors) have a duty to ensure that the Manager so complies.

Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of Starhill Global REIT with a related party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

Dealing in Starhill Global REIT Units
Each Director of the Manager is required to give notice to the Manager of his acquisition of units or of changes in the number of units which he holds or in which he has an interest, within two business days after such acquisition or changes in interest. All dealings in units by Directors of the Manager are announced via SGXNET.

The Directors and employees of the Manager are encouraged, as a matter of internal policy, to hold units but are prohibited from dealing in the units during the following periods:

1. a one-month period preceding the announcement of annual financial results;
2. a two-week period preceding the announcement of quarterly financial results; or
3. any period when there exists any matter which constitutes non-public price-sensitive information in relation to the securities of Starhill Global REIT.

The Directors and employees of the Manager are advised not to deal in the units on short-term considerations. In addition, the Manager will announce via SGXNET the particulars of its holdings in the units and any changes thereto within one business day after the date on which it acquires or disposes of any units, as the case may be. The Manager has also undertaken to MAS that it will not deal in the units during the period commencing one month before the public announcement of Starhill Global REIT's annual and half-year financial results and two weeks before the public announcement of Starhill Global REIT's quarterly financial results, and ending on the date of announcement of the relevant results.

Fees payable to the Manager
The Manager is entitled to the following fees:

(i) Base Fee
The Base Fee covers the operational and administrative expenses incurred by the Manager in executing its responsibilities to manage Starhill Global REIT's portfolio.

The Manager is entitled to receive a base fee of 0.5% per annum of the Value of Trust Property as defined on page 106 (excluding GST) ("Base Fee") or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of Unitholders.

The Manager may opt to receive the Base Fee in respect of its properties in cash or units or a combination of cash and units (as it may determine).

The portion of the Base Fee payable in cash shall be payable monthly in arrears and the portion of the Base Fee payable in the form of units shall be payable quarterly in arrears. If a trigger event occurs, resulting in the Manager being removed, the Manager is entitled to be paid the Base Fee up to the day on which the trigger event occurs.

During FY 2017/18, the Manager has elected to receive 100% of the Base Fee in cash. In accordance with clause 15.1.1 of the Trust Deed, this shall be payable monthly in arrears.

(ii) Performance Fee
The Manager is entitled to a performance fee ("Performance Fee") where the accumulated return (comprising capital gains and accumulated distributions and assuming all distributions are reinvested in the Trust) of the units (expressed as the "Trust Index") in any Financial Year exceeds the accumulated return (comprising capital gains and accumulated distributions and assuming reinvestment of all distributions) of a benchmark index ("Benchmark Index"). The Performance Fee is calculated in two tiers as follows:

- a Tier 1 Performance Fee equal to 5.0% of the amount by which the accumulated return of the Trust Index exceeds the accumulated return of the Benchmark Index, multiplied by the equity market capitalisation of the Trust; and
- a Tier 2 Performance Fee which is applicable only where the accumulated return of the Trust Index is in excess of 2.0% per annum above the accumulated return of the Benchmark Index. This tier of the fee is calculated at 15.0% of the amount by which the accumulated return of the Trust Index is in excess of 2.0% per annum above the accumulated return of the Benchmark Index, multiplied by the equity market capitalisation of the Trust.

The Performance Fee, whether payable in any combination of cash and units or solely in cash or units will be payable annually in arrears within 30 days after the last day of each financial year. Please refer to pages 106 and 107 for further details on the Performance Fee.

The Performance Fee is based on accumulated return (comprising capital gains and accumulated distributions and assuming all distributions are re-invested in the Trust) of the units, such that where the accumulated return for the Trust Index exceeds the total return of the Benchmark Index, the Manager will be paid a Performance Fee. The interests of the Manager are therefore aligned with the interests of the Unitholders as the Performance Fee would be commensurate with the value that the Manager delivers to Unitholders in the form of such accumulated return. In addition, the Manager has to ensure that the Trust Index outperforms the Benchmark Index. This motivates and incentivises the Manager to grow the accumulated return to Unitholders and outperform the Benchmark Index on a long-term and sustainable basis through proactive asset management strategies, asset enhancement initiatives, disciplined investments and prudent capital and risk management. By pegging performance fee to accumulated return, the Manager will not take on excessive short-term risks that will affect returns to Unitholders.

(iii) Acquisition Fee
The Manager is entitled to an Acquisition Fee as set out in clause 15.2 of the Trust Deed. This is earned by the Manager upon completion of an acquisition. The fee seeks to motivate and compensate the Manager for the time and effort spent in sourcing, evaluating and executing acquisitions that meet Starhill Global REIT's investment criteria and increase long-term returns for Unitholders. Additional resources and costs incurred by the Manager in the course of seeking out new acquisition opportunities include, but are not limited to, due diligence efforts and man hours spent in evaluating the transactions. The Manager provides these services over and above the provision of ongoing management services with the aim of enhancing long-term returns, income sustainability and achieving the investment objectives of Starhill Global REIT.

The Acquisition Fee is calculated at 1% of the value of the real estate acquired

Corporate Governance

and subject to the Property Funds Appendix, shall be paid to the Manager in the form of cash and/or Units (as the Manager shall elect). The Acquisition Fee is payable to the Manager 14 days after the completion of the relevant acquisition. Please refer to page 107 for further details on the Acquisition Fee.

As required by the Property Funds Appendix, where an acquisition constitutes an "interested party transaction", the Acquisition Fee payable to the Manager will be in the form of units which shall not be sold within one year from the date of issuance. This motivates the Manager to ensure that any acquisitions from interested parties perform and contribute to Unitholders' returns.

(iv) Divestment Fee
The Manager is entitled to a Divestment Fee as set out in clause 15.3 of the Trust Deed. This is earned by the Manager upon completion of a divestment. This fee seeks to motivate and compensate the Manager for its efforts in maximising value for Unitholders by selectively divesting properties that have reached a stage which offers limited scope for further income growth and recycle capital and optimise Starhill Global REIT's portfolio. The fee covers additional costs and resources incurred by the Manager, including but not limited to, sourcing for buyers, due diligence efforts and man hours spent in the course of the transactions.

In accordance to clause 15.3 of the Trust Deed, the Divestment Fee is calculated at 0.5% of the value of the real estate divested and subject to the Property Funds Appendix, shall be paid to the Manager in the form of cash and/or units (as the Manager may elect). The Divestment Fee is payable as soon as practicable after the completion of the relevant divestment. Please refer to page 107 for further details on the Divestment Fee.

As required by the Property Funds Appendix, where a divestment constitutes an "interested party transaction", the Divestment Fee payable to the Manager shall be in the form of units, which shall not be sold within one year from the date of issuance.

The Divestment Fee is lower than the Acquisition Fee because the sourcing, evaluating and executing of potential acquisition opportunities generally require more resources, effort and time on the part of the Manager as compared to divestments.

Financials

FINANCIAL STATEMENTS

Report of the Trustee

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Starhill Global Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the unitholders. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of YTL Starhill Global REIT Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 8 August 2005, as supplemented by a first supplemental deed dated 20 April 2006, an amended and restated deed dated 8 August 2007, a second amended and restated deed dated 10 December 2007, a second supplemental deed dated 22 April 2010, a third supplemental deed dated 7 June 2010, a fourth supplemental deed dated 17 March 2014, a third amending and restating deed dated 4 August 2016 and a fifth supplemental deed dated 27 October 2017 (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the year ended 30 June 2018 covered by these financial statements, set out on pages 99 to 142 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Authorised Signatory

Singapore
29 August 2018

Statement by the Manager

In the opinion of the directors of YTL Starhill Global REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 99 to 142, comprising the balance sheets, statements of total return, distribution statements and statements of movements in unitholders' funds of the Group and of the Trust, the investment properties portfolio statement and cash flow statement of the Group and a summary of significant accounting policies and other explanatory information, are drawn up so as to give a true and fair view of the financial position of Starhill Global Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") as at 30 June 2018, the total return, distributable income and movements in unitholders' funds of the Group and the Trust, and the cash flows of the Group for the year ended 30 June 2018 in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
YTL Starhill Global REIT Management Limited

Ho Sing
Director

Singapore
29 August 2018

Independent Auditors' Report

Unitholders of Starhill Global Real Estate Investment Trust
(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 8 August 2005 (as amended))

Report on the financial statements

Opinion
We have audited the financial statements of Starhill Global Real Estate Investment Trust (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the balance sheet and investment properties portfolio statement of the Group and the balance sheet of the Trust as at 30 June 2018, and the statements of total return, distribution statements, statements of movements in unitholders' funds of the Group and the Trust, and the cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 99 to 142.

In our opinion, the accompanying consolidated financial statements of the Group and the financial statements of the Trust present fairly, in all material respects, the financial position and portfolio holdings of the Group and financial position of the Trust as at 30 June 2018, and the total return, distributable income and movements in unitholders' funds of the Group and the Trust, and the cash flows of the Group for the year ended on that date in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion
We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Note 4 to the financial statements)

Risk:
As at 30 June 2018, the Group's investment properties portfolio comprises 10 properties which amounted to $3,118 million (2017: $3,136 million) representing 98% (2017: 97%) of the Group's total assets.

The fair values of the investment properties were determined by external valuers using valuation techniques such as the capitalisation approach and/or discounted cash flow method.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the capitalisation and discount rates i.e. a small change in the assumptions may have a significant impact to the valuation.

Our response:
We assessed the Group's processes for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers. We also assessed the competency, capability and objectivity of these valuers.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We held discussions with the valuers and challenged the key assumptions applied, including capitalisation and discount rates, by comparing them to market comparables, historical data and available industry data.

Our findings:
The Group has a process for appointing and instructing valuers, and in reviewing, challenging and accepting their valuations. The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work.

The valuation methodologies used are comparable to methods used in the prior year and those used for similar property types. The key assumptions applied are comparable to the historical trends and within the range of available market comparables.

Other information
YTL Starhill Global REIT Management Limited, the Manager of the Trust ("the Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report, other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements
The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

Independent Auditors' Report

Unitholders of Starhill Global Real Estate Investment Trust
(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 8 August 2005 (as amended))

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Eng Chin Chin.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore
29 August 2018

Balance Sheets
As at 30 June 2018

		Group		Trust	
	Note	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-current assets					
Investment properties	4	**3,118,338**	3,136,315	**2,147,000**	2,147,000
Plant and equipment	5	**42**	59	**–**	–
Interests in subsidiaries	6	**–**	–	**590,224**	608,852
Derivative financial instruments	7	**1,964**	41	**1,964**	41
		3,120,344	3,136,415	**2,739,188**	2,755,893
Current assets					
Derivative financial instruments	7	**244**	85	**242**	63
Trade and other receivables	8	**4,191**	6,341	**2,929**	2,110
Cash and cash equivalents	9	**66,730**	76,603	**20,420**	30,493
		71,165	83,029	**23,591**	32,666
Total assets		**3,191,509**	3,219,444	**2,762,779**	2,788,559
Non-current liabilities					
Trade and other payables	10	**22,460**	24,363	**20,549**	19,003
Derivative financial instruments	7	**1,242**	1,827	**453**	1,522
Deferred tax liabilities	11	**6,336**	6,748	**–**	–
Borrowings	12	**1,066,931**	728,386	**801,954**	547,522
		1,096,969	761,324	**822,956**	568,047
Current liabilities					
Trade and other payables	10	**38,633**	38,762	**24,307**	26,554
Derivative financial instruments	7	**199**	2,178	**85**	1,226
Income tax payable		**2,014**	1,942	**–**	–
Borrowings	12	**63,398**	405,892	**–**	252,771
		104,244	448,774	**24,392**	280,551
Total liabilities		**1,201,213**	1,210,098	**847,348**	848,598
Net assets		**1,990,296**	2,009,346	**1,915,431**	1,939,961
Represented by:					
Unitholders' funds	13	**1,990,296**	2,009,346	**1,915,431**	1,939,961
Units in issue ('000)	14	**2,181,204**	2,181,204	**2,181,204**	2,181,204
Net asset value per unit ($) based on:					
- Units issued at the end of the year		**0.91**	0.92	**0.88**	0.89

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

Statements of Total Return

Year ended 30 June 2018

	Note	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Gross revenue	15	**208,814**	216,364	**129,736**	134,480
Property operating expenses	16	**(46,627)**	(49,476)	**(26,749)**	(27,518)
Net property income		**162,187**	166,888	**102,987**	106,962
Interest income from fixed deposits and bank balances		**900**	1,089	**151**	369
Interest income from subsidiaries		**–**	–	**6,022**	5,806
Dividend income from subsidiaries	17	**–**	–	**17,557**	22,771
Fair value adjustment on security deposits		**(330)**	(20)	**(11)**	(53)
Management fees	18	**(16,094)**	(16,192)	**(15,167)**	(15,256)
Performance fees	18	**–**	–	**–**	–
Trust expenses	19	**(3,793)**	(3,542)	**(2,529)**	(2,758)
Finance expenses	20	**(38,259)**	(38,930)	**(24,223)**	(25,056)
		104,611	109,293	**84,787**	92,785
Change in fair value of derivative instruments		**4,467**	1,425	**4,194**	107
Foreign exchange gain/(loss)		**134**	3,819	**(8,501)**	(5,802)
Change in fair value of investment properties	4	**(22,669)**	(16,321)	**(1,496)**	3,493
Gain on divestment of investment property [1]		**1,147**	770	**–**	–
Impairment loss on investment in subsidiaries	6	**–**	–	**(1,400)**	(9,000)
Total return for the year before tax and distribution		**87,690**	98,986	**77,584**	81,583
Income tax	21	**(3,446)**	1,268	**(907)**	(405)
Total return for the year after tax, before distribution		**84,244**	100,254	**76,677**	81,178
Non-tax deductible/(chargeable) items and other adjustments		**18,892**	10,191	**26,459**	29,267
Income available for distribution		**103,136**	110,445	**103,136**	110,445
Earnings per unit (cents)					
Basic	22	**3.86**	4.60	**3.52**	3.72
Diluted	22	**3.86**	4.60	**3.52**	3.72

Note:

[1] Represents the difference between the net proceeds (including directly attributable costs) from divestment and the carrying amount of Nakameguro Place in May 2018 (2017: Harajuku Secondo in May 2017).

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

Distribution Statements

Year ended 30 June 2018

	Group		Trust	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Income available for distribution at the beginning of the year	**49,485**	48,755	**49,485**	48,755
Total return after tax, before distribution	**84,244**	100,254	**76,677**	81,178
Net tax and other adjustments (Note A below)	**18,892**	10,191	**26,459**	29,267
Income available for distribution	**152,621**	159,200	**152,621**	159,200
Distributions during the year:				
Unitholders				
Distribution of 1.18 cents (2016: 1.29 cents) per unit for the period 1 April to 30 June 2017	**(25,738)**	(28,138)	**(25,738)**	(28,138)
Distribution of 1.20 cents (2016: 1.30 cents) per unit for the period 1 July to 30 September 2017	**(26,174)**	(28,356)	**(26,174)**	(28,356)
Distribution of 1.17 cents (2016: 1.26 cents) per unit for the period 1 October to 31 December 2017	**(25,520)**	(27,483)	**(25,520)**	(27,483)
Distribution of 1.09 cents (2017: 1.18 cents) per unit for the period 1 January to 31 March 2018	**(23,775)**	(25,738)	**(23,775)**	(25,738)
	(101,207)	(109,715)	**(101,207)**	(109,715)
Income available for distribution at the end of the year	**51,414**	49,485	**51,414**	49,485
Number of units at end of the year ('000)	**2,181,204**	2,181,204	**2,181,204**	2,181,204
Distribution per unit for the year (cents)	**4.55**	4.92	**4.55**	4.92
Note A – Net tax and other adjustments				
Non-tax deductible/(chargeable) items and other adjustments:				
- Finance costs	**1,304**	1,012	**1,857**	2,244
- Sinking fund contribution	**1,808**	1,808	**1,808**	1,808
- Depreciation	**–**	141	**–**	141
- Change in fair value of derivative instruments	**(4,467)**	(1,425)	**(4,194)**	(107)
- Change in fair value of investment properties	**22,669**	16,321	**1,496**	(3,493)
- Deferred tax	**(506)**	(3,065)	**–**	–
- Impairment loss on investment in subsidiaries	**–**	–	**1,400**	9,000
- Foreign exchange (gain)/loss	**(319)**	(4,000)	**8,336**	5,429
- Fair value adjustment on security deposits	**330**	20	**11**	53
- Other items	**(1,927)**	(621)	**2,026**	3,260
- Net overseas income not distributed to the Trust, net of amount received	**–**	–	**13,719**	10,932
Net tax and other adjustments	**18,892**	10,191	**26,459**	29,267

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

Statements of Movements in Unitholders' Funds

Year ended 30 June 2018

	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Unitholders' funds at the beginning of the year	**2,009,346**	2,017,551	**1,939,961**	1,968,498
Operations				
Change in unitholders' funds resulting from operations, before distributions	**84,244**	100,254	**76,677**	81,178
Increase in unitholders' funds resulting from operations	**84,244**	100,254	**76,677**	81,178
Foreign currency translation reserve				
Translation differences from financial statements of foreign entities	**2,002**	10,877	**–**	–
Transfer of translation differences from total return arising from hedge accounting [1]	**(158)**	–	**–**	–
Exchange differences on monetary items forming part of net investment in foreign operations	**(3,931)**	(9,621)	**–**	–
Net (loss)/gain recognised directly in unitholders' funds	**(2,087)**	1,256	**–**	–
Unitholders' transactions				
Distributions to unitholders	**(101,207)**	(109,715)	**(101,207)**	(109,715)
Decrease in unitholders' funds resulting from unitholders' transactions	**(101,207)**	(109,715)	**(101,207)**	(109,715)
Unitholders' funds at the end of the year	**1,990,296**	2,009,346	**1,915,431**	1,939,961

Note:

[1] The Group designated its JPY loan as a net investment hedge for its Japan operations. 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.

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

Investment Properties Portfolio Statement

As at 30 June 2018

Description of property	Tenure	Term of lease	Remaining term of lease	Location	Existing use	Occupancy Rate [11]	At valuation		Percentage of total net assets	
						2018 %	2018 $'000	2017 $'000	2018 %	2017 %
Group										
Wisma Atria Property	Leasehold	Leasehold estate of 99 years expiring on 31 March 2061	43 years	435 Orchard Road, Singapore 238877	Retail/ Office	**97.1/92.4**	**997,000** [5]	997,000	**50.1**	49.6
Ngee Ann City Property	Leasehold	Leasehold estate of 69 years expiring on 31 March 2072	54 years	391/391B Orchard Road, Singapore 238874	Retail/ Office	**99.5/88.9**	**1,150,000** [5]	1,150,000	**57.8**	57.2
Myer Centre Adelaide [1]	Freehold	–	–	14-38 Rundle Mall, Adelaide, Australia	Retail/ Office	**94.4/31.5**	**296,234** [6]	317,085	**14.9**	15.8
David Jones Building [1]	Freehold	–	–	622-648 Hay Street Mall, Perth, Australia	Retail	**99.3**	**166,254** [7]	169,112	**8.4**	8.4
Plaza Arcade [1]	Freehold	–	–	650 Hay Street Mall and 185-191 Murray Street Mall, Perth, Australia	Retail	**90.0**	**54,410** [7]	53,904	**2.7**	2.7
Starhill Gallery [2]	Freehold	–	–	181 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Retail/ Office	**100.0**	**221,154** [8]	221,214	**11.1**	11.0
Lot 10 Property [2]	Leasehold	Leasehold estate of 99 years expiring on 29 July 2076	58 years	50 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	Retail/ Office	**100.0**	**146,231** [8]	136,255	**7.3**	6.8
China Property [3]	Leasehold	Leasehold estate expiring on 27 December 2035	17 years	19, 4th Section, Renminnan Road, Chengdu, Sichuan, China	Retail	**100.0**	**29,848** [9]	32,077	**1.5**	1.6
Ebisu Fort [4]	Freehold	–	–	1-24-2 Ebisu Minami, Shibuya-ku, Tokyo, Japan	Retail/ Office	**100.0**	**41,919** [10]	39,574	**2.1**	2.0
Daikanyama [4]	Freehold	–	–	1-31-12 Ebisu Nishi, Shibuya-ku, Tokyo, Japan	Retail/ Office	**100.0**	**15,288** [10]	14,994	**0.8**	0.7
Nakameguro Place [4]	Freehold	–	–	1-20-2 Aobadai, Meguro-ku, Tokyo, Japan	NA	**NA**	**–**	5,100	**–**	0.3
Investment properties at valuation							**3,118,338**	3,136,315	**156.7**	156.1
Other assets and liabilities (net)							**(1,128,042)**	(1,126,969)	**(56.7)**	(56.1)
Net assets							**1,990,296**	2,009,346	**100.0**	100.0

Notes:

(1) David Jones Building, Plaza Arcade and Myer Centre Adelaide (the "Australia Properties") were acquired on 20 January 2010, 1 March 2013 and 18 May 2015 respectively.
(2) Starhill Gallery and Lot 10 Property (the "Malaysia Properties") were acquired on 28 June 2010.
(3) China Property was acquired on 28 August 2007.
(4) The Japan Properties comprise two (2017: three) properties as at 30 June 2018. Nakameguro Place was divested on 8 May 2018. Daikanyama and Ebisu Fort were acquired on 30 May 2007 and 26 September 2007 respectively.
(5) Based on the valuation performed by Savills Valuation And Professional Services (S) Pte Ltd as at 30 June 2018.
(6) Based on the valuation performed by Valuation Services (SA) Pty Ltd trading as Knight Frank Valuations as at 30 June 2018 and translated at the exchange rate of A$0.99 : $1.00 (2017: A$0.95 : $1.00).
(7) Based on the valuation performed by Savills Valuations Pty Ltd as at 30 June 2018 and translated at the exchange rate of A$0.99 : $1.00 (2017: A$0.95 : $1.00).
(8) Based on the valuation performed by Nawawi Tie Leung Property Consultants Sdn Bhd as at 30 June 2018 and translated at the exchange rate of RM2.96 : $1.00 (2017: RM3.12 : $1.00).
(9) Based on the valuation performed by Cushman & Wakefield Limited as at 30 June 2018 and translated at the exchange rate of RMB4.86 : $1.00 (2017: RMB4.93 : $1.00).
(10) Based on the valuation performed by CBRE K.K. as at 30 June 2018 and translated at the exchange rate of JPY81.11 : $1.00 (2017: JPY81.37 : $1.00).
(11) Based on commenced leases as at 30 June 2018.

The Manager believes that the above independent valuers have appropriate professional qualifications and experience in the location and category of the Group's investment properties being valued. Full valuations of the above properties were performed as at year-end.

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

Consolidated Cash Flow Statement

Year ended 30 June 2018

	Group	
	2018	**2017**
	$'000	**$'000**
Cash flows from operating activities		
Total return for the year before tax and distribution	**87,690**	98,986
Adjustments for:		
Finance income	**(900)**	(1,089)
Fair value adjustment on security deposits	**330**	20
Depreciation	**12**	361
Finance expenses	**38,259**	38,930
Gain on divestment of investment property	**(1,147)**	(770)
Plant and equipment written off	**6**	80
Change in fair value of derivative instruments	**(4,467)**	(1,425)
Foreign exchange gain	**(134)**	(3,819)
Change in fair value of investment properties	**22,669**	16,321
Operating income before working capital changes	**142,318**	147,595
Trade and other receivables	**568**	(2,500)
Trade and other payables	**(2,541)**	(1,556)
Income tax paid	**(4,433)**	(2,395)
Net cash from operating activities	**135,912**	141,144
Cash flows from investing activities		
Net proceeds on divestment of investment property [1]	**6,206**	4,907
Capital expenditure on investment properties	**(13,702)**	(9,018)
Purchase of plant and equipment	**–**	(53)
Interest received on deposits	**890**	1,090
Net cash used in investing activities	**(6,606)**	(3,074)
Cash flows from financing activities		
Borrowing costs paid	**(39,094)**	(36,115)
Proceeds from borrowings	**482,000**	102,377
Repayment of borrowings	**(480,791)**	(94,490)
Distributions paid to unitholders	**(101,207)**	(109,715)
Net cash used in financing activities	**(139,092)**	(137,943)
Net (decrease)/increase in cash and cash equivalents	**(9,786)**	127
Cash and cash equivalents at the beginning of the year	**76,603**	76,953
Effects of exchange rate differences on cash	**(87)**	(477)
Cash and cash equivalents at the end of the year	**66,730**	76,603

Note:
[1] Net cash inflows on divestment of Nakameguro Place in May 2018 (2017: Harajuku Secondo in May 2017) representing the sale proceeds, net of directly attributable costs paid.

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 29 August 2018.

1. GENERAL

Starhill Global Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 8 August 2005 and any amendments or modifications thereof between YTL Starhill Global REIT Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), governed by the laws of the Republic of Singapore ("Trust Deed"). On 8 August 2005, the Trust was declared an authorised unit trust scheme under the Trustees Act, Chapter 337.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 September 2005 and was approved to be included under the Central Provident Fund ("CPF") Investment Scheme on 14 June 2005.

For financial reporting purpose, Starhill Global Real Estate Investment Trust is regarded as a subsidiary of YTL Corporation Berhad. Accordingly, the ultimate holding company is Yeoh Tiong Lay and Sons Holdings Sdn Bhd, which is incorporated in Malaysia.

The principal activity of the Trust 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 and to achieve long-term growth in the net asset value per unit.

The Trust has entered into several significant service agreements in relation to the management of the Group and its operations. The fee structure of these services is as follows:

(a) Property management fees and leasing commission

YTL Starhill Global Property Management Pte. Ltd. (the "Property Manager") is entitled to receive a fee of 3.0% per annum of gross revenue of the Wisma Atria Property and Ngee Ann City Property ("Singapore Properties") (excluding GST) for the provision of property management, lease management as well as marketing and marketing co-ordination services. The Property Manager's fee is to be paid on a monthly basis in arrears.

The Property Manager is also entitled to receive leasing commission at the rates set out below when it secures a tenant or a tenancy renewal:

(i) one month's base rental for securing a tenancy of three years or more;

(ii) two thirds of one month's base rental for securing a tenancy of two years or more but less than three years;

(iii) one third of one month's base rental for securing a tenancy of one year or more but less than two years;

(iv) one quarter of one month's base rental for securing a renewal of tenancy of three years or more;

(v) one eighth of one month's base rental for securing a renewal of tenancy of two years or more but less than three years; and

(vi) one twelfth of one month's base rental for securing a renewal of tenancy of one year or more but less than two years.

Property management fees also include fees payable mainly to third party property managers of the Australia Properties and Japan Properties.

Notes to the Financial Statements

(b) Management fees

Management fees include fees payable to the Manager, third party asset manager of the Japan Properties, as well as servicer of the Malaysia Properties.

Under the Trust Deed, the Manager is entitled to receive a base fee and a performance fee as follows:

Base fee

The Manager is entitled to receive a base fee of 0.5% per annum of the Value of Trust Property (excluding GST) ("Base Fee") or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of unitholders.

The Value of Trust Property means:

(i) the value of all authorised investments of the Group other than real estate related assets;

(ii) the value of real estate related assets of any entity held by the Group if such holding is less than 30.0% of the equity of such entity; and

(iii) where the Group invests in 30.0% or more of a real estate related asset of any entity, including any class of equity, equity-linked securities and/or securities issued in real estate securitisation, the Group's proportionate interest in the value of the underlying real estate of the entity issuing the equity which comprises the real estate related asset.

The Manager may opt to receive the Base Fee in respect of its properties in cash or units or a combination of cash and units (as it may determine).

The portion of the Base Fee payable in cash shall be payable monthly in arrears and the portion of the Base Fee payable in the form of units shall be payable quarterly in arrears. If a trigger event occurs, resulting in the Manager being removed, the Manager is entitled to be paid the Base Fee up to the day on which the trigger event occurs.

Performance fee

The Manager is entitled to a performance fee ("Performance Fee") where the accumulated return (comprising capital gains and accumulated distributions and assuming all distributions are re-invested in the Trust) of the units (expressed as the "Trust Index") in any financial year exceeds the accumulated return (comprising capital gains and accumulated distributions and assuming re-investment of all distributions) of a benchmark index.

The Performance Fee is calculated in two tiers as follows:

- a Tier 1 Performance Fee equal to 5.0% of the amount by which the accumulated return of the Trust Index exceeds the accumulated return of the benchmark index, multiplied by the equity market capitalisation of the Trust; and

- a Tier 2 Performance Fee which is applicable only where the accumulated return of the Trust Index is in excess of 2.0% per annum above the accumulated return of the benchmark index. This tier of the fee is calculated at 15.0% of the amount by which the accumulated return of the Trust Index is in excess of 2.0% per annum above the accumulated return of the benchmark index, multiplied by the equity market capitalisation of the Trust.

For the purposes of the Tier 1 Performance Fee and the Tier 2 Performance Fee, the amount by which the accumulated return of the Trust Index exceeds the accumulated return of the benchmark index shall be referred to as outperformance.

The outperformance of the Trust Index is assessed on a cumulative basis and any prior underperformance will need to be recovered before the Manager is entitled to any Performance Fee.

The Performance Fee, whether payable in any combination of cash and units or solely in cash or units will be payable annually in arrears. If a trigger event occurs in any financial year, resulting in the Manager being removed, the Manager is entitled to payment of any Performance Fee (whether structured in cash or in the form of units) to which it might otherwise have been entitled for that financial year in cash, which shall be calculated, as if the end of the financial year was the date of occurrence of the trigger event, in accordance with Clause 15.1.4 of the Trust Deed. If a trigger event occurs at a time when any accrued Performance Fee has not been paid, resulting in the Manager being removed, the Manager is entitled to payment of such accrued Performance Fee in cash.

The management fees (Base Fee and Performance Fee, including any accrued Performance Fee which has been carried forward from previous financial years but excluding any acquisition fee or divestment fee) to be paid to the Manager in respect of a financial year, whether in cash or in units or a combination of cash and units, is capped at an amount equivalent to 0.8% per annum of the Value of the Trust Property as at the end of the financial year (referred to as the "annual fee cap").

If the amount of such fees for a financial year exceeds the annual fee cap, the Base Fee of the financial year shall be paid to the Manager and only that portion of the Performance Fee equal to the balance of an amount up to the annual fee cap will be paid to the Manager. The remaining portion of the Performance Fee, which will not be paid, shall be accrued and carried forward for payment to the Manager in future financial years. If, at the end of a financial year, there is any accrued Performance Fee which has been accrued for a period of at least three years prior to the end of that financial year, such accrued Performance Fee shall be paid to the Manager if the accumulated return of the Trust Index in that three-year period exceeds the accumulated return of the benchmark index over the same period. The payment of such accrued Performance Fee shall not be subject to the annual fee cap.

(c) Acquisition and divestment fees

The Manager is entitled to receive an acquisition fee of 1.0% of the value of the real estate acquired. For any acquisition made by the Group in Singapore, any payment to third party agents or brokers in connection with the acquisition shall be borne by the Manager, and not additionally out of the Group. For any acquisition made by the Group outside Singapore, any payment to third party agents or brokers shall be borne by the Group, provided that the Manager shall charge an acquisition fee of 0.6% instead of 1.0%.

The Manager is entitled to receive a divestment fee of 0.5% of the value of the real estate divested. For any divestment made by the Group in Singapore, any payment to third party agents or brokers in connection with the divestment shall be borne by the Manager, and not additionally out of the Group. For any divestment made outside Singapore, any payment to third party agents or brokers shall be borne by the Group, provided that the Manager shall charge a divestment fee of 0.5% of the sale price. The Manager also receives acquisition fees and divestment fees in instances other than an acquisition and divestment of real estate.

(d) Trustee's fee

Under the Trust Deed, the Trustee's fee shall not exceed 0.1% per annum of the value of the deposited property (subject to a minimum of $8,000 per month excluding out of pocket expenses and GST) or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of unitholders. The Trustee's fee is payable out of the deposited property of the Group on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Based on the current agreement between the Manager and the Trustee, the Trustee's fee is less than 0.1% per annum of the value of the deposited property (subject to a minimum of $8,000 per month excluding out of pocket expenses and GST).

Notes to the Financial Statements

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the *Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants ("ISCA"), the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as set out in the accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

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 any future periods affected.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4 – Valuation of investment properties
- Note 6 – Impairment on interests in subsidiaries
- Notes 7 and 24 – Valuation of financial instruments

2.5 Adoption of new/revised FRS

Disclosure Initiative (Amendments to FRS 7)

From 1 July 2017, as a result of the adoption of *Disclosure Initiative (Amendments to FRS 7)*, the Group has provided in Note 12 additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 30 June 2018. Comparative information is not required.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Group and the Trust to all periods in these financial statements and have been applied consistently by Group entities, except as explained in Note 2.5.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to or has rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the statement of total return.

Subsidiaries

Subsidiaries are entities controlled by the Group and include entities that are created to accomplish a narrow and well defined objective such as the execution of a specific transaction where the substance of the relationship is that the Group controls the entity. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries by the Trust

Interests in subsidiaries are stated in the Trust's balance sheet at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transactions. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency differences arising on retranslation are recognised in the statement of total return except for the differences arising on the translation of a financial liability designated as a hedge of the net investment in foreign operation (see below).

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount is transferred to the statement of total return.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in the Trust's statement of total return, and are reclassified to the foreign currency translation reserve in the consolidated financial statements.

Notes to the Financial Statements

Hedge of a net investment in foreign operation

The Group applies hedge accounting to the foreign currency differences arising between the functional currency of the foreign operation and the Trust's functional currency (Singapore dollar).

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in the foreign operation are reclassified to the Group's foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in the statement of total return. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to the statement of total return as part of the gain or loss on disposal.

3.3 Plant and equipment

Recognition and measurement

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and when the Group has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of the plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the plant and equipment, and is recognised in the statement of total return.

Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of plant and equipment are recognised in the statement of total return as incurred.

Depreciation

Depreciation of plant and equipment is recognised in the statement of total return on a straight-line basis over their estimated useful lives of 2 to 5 years.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost on initial recognition, and subsequently at fair value with any changes therein recognised in the statement of total return. Fair value is determined in accordance with the Trust Deed, which requires investment properties to be valued by independent registered valuers in such manner and frequency required under Appendix 6 of the CIS Code ("Property Fund Appendix") issued by MAS.

Subsequent expenditure relating to investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

3.5 Intangible asset

Goodwill

Goodwill and bargain purchase may arise upon the acquisition of subsidiaries.

Goodwill represents the excess of the fair value of the consideration transferred over the Group's interest in the net fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in the statement of total return.

Goodwill arising on the acquisition of subsidiaries is presented in intangible asset. Goodwill is measured at cost less accumulated impairment losses, and tested for impairment.

3.6 Financial instruments

(i) Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial assets 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 Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group 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 Group 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, and trade and other receivables. Cash and cash equivalents comprise cash at bank and fixed deposits.

(ii) Non-derivative financial liabilities

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

The Group 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 balance sheet when, and only when, the Group 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 Group 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 borrowings and trade and other payables.

Notes to the Financial Statements

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures arising from operating, financing and investing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. The Group does not adopt hedge accounting for its derivative financial instruments as at 30 June 2018.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of total return as incurred.

Subsequent to initial recognition, derivatives are measured at fair value. All changes in fair value is recognised immediately in the statement of total return. However, if derivatives qualify for hedge accounting, subsequent to initial recognition, changes in fair value therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect total return, the effective portion of changes in the fair value of the derivative is recognised and presented in the hedging reserve in unitholders' funds. The amount recognised in unitholders' funds is removed and included in the statement of total return in the same period as the hedged cash flows affect total return under the same line item in the statement of total return as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in unitholders' funds remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in unitholders' funds is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in unitholders' funds is transferred to the statement of total return in the same period that the hedged item affects total return.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the statement of total return. The hedged item is also stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in the statement of total return with an adjustment to the carrying amount of the hedged item.

3.7 Unitholders' funds

Unitholders' funds represent the residual interest in the Group's net assets upon termination and are classified as equity. Expenses incurred in the issuance and placement of units (if any) in the Group are deducted directly against unitholders' funds.

3.8 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through the statement of total return 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 are impaired can include default or delinquency by a tenant, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a tenant 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 Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant 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 loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for the Manager'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 the statement of total return 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 Group 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 the statement of total return.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (groups of CGUs) and then to reduce the carrying amount of the other assets in the CGU (groups of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.9 Employee benefits

Short-term employee benefit obligations, including contributions to defined contribution pension plans, if any, are measured on an undiscounted basis and are expensed as the related service is provided in the statement of total return.

A liability is recognised for the amount expected to be paid under short-term cash bonus where the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the Financial Statements

3.10 Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a receipt basis. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Dividend income

Dividend income is recognised in the statement of total return on the date that the Trust's right to receive payment is established.

3.11 Finance income and finance expenses

Finance income comprises interest income on funds invested and derivative financial instruments. Interest income is recognised as it accrues in the statement of total return, using the effective interest method.

Finance expenses comprises interest expense on borrowings and derivative financial instruments and amortisation of loan acquisition expenses. All borrowing costs are recognised in the statement of total return using the effective interest method.

3.12 Expenses

(i) Property operating expenses

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are mainly property tax, maintenance and sinking fund contributions, leasing and upkeep expenses, marketing expenses, administrative expenses, as well as property management fees and leasing commission which are based on the applicable formula stipulated in Note 1(a).

(ii) Management fees

Management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(b).

(iii) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is the Trustee's fee which is described in Note 1(d).

3.13 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to a business combination, or items directly related to unitholders' funds, in which case it is recognised in unitholders' funds.

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

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. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group 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.

The Inland Revenue Authority of Singapore has issued a tax ruling dated 20 May 2005 ("Tax Ruling") on the taxation of the Trust for income earned and expenditure incurred after its listing on the SGX-ST. Subject to meeting the terms and conditions of the Tax Ruling, the Trustee will not be assessed to tax on the taxable income of the Trust. Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate from the distributions made to unitholders that are made out of the taxable income of the Trust. However, where the beneficial owners are individuals or qualifying unitholders, the Trustee and the Manager will make the distributions to such unitholders without deducting any income tax. Also, where the beneficial owners are foreign non-individual unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for such distributions.

A qualifying unitholder is a unitholder who is:

(i) a Singapore-incorporated company which is a tax resident in Singapore;

(ii) a body of persons, other than a company or a partnership, registered or constituted in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club and a trade and industry association);

(iii) a Singapore branch of a foreign company;

(iv) an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); or

(v) a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A foreign non-individual unitholder is one who is not a resident of Singapore for income tax purposes and

(i) which does not have a permanent establishment in Singapore; or

(ii) which carries on any operation in Singapore through a permanent establishment in Singapore where the funds used to acquire the units are not obtained from that operation in Singapore.

The Trust is exempt from Singapore income tax under Section 13(12) of the Income Tax Act on the following income:

(i) dividends;

(ii) interest on shareholder's loans; and

(iii) foreign-sourced trust distribution

payable by its subsidiaries out of underlying rental income derived from the overseas investment properties. This exemption is granted subject to certain conditions, including the condition that the Trustee is a tax resident of Singapore.

The Trust's distribution policy is to distribute at least 90% of its annual taxable income. For any remaining amount of taxable income not distributed, tax will be assessed on, and collected from, the Trustee on such remaining amount (referred to as retained taxable income). In the event where a distribution is subsequently made out of such retained taxable income, the Trustee and the Manager will not have to make a further deduction of income tax from the distribution.

Notes to the Financial Statements

The above Tax Ruling does not apply to gains from sale of real properties, if considered to be trading gains derived from a trade or business carried on by the Trust. Tax on such gains or profits will be assessed, in accordance with Section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

3.14 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. INVESTMENT PROPERTIES

	Group $'000	Trust $'000
At 1 July 2016	3,136,604	2,141,000
Additions and straight-line rental adjustments	12,860	2,507
Divestment	(4,137)	–
Change in fair value of investment properties	(16,321)	3,493
Translation differences	7,309	–
At 30 June 2017	3,136,315	2,147,000
Additions and straight-line rental adjustments	15,294	1,496
Divestment	(5,059)	–
Change in fair value of investment properties	(22,669)	(1,496)
Translation differences	(5,543)	–
At 30 June 2018	**3,118,338**	**2,147,000**

Investment properties are stated at fair value based on valuations performed by independent professional valuers having appropriate recognised professional qualifications and experience in the location and category of property being valued.

The Group has a framework with respect to the measurement of fair values of its investment properties, which is regularly reviewed by the Manager.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The valuation reports are prepared in accordance with recognised appraisal and valuation standards. The estimates underlying the valuation techniques in the next financial year may differ from current estimates, which may result in valuations that may be materially different from the valuations as at balance sheet date.

The valuers have considered the capitalisation approach and/or discounted cash flow method in arriving at the open market value as at the balance sheet date. The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates. The income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements.

At 30 June 2018, investment properties with a carrying value of approximately $829.9 million (2017: $843.7 million) are mortgaged to secure credit facilities for the Group (Note 12).

Fair value hierarchy

The Group's investment properties are valued based on unobservable inputs and classified in Level 3 of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 24.

The following table shows the key unobservable inputs used in the valuation models of the investment properties as at 30 June 2018:

Investment properties	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commercial properties for leasing	• Capitalisation rates from 3.75% to 7.00% (2017: from 3.75% to 8.25%) • Discount rates from 3.60% to 8.25% (2017: from 3.80% to 8.50%)	The estimated fair value would increase if capitalisation rates and discount rates decrease.

Key unobservable inputs correspond to:

- Capitalisation rates largely derived from comparable transactions.
- Discount rates, which are largely based on the risk-free rate of government bonds in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

5. PLANT AND EQUIPMENT

	Group $'000	Trust $'000
Cost:		
At 1 July 2016	3,168	790
Additions	53	–
Disposal/write-off	(1,230)	–
Translation differences	(3)	–
At 30 June 2017	1,988	790
Disposal/write-off	(124)	–
Translation differences	16	–
At 30 June 2018	**1,880**	**790**
Accumulated depreciation:		
At 1 July 2016	(2,722)	(649)
Depreciation charge	(361)	(141)
Disposal/write-off	1,150	–
Translation differences	4	–
At 30 June 2017	(1,929)	(790)
Depreciation charge	(12)	–
Disposal/write-off	118	–
Translation differences	(15)	–
At 30 June 2018	**(1,838)**	**(790)**
Carrying amount:		
At 1 July 2016	446	141
At 30 June 2017	59	–
At 30 June 2018	**42**	**–**

Notes to the Financial Statements

6. INTERESTS IN SUBSIDIARIES

	Trust 2018 $'000	Trust 2017 $'000
Equity investments at cost	**484,538**	491,391
Advances to subsidiaries	**206,086**	216,461
	690,624	707,852
Less: allowance for impairment loss	**(100,400)**	(99,000)
	590,224	608,852

Advances to subsidiaries are unsecured. The advances form part of the Trust's interests in subsidiaries as settlement of these amounts is neither planned nor likely to occur in the foreseeable future, and are stated at cost less impairment loss.

The Manager has reassessed for impairment by comparing the recoverable amount of the Trust's interests in subsidiaries against the carrying amount of the Trust's investment in subsidiaries. The recoverable amount was estimated based on the fair value of the subsidiaries' net assets as at reporting date, which is classified in Level 3 of the fair value hierarchy. As the recoverable amount was lower than the net carrying amount of the Trust's interest in these subsidiaries, an impairment loss of $1.4 million (2017: $9.0 million) was recognised for the year ended 30 June 2018, mainly in line with the drop in valuation of the China Property as at 30 June 2018.

The movement in the allowance for impairment loss in respect of interests in the Japan and China subsidiaries was as follows:

	Trust 2018 $'000	Trust 2017 $'000
At 1 July	**(99,000)**	(90,000)
Impairment loss recognised	**(1,400)**	(9,000)
At 30 June	**(100,400)**	(99,000)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
Starhill Global REIT Japan SPC One Pte Ltd [1]	Singapore	**100**	100
Starhill Global REIT Japan SPC Two Pte Ltd [1]	Singapore	**100**	100
Starhill Global REIT MTN Pte Ltd [1]	Singapore	**100**	100
SG REIT (M) Pte Ltd [1]	Singapore	**100**	100
SG REIT (WA) Pte Ltd [1]	Singapore	**100**	100
Starhill Global REIT One TMK [2]	Japan	**100**	100
Starhill Global ML K.K. [3]	Japan	**100**	100
Top Sure Investment Limited [4]	Hong Kong	**100**	100
Chengdu Xin Hong Management Co., Ltd [2] (formerly known as Renhe Spring Department Store Co., Ltd)	China	**100**	100
SG REIT (WA) Trust [2]	Australia	**100**	100
SG REIT (WA) Sub-Trust1 [2]	Australia	**100**	100
SG REIT (SA) Sub-Trust2 [2]	Australia	**100**	100
Ara Bintang Berhad [2]	Malaysia	**100**	100

(1) Audited by KPMG LLP
(2) Audited by other member firms of KPMG International
(3) Not required to be audited by the laws of the country of incorporation
(4) Audited by other auditors

7. DERIVATIVE FINANCIAL INSTRUMENTS

	2018		2017	
	Contract notional amount	**Fair value**	**Contract notional amount**	**Fair value**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Non-current assets				
Interest rate swaps and caps	**352,700**	**1,964**	144,000	41
Current assets				
Interest rate swaps and caps	**263,500**	**157**	100,000	24
Foreign exchange forwards	**4,400**	**87**	8,500	61
	267,900	**244**	108,500	85
	620,600	**2,208**	252,500	126
Non-current liabilities				
Interest rate swaps	**246,100**	**1,242**	316,600	1,827
Current liabilities				
Interest rate swaps	**113,500**	**157**	278,200	2,006
Foreign exchange forwards	**5,300**	**42**	10,000	172
	118,800	**199**	288,200	2,178
	364,900	**1,441**	604,800	4,005
Trust				
Non-current assets				
Interest rate swaps and caps	**352,700**	**1,964**	77,400	41
Current assets				
Interest rate swaps and caps	**200,000**	**157**	100,000	24
Foreign exchange forwards	**3,000**	**85**	5,000	39
	203,000	**242**	105,000	63
	555,700	**2,206**	182,400	104
Non-current liabilities				
Interest rate swaps	**100,000**	**453**	250,000	1,522
Current liabilities				
Interest rate swaps	**50,000**	**80**	125,000	1,091
Foreign exchange forwards	**1,600**	**5**	7,400	135
	51,600	**85**	132,400	1,226
	151,600	**538**	382,400	2,748

Notes to the Financial Statements

The Group has entered into various derivative transactions under International Swaps and Derivatives Association Master Agreements ("ISDA Master Agreements") with various bank counterparties. The derivative financial instruments presented above are not offset in the balance sheet as the right of set-off of recognised amounts is enforceable only following the occurrence of a termination event as set out in such ISDA Master Agreements. Upon the occurrence of a termination event resulting in the set-off of related derivatives in the balance sheet, the impact would be approximately $0.3 million decrease (2017: $0.1 million decrease) in both derivative assets and liabilities of the Group and Trust.

As at 30 June 2018 and 30 June 2017, the Group's derivative financial assets and liabilities are not subject to an election for netting of payments under the enforceable master netting arrangements. The Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The net fair value of the derivative financial instruments represents 0.04% (2017: 0.2%) of the Group's unitholders' funds as at 30 June 2018. The Group's and the Trust's contractual maturities analysis for derivative financial liabilities is disclosed in Note 12.

8. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current				
Trade receivables	**1,629**	3,670	**208**	494
Deposits	**284**	273	**284**	273
Other receivables	**1,605**	1,686	**2,153**	1,027
Loans and receivables	**3,518**	5,629	**2,645**	1,794
Prepayments	**673**	712	**284**	316
	4,191	6,341	**2,929**	2,110

Concentration of credit risk relating to trade receivables is limited due to the Group's and the Trust's varied mix of tenants and credit policy of obtaining security deposits from tenants for leasing the Group's and the Trust's investment properties, where applicable. As at 30 June 2018, the Group and the Trust have security deposits of approximately $31.3 million (2017: $31.4 million) and $24.5 million (2017: $24.8 million) respectively (Note 10).

There is no impairment loss arising from the Group's deposits and other receivables balances, none of which are past due at the reporting date. Included in other receivables of the Trust are interest income receivable from its subsidiaries of approximately $1.6 million (2017: $0.5 million) as at 30 June 2018.

The maximum exposure to credit risk for the loans and receivables at the reporting date by geographic region was:

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Singapore	**1,067**	1,317	**2,645**	1,794
Australia	**2,009**	3,561	**–**	–
Malaysia	**272**	611	**–**	–
Others	**170**	140	**–**	–
	3,518	5,629	**2,645**	1,794

Impairment losses

The ageing of trade receivables at the reporting date was:

	Gross 2018 $'000	Impairment losses 2018 $'000	Gross 2017 $'000	Impairment losses 2017 $'000
Group				
Not past due	**650**	**(123)**	844	–
Past due 0 – 30 days	**237**	**(34)**	297	–
Past due 31 – 120 days	**408**	**(89)**	2,368	(45)
More than 120 days	**1,004**	**(424)**	577	(371)
	2,299	**(670)**	4,086	(416)
Trust				
Not past due	**331**	**(123)**	389	–
Past due 0 – 30 days	**34**	**(34)**	103	–
Past due 31 – 120 days	**37**	**(37)**	33	(31)
More than 120 days	**222**	**(222)**	197	(197)
	624	**(416)**	722	(228)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
At 1 July	**(416)**	(428)	**(228)**	(228)
Impairment loss recognised	**(379)**	(162)	**(235)**	–
Utilised	**111**	182	**47**	–
Translation differences	**14**	(8)	**–**	–
At 30 June	**(670)**	(416)	**(416)**	(228)

The Group's and the Trust's historical experience in the collection of trade receivables falls largely within the recorded allowances. Due to these factors and evaluations performed, the Manager believes that, apart from the above, no additional significant credit risk beyond amounts provided for collection losses is inherent in the Group's and the Trust's remaining trade receivables as these are partially covered by security deposits, bank guarantees and allowance for impairment.

Notes to the Financial Statements

9. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash at bank and in hand	**46,701**	57,776	**20,420**	30,493
Fixed deposits with financial institutions	**20,029**	18,827	**–**	–
	66,730	76,603	**20,420**	30,493

10. TRADE AND OTHER PAYABLES

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-current				
Deferred income	**–**	30	**–**	30
Security deposits [1]	**22,460**	24,333	**20,549**	18,973
	22,460	24,363	**20,549**	19,003
Current				
Trade payables	**4,327**	5,074	**3,428**	3,986
Accrued expenses	**6,963**	6,644	**2,237**	2,271
Amounts due to:				
- the Manager [2]	**2,757**	2,684	**2,757**	2,684
- the Property Manager [2]	**708**	819	**708**	819
- the Trustee [2]	**123**	81	**123**	81
Interest payable	**3,332**	3,223	**2,554**	2,509
Deferred income	**515**	581	**285**	300
Security deposits [1]	**8,870**	7,019	**3,924**	5,805
Other payables	**11,038**	12,637	**8,291**	8,099
	38,633	38,762	**24,307**	26,554
	61,093	63,125	**44,856**	45,557

[1] Security deposits represent cash deposits received from tenants to secure leases of the Group's and the Trust's investment properties.

[2] The amounts due to the Manager, Property Manager and Trustee are mainly trade in nature, unsecured and interest free.

The Group's and the Trust's exposure to liquidity and currency risks related to trade and other payables are disclosed in Notes 12 and 24.

11. DEFERRED TAX LIABILITIES

	Group 2018 $'000	Group 2017 $'000
Deferred tax liabilities [1]	**6,336**	6,748

[1] The deferred tax liability is mainly in respect of the China Property and has been estimated on the basis of an asset sale at the current book value.

Movement in deferred tax liabilities of the Group (prior to offsetting of balances) during the year was as follows:

	At 1 July $'000	Recognised in statement of total return (Note 21) $'000	Translation differences $'000	At 30 June $'000
Group				
2018				
Deferred tax liabilities				
Investment properties	**6,748**	**(506)**	**94**	**6,336**
2017				
Deferred tax liabilities				
Investment properties	9,737	(3,065)	76	6,748

12. BORROWINGS

	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Non-current				
Secured borrowings	**257,255**	171,745	**–**	–
Unsecured borrowings	**813,292**	558,908	**804,933**	549,076
Unamortised loan acquisition expenses	**(3,616)**	(2,267)	**(2,979)**	(1,554)
	1,066,931	728,386	**801,954**	547,522
Current				
Secured borrowings	**63,479**	153,258	**–**	–
Unsecured borrowings	**–**	253,000	**–**	253,000
Unamortised loan acquisition expenses	**(81)**	(366)	**–**	(229)
	63,398	405,892	**–**	252,771
Total borrowings (net of borrowing costs)	**1,130,329**	1,134,278	**801,954**	800,293

The contractual terms of the Group's and the Trust's borrowings, which are measured at amortised cost are disclosed below. The Group's and the Trust's exposure to interest rate, currency and liquidity risks, is disclosed in Note 24.

Notes to the Financial Statements

Reconciliation of liabilities arising from financing activities

	Borrowings $'000	Interest payable $'000	Net derivative financial (assets)/ liabilities $'000	Total $'000
Group				
Balance at 1 July 2017	1,134,278	3,223	3,879	1,141,380
Changes from financing cash flows				
Borrowing costs paid	(3,427)	(32,418)	(3,249)	(39,094)
Proceeds from borrowings	482,000	–	–	482,000
Repayment of borrowings	(480,791)	–	–	(480,791)
Total changes from financing cash flows	(2,218)	(32,418)	(3,249)	(37,885)
Other changes				
Effects of exchange rate differences	(4,368)	–	(25)	(4,393)
Change in fair value of derivative instruments	–	–	(4,467)	(4,467)
Amortisation of loan acquisition expenses	2,637	–	–	2,637
Finance expenses	–	32,527	3,095	35,622
Total other changes	(1,731)	32,527	(1,397)	29,399
Balance at 30 June 2018	**1,130,329**	**3,332**	**(767)**	**1,132,894**

Terms and debt repayment schedule

Terms and conditions of the outstanding borrowings were as follows:

	Currency	Nominal interest rate per annum %	Year of maturity	Face value $'000	Carrying amount $'000
2018					
Group					
JPY term loan facility [1]	JPY	0.85	2020	**49,933**	**49,933**
SGD term loan facilities [1]	SGD	1.72 – 2.59	2021 & 2022	**460,000**	**460,000**
SGD revolving credit facilities [1] [2]	SGD	1.34 – 2.21	2019 & 2022	**–**	**–**
Singapore MTNs [3]	SGD	3.14 – 3.50	2021, 2023 & 2026	**295,000**	**295,000**
Japan bond [4]	JPY	0.56 – 0.57	2021	**8,359**	**8,359**
Australia loans [5]	A$	2.94 – 3.83	2019 & 2021	**209,581**	**209,581**
Malaysia MTN [6]	RM	4.48	2019	**111,524**	**111,153**
				1,134,397	**1,134,026**
Trust					
JPY term loan facility [1]	JPY	0.85	2020	**49,933**	**49,933**
SGD term loan facilities [1]	SGD	1.72 – 2.59	2021 & 2022	**460,000**	**460,000**
SGD revolving credit facilities [1] [2]	SGD	1.34 – 2.21	2019 & 2022	**–**	**–**
Intercompany loans [3]	SGD	3.14 – 3.50	2021, 2023 & 2026	**295,000**	**295,000**
				804,933	**804,933**

	Currency	Nominal interest rate per annum %	Year of maturity	Face value $'000	Carrying amount $'000
2017					
Group					
JPY term loan facility [1]	JPY	0.82 – 0.86	2020	54,076	54,076
SGD term loan facilities [1]	SGD	1.27 – 2.39	2018	450,000	450,000
SGD revolving credit facilities [1] [2]	SGD	1.23 – 1.66	2018	3,000	3,000
Singapore MTNs [3]	SGD	3.14 – 3.50	2021, 2023 & 2026	295,000	295,000
Japan bond [4]	JPY	0.56 – 1.97	2021	9,832	9,832
Australia loans [5]	A$	2.99 – 3.76	2018 & 2019	219,846	219,846
Malaysia MTN [6]	RM	4.48	2019	105,798	105,157
				1,137,552	1,136,911
Trust					
JPY term loan facility [1]	JPY	0.82 – 0.86	2020	54,076	54,076
SGD term loan facilities [1]	SGD	1.27 – 2.39	2018	450,000	450,000
SGD revolving credit facilities [1] [2]	SGD	1.23 – 1.66	2018	3,000	3,000
Intercompany loans [3]	SGD	3.14 – 3.50	2021, 2023 & 2026	295,000	295,000
				802,076	802,076

[1] The Group has in place the following unsecured loan facilities as at 30 June 2018, comprising:

(i) four-year and five-year unsecured loan facilities with a club of seven banks at inception, comprising (a) term loan of $200 million (maturing in September 2021), (b) term loan of $260 million (maturing September 2022) and (c) $240 million revolving credit facilities (maturing in September 2022) including a $50 million uncommitted tranche at inception and subsequently fully converted to committed basis in July 2018. There is no amount outstanding under the above revolving credit facilities as at the reporting date.
(ii) five-year unsecured term loan facilities comprising balance of JPY4.05 billion ($49.9 million) (2017: JPY4.4 billion ($54.1 million)) (maturing in July 2020) with two banks. In July 2018, the Group has prepaid JPY350 million of the above loan using the net proceeds from the divestment of Nakameguro Place in May 2018.

The interest rate on the above unsecured loan facilities was largely hedged using a combination of interest rate swaps and caps as at 30 June 2018.

[2] There is no amount outstanding (2017: $3 million) from its other unsecured revolving credit facility as at 30 June 2018.

[3] The Group has outstanding medium term notes ("MTN") of $295 million (2017: $295 million) as at 30 June 2018 issued by Starhill Global REIT MTN Pte Ltd under its $2 billion multicurrency MTN programme and rated at "BBB+" by Standard & Poor's Rating Services, comprising:

(i) $100 million unsecured seven-year Singapore MTN (the "Series 002 Notes") (issued in February 2014 and maturing in February 2021) which bear a fixed rate interest of 3.50% per annum payable semi-annually in arrears.
(ii) $125 million unsecured eight-year Singapore MTN (the "Series 003 Notes") (issued in May 2015 and maturing in May 2023) which bear a fixed rate interest of 3.40% per annum payable semi-annually in arrears.
(iii) $70 million unsecured 10-year Singapore MTN (the "Series 004 Notes") (issued in October 2016 and maturing in October 2026) which bear a fixed rate interest of 3.14% per annum payable semi-annually in arrears.

The proceeds from the above issuances were extended as intercompany loans to the Trust at the same repayment terms.

[4] At the reporting date, the Group has JPY678 million ($8.4 million) (2017: JPY0.8 billion ($9.8 million)) Japan bond outstanding and maturing in August 2021. Whilst no security has been pledged, the bondholders of the Japan bond have a statutory preferred right, under the Japan Asset Liquidation Law, to receive payment of all obligations under the Japan bond prior to other creditors out of the assets of the issuer (Starhill Global REIT One TMK).

[5] The Group has outstanding term loans of A$208 million ($209.6 million) (2017: A$208 million ($219.8 million)) as at 30 June 2018, comprising:

(i) A$63 million ($63.5 million) (2017: A$63 million ($66.6 million)) (maturing in June 2019) loan which was hedged via interest rate swap and is secured by a general security deed over all the assets of SG REIT (WA) Trust and a mortgage over David Jones Building. In July 2018, the Group has refinanced this A$63 million term loan for five years with the same bank ahead of its maturity, extending the maturity to July 2023.
(ii) A$145 million ($146.1 million) (2017: A$145 million ($153.2 million)) (maturing in November 2021) loan which was hedged via interest rate swaps and is secured by a general security deed over all the assets of SG REIT (SA) Sub-Trust2 and a mortgage over Myer Centre Adelaide.

[6] 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 RM328.9 million ($111.2 million) (2017: RM328.0 million ($105.2 million)) as at 30 June 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.

Notes to the Financial Statements

The contractual maturities by type of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, were as follows:

	Note	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 1 to 5 years $'000	After 5 years $'000
Group						
2018						
Non-derivative financial liabilities						
JPY term loan facility	12	**49,933**	**(50,753)**	**(4,711)**	**(46,042)**	**–**
SGD term loan facilities	12	**460,000**	**(504,815)**	**(11,719)**	**(493,096)**	**–**
Singapore MTNs	12	**295,000**	**(345,469)**	**(9,948)**	**(257,819)**	**(77,702)**
Japan bond	12	**8,359**	**(8,516)**	**(48)**	**(8,468)**	**–**
Australia loans	12	**209,581**	**(228,000)**	**(68,835)**	**(159,165)**	**–**
Malaysia MTN	12	**111,153**	**(117,779)**	**(4,996)**	**(112,783)**	**–**
Trade and other payables	10	**61,093**	**(64,263)**	**(38,901)**	**(16,932)**	**(8,430)**
		1,195,119	**(1,319,595)**	**(139,158)**	**(1,094,305)**	**(86,132)**
Derivative financial liabilities						
Interest rate swaps	7	**1,399**	**–**	**–**	**–**	**–**
– inflow		**–**	**19,500**	**6,314**	**13,186**	**–**
– outflow		**–**	**(23,909)**	**(7,489)**	**(16,420)**	**–**
Foreign exchange forwards	7	**42**	**–**	**–**	**–**	**–**
– inflow		**–**	**5,270**	**5,270**	**–**	**–**
– outflow		**–**	**(5,334)**	**(5,334)**	**–**	**–**
		1,441	**(4,473)**	**(1,239)**	**(3,234)**	**–**
		1,196,560	**(1,324,068)**	**(140,397)**	**(1,097,539)**	**(86,132)**
2017						
Non-derivative financial liabilities						
JPY term loan facility	12	54,076	(55,513)	(466)	(55,047)	–
SGD term loan facilities	12	450,000	(459,778)	(258,658)	(201,120)	–
SGD revolving credit facilities	12	3,000	(3,004)	(3,004)	–	–
Singapore MTNs	12	295,000	(355,417)	(9,948)	(136,319)	(209,150)
Japan bond	12	9,832	(10,068)	(55)	(10,013)	–
Australia loans	12	219,846	(229,042)	(160,120)	(68,922)	–
Malaysia MTN	12	105,157	(116,446)	(4,740)	(111,706)	–
Trade and other payables	10	63,125	(66,607)	(38,862)	(19,460)	(8,285)
		1,200,036	(1,295,875)	(475,853)	(602,587)	(217,435)
Derivative financial liabilities						
Interest rate swaps	7	3,833	–	–	–	–
– inflow		–	8,308	6,663	1,645	–
– outflow		–	(13,514)	(11,107)	(2,407)	–
Foreign exchange forwards	7	172	–	–	–	–
– inflow		–	9,621	9,621	–	–
– outflow		–	(9,836)	(9,836)	–	–
		4,005	(5,421)	(4,659)	(762)	–
		1,204,041	(1,301,296)	(480,512)	(603,349)	(217,435)

	Note	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Cash flows Within 1 to 5 years $'000	Cash flows After 5 years $'000
Trust						
2018						
Non-derivative financial liabilities						
JPY term loan facility	12	**49,933**	**(50,753)**	**(4,711)**	**(46,042)**	**–**
SGD term loan facilities	12	**460,000**	**(504,815)**	**(11,719)**	**(493,096)**	**–**
Intercompany loans	12	**295,000**	**(345,469)**	**(9,948)**	**(257,819)**	**(77,702)**
Trade and other payables	10	**44,856**	**(47,711)**	**(24,374)**	**(15,222)**	**(8,115)**
		849,789	**(948,748)**	**(50,752)**	**(812,179)**	**(85,817)**
Derivative financial liabilities						
Interest rate swaps	7	**533**	**–**	**–**	**–**	**–**
– inflow		**–**	**6,959**	**1,789**	**5,170**	**–**
– outflow		**–**	**(10,211)**	**(2,616)**	**(7,595)**	**–**
Foreign exchange forwards	7	**5**	**–**	**–**	**–**	**–**
– inflow		**–**	**1,609**	**1,609**	**–**	**–**
– outflow		**–**	**(1,619)**	**(1,619)**	**–**	**–**
		538	**(3,262)**	**(837)**	**(2,425)**	**–**
		850,327	**(952,010)**	**(51,589)**	**(814,604)**	**(85,817)**
2017						
Non-derivative financial liabilities						
JPY term loan facility	12	54,076	(55,513)	(466)	(55,047)	–
SGD term loan facilities	12	450,000	(459,778)	(258,658)	(201,120)	–
SGD revolving credit facilities	12	3,000	(3,004)	(3,004)	–	–
Intercompany loans	12	295,000	(355,417)	(9,948)	(136,319)	(209,150)
Trade and other payables	10	45,557	(48,422)	(26,654)	(14,285)	(7,483)
		847,633	(922,134)	(298,730)	(406,771)	(216,633)
Derivative financial liabilities						
Interest rate swaps	7	2,613	–	–	–	–
– inflow		–	3,281	2,805	476	–
– outflow		–	(6,873)	(5,936)	(937)	–
Foreign exchange forwards	7	135	–	–	–	–
– inflow		–	7,105	7,105	–	–
– outflow		–	(7,271)	(7,271)	–	–
		2,748	(3,758)	(3,297)	(461)	–
		850,381	(925,892)	(302,027)	(407,232)	(216,633)

The maturity analyses show the undiscounted cash flows of the Group and the Trust's financial liabilities on the basis of their contractual maturity.

Notes to the Financial Statements

13. UNITHOLDERS' FUNDS

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Net assets attributable to unitholders [1]	**2,034,854**	2,051,817	**1,915,431**	1,939,961
Foreign currency translation reserve [2]	**(44,558)**	(42,471)	**–**	–
	1,990,296	2,009,346	**1,915,431**	1,939,961

(1) Included in the net assets attributable to unitholders is approximately $2.8 million (2017: $2.8 million) retained to satisfy certain legal reserve requirements in China.

(2) The foreign currency translation reserve comprises (i) the foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Trust; (ii) the transfer of translation differences arising from hedge accounting; and (iii) the foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations.

14. UNITS IN ISSUE

	Group and Trust	
	2018 No. of units '000	2017 No. of units '000
At 1 July and 30 June	**2,181,204**	2,181,204

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- Attend all unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 unitholders or of the unitholders representing not less than 10% of the issued units) at any time convene a meeting of unitholders in accordance with the provisions of the Trust Deed;
- Receive income and other distributions attributable to the units held; and
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a unitholder does not have the right to require that any assets (or part thereof) of the Trust be transferred to him.

The restrictions of a unitholder include the following:

- A unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A unitholder has no right to request the Trust to redeem his units while the units are listed on SGX-ST.

The Trust Deed contains provisions that are designed to limit the liability of a unitholder to the amount paid or payable for any units in the Trust. The provisions seek to ensure that if the issue price of the units held by a unitholder has been fully paid, no such unitholder, by reason alone of being a unitholder, will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

15. GROSS REVENUE

	Group		Trust	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Property rental income	**204,088**	208,595	**125,225**	128,310
Turnover rental income	**2,154**	2,882	**1,942**	1,732
Other income	**2,572**	4,887	**2,569**	4,438
	208,814	216,364	**129,736**	134,480

16. PROPERTY OPERATING EXPENSES

	Group		Trust	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Maintenance and sinking fund contributions	**7,018**	7,043	**6,926**	6,926
Property management fees	**5,581**	5,778	**3,873**	4,060
Property tax	**20,255**	20,713	**12,306**	12,840
Depreciation expense	**12**	361	**–**	141
Leasing and upkeep expenses	**10,929**	11,959	**1,767**	1,820
Staff costs [1]	**109**	769	**–**	–
Marketing expenses	**1,093**	1,182	**927**	901
Impairment loss recognised on trade receivables	**379**	162	**235**	–
Administrative expenses	**1,251**	1,509	**715**	830
	46,627	49,476	**26,749**	27,518

[1] Represents staff costs of the Group's wholly-owned subsidiary, Chengdu Xin Hong Management Co., Ltd.

17. DIVIDEND INCOME FROM SUBSIDIARIES

Represents dividend income from certain subsidiaries (Note 6).

18. MANAGEMENT FEES AND PERFORMANCE FEES

Management fees include Base Fee payable to the Manager, asset management fees payable to the asset manager of the Japan Properties and fees payable to the servicer of the Malaysia Properties, which is a wholly-owned subsidiary of the Manager. Base Fee paid/payable to the Manager for the year ended 30 June 2018 amounted to approximately $15,167,000 (2017: $15,256,000). Approximately $69,000 (2017: $94,000) and $858,000 (2017: $842,000) were paid/payable to the asset manager of the Japan Properties and servicer of the Malaysia Properties for the year ended 30 June 2018 respectively.

The Manager has elected to receive 100% of its base management fees in cash for the years ended 30 June 2018 and 30 June 2017.

No performance fee was earned by the Manager for the years ended 30 June 2018 and 30 June 2017. The performance of the Trust Index was approximately 72% and 33% below the Benchmark Index as at 30 June 2018 and 30 June 2017 respectively.

Notes to the Financial Statements

19. TRUST EXPENSES

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Auditor's remuneration	**424**	462	**230**	230
Trustee's fees	**485**	487	**485**	487
Others [1]	**2,884**	2,593	**1,814**	2,041
	3,793	3,542	**2,529**	2,758

[1] Included in other trust expenses are (i) non-audit fees paid/payable to the auditors of the Group of approximately $150,000 (2017: $193,000); and (ii) fees paid/payable to the valuers of the Group's investment properties of approximately $168,000 (2017: $184,000) for the year ended 30 June 2018.

20. FINANCE EXPENSES

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Interest on borrowings	**32,527**	32,222	**20,421**	20,176
Interest on derivatives (net)	**3,095**	4,476	**1,948**	3,368
Amortisation of borrowing costs	**2,637**	2,232	**1,854**	1,512
	38,259	38,930	**24,223**	25,056

21. INCOME TAX

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current tax				
Current year [1]	**3,952**	1,797	**907**	405
Deferred tax				
Reversal of temporary differences	**(506)**	(3,065)	**–**	–
	3,446	(1,268)	**907**	405
Reconciliation of effective tax rate				
Total return before tax and distribution	**87,690**	98,986	**77,584**	81,583
Income tax using Singapore tax rate of 17% (2017: 17%)	**14,907**	16,828	**13,189**	13,869
Net effect of different tax rates in other countries	**821**	(420)	**–**	–
Withholding tax	**3,956**	1,915	**907**	405
Income not subject to tax	**(8,122)**	(7,797)	**(2,239)**	(2,999)
Non-deductible items	**5,559**	2,736	**2,725**	3,660
Tax transparency	**(13,675)**	(14,530)	**(13,675)**	(14,530)
	3,446	(1,268)	**907**	405

[1] Included a reversal of prior period tax provision of approximately $0.1 million for the year ended 30 June 2017.

22. EARNINGS PER UNIT

	Group		Trust	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Earnings attributable to unitholders	**84,244**	100,254	**76,677**	81,178
Basic earnings per unit (cents) [1]	**3.86**	4.60	**3.52**	3.72
Earnings per unit on a fully diluted basis (cents) [1]	**3.86**	4.60	**3.52**	3.72

[1] In computing the basic and diluted earnings per unit, the earnings attributable to unitholders and the weighted average number of units in issue of 2,181,204,435 (2017: 2,181,204,435) as at 30 June 2018 are used and have been calculated on a time-weighted basis.

23. OPERATING SEGMENTS

Segment information is presented in respect of the Group's portfolio of investment properties. The investment properties are managed separately because they require different operating and marketing strategies. This primary format is based on the Group's internal reporting structure for the purpose of allocating resources and assessing performance by the senior management of the Manager, which is the Group's Chief Operating Decision Maker ("CODM") on a regular basis. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

All of the Group's reportable segments are investment properties located in Singapore, Adelaide and Perth-Australia, Kuala Lumpur-Malaysia, and others (consisting of China Property in Chengdu and two (2017: three) properties in Tokyo, Japan). The segments are as follows:

- Wisma Atria Property
- Ngee Ann City Property
- Australia Properties
- Malaysia Properties
- Other Properties

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance income, non-property expenses, finance expenses and income tax expense.

Performance is measured based on the net property income of each operating segment, which is the gross revenue less property operating expenses, as included in the internal management reports that are reviewed by the Group's CODM. Segment net property income is used to measure performance as such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. There are no transactions between reportable segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly cash and cash equivalents, derivative financial instruments, borrowings, income tax payable and deferred tax liabilities. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Information regarding the Group's reportable segments is presented in the tables below.

Notes to the Financial Statements

	Wisma Atria Property (Singapore)		Ngee Ann City Property (Singapore)	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Group				
Revenue and expenses				
External revenue	**65,845**	68,671	**63,891**	65,809
Depreciation of plant and equipment	**–**	141	**–**	–
Reportable segment net property income	**51,026**	52,931	**51,961**	54,031
Other material non-cash items:				
Change in fair value of investment properties	**(666)**	(1,286)	**(830)**	4,779
Unallocated items:				
Finance income				
Fair value adjustment on security deposits				
Non-property expenses				
Finance expenses				
Change in fair value of derivative instruments				
Foreign exchange gain				
Total return for the year before tax				
Income tax				
Total return for the year				
Assets and liabilities				
Reportable segment assets	**997,895**	998,117	**1,150,443**	1,150,482
Unallocated assets				
Total assets				
Reportable segment liabilities	**(18,154)**	(19,895)	**(19,248)**	(18,002)
Unallocated liabilities				
Total liabilities				
Other segmental information				
Capital expenditure	**612**	644	**260**	–
Non-current assets	**997,000**	997,000	**1,150,000**	1,150,000

Australia Properties (Australia)		Malaysia Properties (Malaysia)		Other Properties (China/Japan)		Total	
2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
46,382	49,130	27,867	27,340	4,829	5,414	208,814	216,364
–	–	–	–	12	220	12	361
28,658	31,547	26,938	26,448	3,604	1,931	162,187	166,888
(7,130)	1,392	(13,339)	(8,943)	(704)	(12,263)	(22,669)	(16,321)
						900	1,089
						(330)	(20)
						(18,740)	(18,964)
						(38,259)	(38,930)
						4,467	1,425
						134	3,819
						87,690	98,986
						(3,446)	1,268
						84,244	100,254
519,246	544,010	367,702	358,122	87,272	91,951	3,122,558	3,142,682
						68,951	76,762
						3,191,509	3,219,444
(6,116)	(7,784)	(5,376)	(4,439)	(4,744)	(5,382)	(53,638)	(55,502)
						(1,147,575)	(1,154,596)
						(1,201,213)	(1,210,098)
8,950	4,204	3,871	4,170	9	53	13,702	9,071
516,898	540,101	367,385	357,469	87,097	91,804	3,118,380	3,136,374

Notes to the Financial Statements

Geographical segments

The Group's operations and its identifiable assets are located in Singapore (consisting of Wisma Atria Property and Ngee Ann City Property), Adelaide and Perth-Australia (consisting of Myer Centre Adelaide, David Jones Building and Plaza Arcade), Kuala Lumpur-Malaysia (consisting of Starhill Gallery and Lot 10 Property), and others (consisting of the China Property in Chengdu and two (2017: three) properties in Tokyo, Japan). Accordingly, no geographical segmental analysis is separately presented.

Major tenants

The four largest tenants located at Ngee Ann City Property, Malaysia Properties (including some office at Singapore Properties), Myer Centre Adelaide and David Jones Building accounted for approximately 21.6%, 15.1%, 7.0% and 4.8% of the Group's gross rent as at 30 June 2018 respectively.

24. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The Group's objective when managing capital is to be prudent and optimise unitholders' return through a mix of available capital sources. The Group monitors capital on the basis of both the gearing ratio and interest service coverage ratio and maintains them within the approved limits. The Group assesses its capital management approach as a key part of the Group's overall strategy, and this is continuously reviewed by the Manager. The Group's gearing as at 30 June 2018 is 35.5% (2017: 35.3%) and the interest service coverage ratio for the year ended 30 June 2018 is 4.1 times (2017: 4.2 times).

The Trust has a corporate rating of BBB+ from Standard and Poor's as at 30 June 2018 and remained within the aggregate leverage limit of 45.0% stipulated by the Property Fund Appendix during the current year.

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

Financial risk management

Overview

The Group's returns are primarily from net operating income and capital appreciation of its assets. However, these returns are exposed to financial risks including credit, liquidity, interest rate and foreign currency risks. Where appropriate, the Manager may hedge against the volatility of interest costs, foreign currency net income and foreign currency investments.

The Group has a system of controls in place to create an acceptable balance between the cost of the financial risks occurring and the cost of managing these risks. The Manager continuously monitors the Group's financial risk management process to ensure that an appropriate balance between risk and control is achieved. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The financial risk management policies contain the parameters and processes for managing these risks, and define the roles and responsibilities of those who manage the process. The policies are described in greater detail below.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a tenant or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Exposure to credit risk

The carrying amount of financial assets represents the Group's and the Trust's respective maximum exposure to credit risk, before taking into account any collateral held. The maximum exposure to credit risk by type of financial assets at the reporting date was:

		Group		Trust	
	Note	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**
Derivative financial instruments	7	**2,208**	126	**2,206**	104
Trade and other receivables	8	**3,518**	5,629	**2,645**	1,794
Cash and cash equivalents	9	**66,730**	76,603	**20,420**	30,493
		72,456	82,358	**25,271**	32,391

The Group has established credit procedures for its tenants, obtains security deposits and/or bank guarantees (where applicable), and monitors their balances on an ongoing basis. Where applicable, credit evaluations are performed by the Group before lease agreements are entered into with tenants.

The tenant profile of the Group is generally well-diversified, except for four (2017: four) largest tenants (Note 23), which accounted for approximately 48.5% (2017: 46.1%) of the Group's gross rent as at 30 June 2018.

Cash and fixed deposits are placed with financial institutions which are regulated and have sound credit ratings. Given these sound credit ratings, the Group does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations. As at 30 June 2018, the Group has undrawn and committed long-term revolving credit facilities of up to $190 million (2017: $200 million) and cash and cash equivalents of approximately $66.7 million (2017: $76.6 million).

In addition, the Group also monitors and observes the Property Fund Appendix issued by MAS concerning limits on total borrowings.

Foreign currency risk

The Group is exposed to foreign currency risk arising from its investments in Australia, Malaysia, China and Japan. The income generated from these investments and net assets are denominated in foreign currencies, mainly Australian Dollar ("A$"), Ringgit Malaysia ("RM"), Chinese Renminbi ("RMB") and Japanese Yen ("JPY").

The Group's exposures to various foreign currencies (expressed in Singapore dollar equivalent), which relate primarily to its net foreign currency investments as at balance sheet date are as follows:

	A$ $'000	**RM $'000**	**RMB $'000**	**JPY $'000**	**Total $'000**
Group					
2018					
Net balance sheet exposure	**323,478**	**259,215**	**29,646**	**13,347**	**625,686**
2017					
Net balance sheet exposure	343,724	258,787	30,006	8,702	641,219

Notes to the Financial Statements

The Trust's exposures to various foreign currencies (expressed in Singapore dollar equivalent), which relate primarily to its financial instruments as at balance sheet date are as follows:

	A$ $'000	RM $'000	RMB $'000	JPY $'000	Total $'000
Trust					
2018					
Net balance sheet exposure	**1,602**	**–**	**–**	**(41,719)**	**(40,117)**
2017					
Net balance sheet exposure	14,613	–	–	(52,209)	(37,596)

Income hedging

Approximately 62% (2017: 62%) of the Group's revenue is derived in Singapore dollars for the year ended 30 June 2018. The Group has used a combination of local currency denominated loans and short-term foreign exchange forward contracts to partially hedge its overseas net income.

The Group continues to proactively monitor the exchange rates and may use more foreign exchange forward contracts or other suitable financial derivatives to hedge the impact of exchange rate fluctuations on the distributions to unitholders, where appropriate.

Capital hedging

In managing the currency risks associated with the capital values of the Group's overseas assets, borrowings are denominated in the same currency as the underlying assets to the extent feasible, to provide a natural currency hedge. As the investments in overseas assets are generally long-term in nature, the remaining net positions of the foreign exchange risk on such investments are not hedged.

Hedge of a net investment in Japan

As at 30 June 2018, the Group's investment in its Japan subsidiary is hedged by a JPY-denominated unsecured bank loan with a carrying amount of JPY4.05 billion ($49.9 million) which mitigates the currency risk arising from the subsidiary's net assets. The loan is designated as a net investment hedge.

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currencies at the reporting date would increase/(decrease) unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group $'000	Trust $'000
2018		
A$	**(32,348)**	**(160)**
RM	**(25,922)**	**–**
RMB	**(2,964)**	**–**
JPY	**(1,335)**	**4,172**
Financial derivatives		
– A$	**466**	**466**
– RM	**507**	**–**
2017		
A$	(34,372)	(1,461)
RM	(25,879)	–
RMB	(3,001)	–
JPY	(870)	5,221
Financial derivatives		
– A$	1,225	1,225
– RM	609	–

A 10% weakening of the Singapore dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

In order to protect the Group's earnings from the volatility in interest rates and provide stability to unitholders' returns, the Group may hedge a portion of its interest rate exposure within the short to medium term by using fixed rate debt and interest rate derivatives.

The Group has hedged approximately 96% (2017: 99%) of its debt as at 30 June 2018 using a combination of derivative financial instruments and fixed rate debt. The weighted average interest rate was approximately 3.13% (2017: 3.16%) per annum as at 30 June 2018.

As at 30 June 2018, the Group has largely hedged its exposure to changes in interest rates on its variable rate borrowings by entering into the following contracts:

(i) Interest rate swaps, with a notional contract amount of $625 million (2017: $375 million) and A$208 million (2017: A$208 million), whereby it receives a variable rate equal to the Singapore swap offer rate and Australia bank bill swap bid rate on the notional amount and pays a fixed interest rate ranging from 1.23% to 2.41% (2017: 1.23% to 2.43%) per annum.

(ii) Interest rate caps, with a notional contract amount of JPY6.3 billion and A$63 million (2017: JPY6.3 billion, A$63 million and $100 million), whereby the benchmark interest rates are capped ranging from 1.0% to 5.5% (2017: 1.0% to 5.5%) per annum.

Sensitivity analysis

A change of 1% in interest rate at the reporting date would increase/(decrease) total return by the amounts shown below, arising mainly as a result of lower/higher interest expense on variable rate borrowings that are not hedged by interest rate swaps and caps, and changes in fair value of the interest rate derivatives. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Total return	
	1% increase $'000	**1% decrease $'000**
Group		
2018		
Variable rate instruments	**(890)**	**356**
Financial derivatives	**18,197**	**(17,655)**
	17,307	**(17,299)**
2017		
Variable rate instruments	(1,234)	596
Financial derivatives	6,602	(5,744)
	5,368	(5,148)
Trust		
2018		
Variable rate instruments	**(806)**	**350**
Financial derivatives	**13,149**	**(12,621)**
	12,343	**(12,271)**
2017		
Variable rate instruments	(1,136)	590
Financial derivatives	4,347	(3,437)
	3,211	(2,847)

Notes to the Financial Statements

Measurement of fair values

Financial derivatives

The fair values of financial derivatives are estimated based on banks' quotes. These quotes are largely tested for reasonableness by discounting estimated future cash flows based on terms and maturity of each contract and using market rates for a similar instrument at the measurement date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. Other non-derivative financial liabilities include interest-bearing borrowings and trade and other payables.

Fair value hierarchy

The different levels of the fair value hierarchy have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are presented in the table below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value		
	Note	Designated at fair value $'000	Loans and receivables $'000	Other financial liabilities $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group							
2018							
Financial assets measured at fair value							
Derivative financial instruments	7	**2,208**	**–**	**–**	**–**	**2,208**	**–**
Financial assets not measured at fair value							
Trade and other receivables	8	**–**	**3,518**	**–**	**–**	**–**	**–**
Cash and cash equivalents	9	**–**	**66,730**	**–**	**–**	**–**	**–**
		–	**70,248**	**–**			
Financial liabilities measured at fair value							
Derivative financial instruments	7	**(1,441)**	**–**	**–**	**–**	**(1,441)**	**–**
Financial liabilities not measured at fair value							
Trade and other payables [1]	10	**–**	**–**	**(29,248)**	**–**	**–**	**–**
Security deposits	10	**–**	**–**	**(31,330)**	**–**	**(31,693)**	**–**
Variable rate borrowings (excluding medium term notes)	12	**–**	**–**	**(724,620)**	**–**	**(724,620)**	**–**
Medium term notes	12	**–**	**–**	**(405,709)**	**–**	**(406,000)**	**–**
		–	**–**	**(1,190,907)**			
2017							
Financial assets measured at fair value							
Derivative financial instruments	7	126	–	–	–	126	–
Financial assets not measured at fair value							
Trade and other receivables	8	–	5,629	–	–	–	–
Cash and cash equivalents	9	–	76,603	–	–	–	–
		–	82,232	–			
Financial liabilities measured at fair value							
Derivative financial instruments	7	(4,005)	–	–	–	(4,005)	–
Financial liabilities not measured at fair value							
Trade and other payables [1]	10	–	–	(31,162)	–	–	–
Security deposits	10	–	–	(31,352)	–	(31,575)	–
Variable rate borrowings (excluding medium term notes)	12	–	–	(734,700)	–	(734,700)	–
Medium term notes	12	–	–	(399,578)	–	(409,749)	–
		–	–	(1,196,792)			

[1] Excluding security deposits and deferred income.

Notes to the Financial Statements

	Note	Carrying amount			Fair value		
		Designated at fair value $'000	Loans and receivables $'000	Other financial liabilities $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Trust							
2018							
Financial assets measured at fair value							
Derivative financial instruments	7	**2,206**	**–**	**–**	**–**	**2,206**	**–**
Financial assets not measured at fair value							
Trade and other receivables	8	**–**	**2,645**	**–**	**–**	**–**	**–**
Cash and cash equivalents	9	**–**	**20,420**	**–**	**–**	**–**	**–**
		–	**23,065**	**–**			
Financial liabilities measured at fair value							
Derivative financial instruments	7	**(538)**	**–**	**–**	**–**	**(538)**	**–**
Financial liabilities not measured at fair value							
Trade and other payables [1]	10	**–**	**–**	**(20,098)**	**–**	**–**	**–**
Security deposits	10	**–**	**–**	**(24,473)**	**–**	**(24,645)**	**–**
Variable rate borrowings (excluding medium term notes)	12	**–**	**–**	**(507,335)**	**–**	**(507,335)**	**–**
Medium term notes	12	**–**	**–**	**(294,619)**	**–**	**(292,732)**	**–**
		–	**–**	**(846,525)**			
2017							
Financial assets measured at fair value							
Derivative financial instruments	7	104	–	–	–	104	–
Financial assets not measured at fair value							
Trade and other receivables	8	–	1,794	–	–	–	–
Cash and cash equivalents	9	–	30,493	–	–	–	–
		–	32,287	–			
Financial liabilities measured at fair value							
Derivative financial instruments	7	(2,748)	–	–	–	(2,748)	–
Financial liabilities not measured at fair value							
Trade and other payables [1]	10	–	–	(20,449)	–	–	–
Security deposits	10	–	–	(24,778)	–	(24,858)	–
Variable rate borrowings (excluding medium term notes)	12	–	–	(505,768)	–	(505,768)	–
Medium term notes	12	–	–	(294,525)	–	(301,997)	–
		–	–	(845,520)			

[1] Excluding security deposits and deferred income.

25. OPERATING LEASES

The Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	Group		Trust	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	**185,833**	187,821	**121,215**	122,705
Between one and five years	**402,079**	417,156	**290,946**	271,155
More than five years	**266,794**	343,997	**87,719**	133,981
	854,706	948,974	**499,880**	527,841

26. CAPITAL COMMITMENTS

Capital commitments (contracted but not provided) as at 30 June 2018 of approximately $4.3 million relates mainly to capital expenditure, professonal fees and asset redevelopment works in relation to the Group's investment properties (2017: $12.5 million mainly for asset redevelopment works on Plaza Arcade and Lot 10 Property).

27. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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 Group and the party are subject to common significant influence. Related parties may be individuals or other entities.

Other than related party information shown elsewhere in the financial statements, the following were significant related party transactions carried out in the normal course of business:

	Group		Trust	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Property rental income from the Manager and Property Manager	**1,017**	1,058	**1,017**	1,058
Property rental income from related parties of the Manager	**29,045**	28,545	**1,178**	1,205
Leasing commission fees paid to the Property Manager	**(663)**	(863)	**(663)**	(863)
Property management fees paid to the Property Manager	**(3,873)**	(4,060)	**(3,873)**	(4,060)
Management fees paid to the Manager	**(15,167)**	(15,256)	**(15,167)**	(15,256)
Divestment fee paid to the Manager	**(32)**	(25)	**(32)**	(25)
Trustee fees paid to the Trustee	**(485)**	(487)	**(485)**	(487)
Reimbursements paid to the Property Manager	**(665)**	(809)	**(665)**	(809)
Asset redevelopment fees paid to related party of the Manager [1]	**(3,556)**	(3,013)	**–**	–
Servicer fees paid to a wholly-owned subsidiary of the Manager	**(858)**	(842)	**–**	–

[1] Comprises fees paid/payable to related party of the Manager for acting as turnkey contractor to carry out the asset redevelopment works at Lot 10 Property.

28. SUBSEQUENT EVENTS

Subsequent to the year ended 30 June 2018:

(a) In July 2018, the Group has prepaid JPY350 million loan using the net proceeds from the divestment of Nakameguro Place in May 2018.

(b) In July 2018, the Group has refinanced its A$63 million secured loan for five years with the same bank ahead of its maturity in June 2019.

(c) The Manager declared a distribution of 1.09 cents per unit in respect of the period from 1 April 2018 to 30 June 2018, which was paid on 29 August 2018.

Notes to the Financial Statements

29. FINANCIAL RATIOS

	Group	
	2018	**2017**
	%	**%**
Ratio of expenses to weighted average net assets [1]	**0.99**	0.98
Portfolio turnover rate [2]	**0.32**	0.25

[1] The ratio is computed in accordance with guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and exclude property related expenses, finance expenses and the performance component of the Manager's fees.

[2] The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

30. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations that have been issued as of the balance sheet date but are not yet effective for the year ended 30 June 2018 have not been applied in preparing these financial statements.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers*, FRS 109 *Financial Instruments* and FRS 116 *Leases*. FRS 115 and FRS 109 are effective for adoption by the Group on 1 July 2018, and FRS 116 on 1 July 2019.

Applicable to 2019 financial statements

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. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue - Barter Transactions Involving Advertising Services*.

The Group plans to adopt the standard for the year ending 30 June 2019, and does not expect the impact on the financial statements from the adoption of this standard to be significant.

FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes 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.

FRS 109 replaces the current "incurred loss" model with a forward-looking expected credit loss ("ECL") model in relation to impairment of financial assets measured at amortised cost or fair value through other comprehensive income, except for investments in equity instruments.

The Group plans to adopt the simplified approach under FRS 109 for the year ending 30 June 2019 by applying lifetime ECL measurement in relation to the impairment of its loans and receivables, and does not expect the impact on the financial statements from the adoption of this standard to be significant.

Applicable to 2020 financial statements

FRS 116 *Leases*

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17 and related interpretations.

The Group is currently assessing the potential impact of adopting this standard and plans to adopt this for the year ending 30 June 2020.

Statistics of Unitholders

As at 29 August 2018

ISSUED AND FULLY PAID UNITS

Number of issued and fully paid Units	2,181,204,435
Voting rights	One vote per Unit
Number/Percentage of treasury Units	Nil
Number/Percentage of subsidiary holdings	Nil
Market capitalisation	S$1,515,937,082 (based on closing price of S$0.695 on 29 August 2018)

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	34	0.21	646	0.00
100 - 1,000	693	4.37	619,401	0.03
1,001 - 10,000	8,316	52.43	49,536,774	2.27
10,001 - 1,000,000	6,775	42.72	376,325,608	17.25
1,000,001 and above	42	0.27	1,754,722,006	80.45
Total	**15,860**	**100.00**	**2,181,204,435**	**100.00**

LOCATION OF UNITHOLDINGS

Country	No. of Unitholders	%	No. of Units	%
Singapore	15,084	95.11	2,141,516,639	98.18
Malaysia	588	3.71	33,348,994	1.53
Others	188	1.18	6,338,802	0.29
Total	**15,860**	**100.00**	**2,181,204,435**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	Raffles Nominees (Pte) Limited	882,906,339	40.48
2	Citibank Nominees Singapore Pte Ltd	407,057,800	18.66
3	DBS Nominees (Private) Limited	152,973,724	7.01
4	DBSN Services Pte. Ltd.	66,842,602	3.06
5	HSBC (Singapore) Nominees Pte Ltd	36,836,520	1.69
6	United Overseas Bank Nominees (Private) Limited	32,643,156	1.50
7	OCBC Securities Private Limited	23,897,683	1.10
8	Maybank Kim Eng Securities Pte. Ltd.	21,058,722	0.97
9	YTL Starhill Global REIT Management Limited	12,937,885	0.59
10	CGS-CIMB Securities (Singapore) Pte. Ltd.	11,797,527	0.54
11	BNP Paribas Nominees Singapore Pte Ltd	10,548,260	0.48
12	OCBC Nominees Singapore Private Limited	9,790,100	0.45
13	DB Nominees (Singapore) Pte Ltd	8,532,921	0.39
14	KGI Securities (Singapore) Pte. Ltd.	8,314,300	0.38
15	Soon Li Heng Civil Engineering Pte Ltd	7,300,000	0.33
16	DBS Vickers Securities (Singapore) Pte Ltd	5,934,128	0.27
17	Phillip Securities Pte Ltd	5,572,800	0.26
18	UOB Kay Hian Private Limited	3,881,500	0.18
19	BMT AC Estate of Mse Angullia Deceased Wakaff Clause 7 Trust	3,410,000	0.16
20	Ng Poh Cheng	3,296,000	0.15
Total		**1,715,531,967**	**78.65**

Statistics of Unitholders

As at 29 August 2018

SUBSTANTIAL UNITHOLDINGS

As at 29 August 2018

Name	Direct interest		Deemed interest	
	No. of Units	% [1]	No. of Units	% [1]
YTL Hotels & Properties Sdn Bhd	130,140,379 [2]	5.97	–	–
Starhill Global REIT Investments Limited	539,840,000 [3]	24.75	–	–
YTL Cayman Limited	18,000,000 [4]	0.83	552,777,885 [5]	25.34
YTL Corporation Berhad	80,054,810 [6]	3.67	728,904,432 [7]	33.42
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	–	–	808,959,242 [8]	37.09
The Estate of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay (deceased)	–	–	808,959,242 [8]	37.09
AIA Singapore Private Limited	161,070,000 [9]	7.38	–	–
AIA Company Limited	4,313,400 [10]	0.20	161,070,000 [11]	7.38
AIA Group Limited	–	–	165,383,400 [12]	7.58
AIA Investment Management Private Limited	–	–	165,383,400 [13]	7.58

Notes:

(1) The percentage interest is based on total issued Units of 2,181,204,435 as at 29 August 2018.
(2) This relates to the 130,140,379 Units held through nominee, Raffles Nominees (Pte) Limited.
(3) This relates to the 539,840,000 Units held through nominee, Raffles Nominees (Pte) Limited.
(4) This relates to the 18,000,000 Units held through nominee, Raffles Nominees (Pte) Limited.
(5) Deemed interest in 539,840,000 Units held by Starhill Global REIT Investments Limited ("SGRIL") and 12,937,885 Units held by YTL Starhill Global REIT Management Limited ("YSGRM").
(6) This relates to 80,054,810 Units held through nominee, Raffles Nominees (Pte) Limited.
(7) Deemed interest in 539,840,000 Units held by SGRIL, 18,000,000 Units held by YTL Cayman Limited, 12,937,885 Units held by YSGRM, 130,140,379 Units held by YTL Hotels & Properties Sdn Bhd ("YTLHP") and 27,986,168 Units held by Business & Budget Hotels (Penang) Sdn Bhd ("BBHP").
(8) Deemed interest in 80,054,810 Units held by YTL Corporation Berhad, 539,840,000 Units held by SGRIL, 18,000,000 Units held by YTL Cayman Limited, 12,937,885 Units held by YSGRM, 130,140,379 Units held by YTLHP and 27,986,168 Units held by BBHP.
(9) This relates to the 161,070,000 Units held by AIA Singapore Private Limited through Citibank Nominees Singapore Pte Ltd.
(10) This relates to the 4,313,400 Units held by AIA Company Limited, Brunei Branch through Citibank Nominees Singapore Pte Ltd.
(11) Deemed interest in 161,070,000 Units held by AIA Singapore Private Limited through Citibank Nominees Singapore Pte Ltd.
(12) Deemed interest in 161,070,000 Units held by AIA Singapore Private Limited through Citibank Nominees Singapore Pte Ltd, and 4,313,400 Units held by AIA Company Limited, Brunei Branch through Citibank Nominees Singapore Pte Ltd.
(13) AIA Investment Management Private Limited assumed investment management of the Units for its clients.

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER

As at 21 July 2018

Name of Director	Direct interest		Deemed interest	
	No. of Units	% [1]	No. of Units	% [1]
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	–	–	–	–
Ho Sing	150,000	– [2]	54,000 [3]	– [2]
Dato' Yeoh Seok Kian	–	–	–	–
Tan Bong Lin	–	–	–	–
Ching Yew Chye	–	–	–	–
Tan Woon Hum	–	–	–	–

Notes:

(1) The percentage interest is based on total issued Units of 2,181,204,435 as at 21 July 2018.
(2) Less than 0.01%.
(3) Deemed interest by virtue of 54,000 Units held by Ms Tay Soo Sien, the spouse of Mr Ho Sing.

FREE FLOAT

Under Rule 723 of the listing manual of SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public. Based on information made available to the Manager as at 29 August 2018, approximately 55% of the Units were held in the hands of the public. Rule 723 of the listing manual of the SGX-ST has accordingly been complied with.

Additional Information

RELATED PARTY TRANSACTIONS BETWEEN STARHILL GLOBAL REIT AND RELATED PARTIES

Name of related party	Aggregate value of related party transactions during the financial period under review (excluding transactions less than S$100,000 [8] and transactions conducted under unitholders' mandate pursuant to Rule 920) S$'000	Aggregate value of related party transactions during the financial period under review under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
HSBC Institutional Trust Services (Singapore) Limited		
Trustee fees [3]	485	–
YTL Corporation Berhad and its subsidiaries and associates		
Management fees[1][3] and reimbursements[2][3]	15,202	–
Property management fees and reimbursements[7]	5,201	–
Managing agent and ancillary service fees[4]	2,133	–
Rental income[5]	3,207	–
Servicer fees[3]	858	–
Divestment fee[3][6]	32	–
Total	27,118	–

Notes:

(1) The Manager has elected to receive 100% of its base management fees in cash during the year ended 30 June 2018.
(2) Relates to the non-deal road show expenses of approximately S$35,000 paid to the Manager during the year ended 30 June 2018.
(3) The fees and charges payable by Starhill Global REIT under the Starhill Global REIT Trust Deed dated 8 August 2005 (as amended) are deemed to have been specifically approved by Unitholders upon subscription of Units and are therefore not subject to Rules 905 and 906 of the SGX-ST listing manual to the extent that there is no subsequent change to the fees (or the basis of determining the fees) charged under the trust deed, which will adversely affect Starhill Global REIT. In addition, the entry into the Servicer Agreement dated 6 May 2010 in relation to the acquisition of Starhill Gallery and Lot 10 Property was approved by Unitholders at the extraordinary general meeting held on 4 June 2010 and the servicer fees payable thereunder will not be subject to Rules 905 and 906 of the SGX-ST listing manual, to the extent that there is no subsequent change to the rates for such fees.
(4) Relates to the total contract sum entered into during the year ended 30 June 2018 in relation to the common property of Wisma Atria.
(5) Rental income is for the entire period of the lease.
(6) Comprises divestment fee paid to the Manager of 0.5% of the sale price of the divestment of Nakameguro Place during the year ended 30 June 2018, details of which are contained in the Manager's announcement dated 8 May 2018.
(7) The total estimated fees and charges payable under the Ngee Ann City property management agreement and the Wisma Atria property management agreement (both dated 17 August 2005, as amended) for the extended term of five years from 20 September 2015 was aggregated for purposes of Rules 905 and 906 of the SGX-ST listing manual during the financial period of 18 months ended 30 June 2015 and accordingly, such fees and charges will not be subject to aggregation in subsequent financial years, to the extent that there is no subsequent change to the rates and/or basis of determining such fees and charges.
(8) Save for the divestment fee.

Glossary

A

Australia Properties	Myer Centre Adelaide, David Jones Building and Plaza Arcade

B

Benchmark Index	Provided by FTSE International Limited. Comprises all the REITs contained in the FTSE All Cap Singapore universe
Board	Board of Directors of the Manager

C

CBD	Central Business District
CDP	The Central Depository (Pte) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
China Property	A four-level retail building (plus a mezzanine floor) forming part of a mixed use commercial development in Chengdu, China
CIS Code	Code on Collective Investment Scheme issued by MAS pursuant to section 321 of the Securities and Futures Act (Cap. 289)
CPF	Central Provident Fund

D

David Jones Building	A four-level property known as David Jones Building which includes a heritage-listed building that was formerly known as Savoy Hotel
DPU	Distribution per unit

F

F&B	Food and beverage
FTSE	FTSE International Limited
FY	Financial year
FY 2016/17 or FY 16/17	Period of 12 months from 1 July 2016 to 30 June 2017
FY 2017/18 or FY 17/18	Period of 12 months from 1 July 2017 to 30 June 2018

G

GDP	Gross domestic product
GFA	Gross floor area
GLA	Gross lettable area
Group or SGREIT Group	Starhill Global REIT and its subsidiaries
GST	Goods and services tax

H

Harajuku Secondo	A three-storey building for retail use, located at 1-19-1 Jingumae, Shibuya-ku, Tokyo, Japan

I

IPO	Initial public offering
IRAS	Inland Revenue Authority of Singapore
Isetan	Isetan (Singapore) Limited or Isetan of Japan Sdn. Bhd.

J

Japan Properties	Daikanyama and Ebisu Fort

L

Lot 10 Property	137 strata parcels and two accessory parcels within Lot 10 shopping centre

M

Malaysia Properties	Starhill Gallery and Lot 10 Property
Manager	YTL Starhill Global REIT Management Limited
MAS	Monetary Authority of Singapore
MRT	Mass Rapid Transit
MTN	Medium term notes
Myer Centre Adelaide	An eight-storey retail centre with four basement levels, and office component which includes a six-storey office tower and two heritage buildings

N

NA	Not applicable
Nakameguro Place	A four-storey building for retail use, located at 1-20-2 Aobadai, Meguro-ku, Tokyo, Japan
NAV	Net asset value
Ngee Ann City	The building known as 'Ngee Ann City' comprising a commercial complex with 18 levels of office space in the twin office tower blocks (Towers A and B) and a seven-storey podium with three basement levels comprising retail and car parking space
Ngee Ann City Property	Four strata lots in Ngee Ann City located on: a) Part of Basement 1, Basement 2 and Level 1 to Level 5 of the retail podium block; b) Part of Level 13 and the whole of Level 14 to Level 19 of Tower B (office); and c) Whole of Level 21 to Level 24 of Tower B (office)
NLA	Net lettable area
NM	Not meaningful
NPI	Net property income

P

Perth Properties	David Jones Building and Plaza Arcade
Plaza Arcade	A three-storey heritage listed retail building known as Plaza Arcade located next to David Jones Building
pm	Per month
Portfolio	Singapore Properties, Australia Properties, Malaysia Properties, China Property and Japan Properties
Property Funds Appendix	Appendix 6 of the CIS Code issued by the MAS in relation to real estate investment trusts
Property Manager	YTL Starhill Global Property Management Pte. Ltd.
psf	Per square foot
psfpm	Per square foot per month

Q

qoq	Quarter on quarter

R

RCF	Revolving credit facility
REIT	Real estate investment trust. Where the context so requires, the term includes Starhill Global Real Estate Investment Trust

S

S-REITs	Singapore Real Estate Investment Trusts
SGX-ST	Singapore Exchange Securities Trading Limited
Singapore Properties	Wisma Atria Property and Ngee Ann City Property
sq ft	Square feet
Standard & Poor's or S&P	Standard & Poor's Rating Services
Starhill Gallery	Shopping centre comprising part of a seven-storey building with five basements and a 12-storey annex building with three basements
Starhill Global REIT, SGREIT or SGR	Starhill Global Real Estate Investment Trust

T

Toshin	Toshin Development Singapore Pte. Ltd.
Trustee	Unless the context otherwise requires, HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Starhill Global REIT

U

Unit	A unit representing an undivided interest in Starhill Global REIT. Where the context so requires, the definition includes a Unit of a class of Units
Unitholders	The registered holder for the time being of a Unit, including persons so registered as joint holders, except where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose securities account with CDP is credited with Units

W

Wisma Atria	The building known as 'Wisma Atria' comprising a podium block with four levels and one basement level of retail space, three levels of car parking space and 13 levels of office space in the office block
Wisma Atria Property	257 strata lots in Wisma Atria

Y

yoy	Year on year
YTL Corp	YTL Corporation Berhad
YTL Group	YTL Corp and its subsidiaries

OTHERS

A$	Australian dollars, the official currency of Australia
JPY or Yen	Japanese Yen, the official currency of Japan
RM or Ringgit	Malaysian Ringgit, the official currency of Malaysia
RMB or Renminbi	Chinese Renminbi, the official currency of China
S$, SGD and cents	Singapore dollars and cents, the official currency of Singapore

All values are expressed in Singapore currency unless otherwise stated.

Corporate Directory

MANAGER

YTL Starhill Global REIT Management Limited
391B Orchard Road
#21-08 Ngee Ann City Tower B
Singapore 238874

Phone: +65 6835 8633
Fax: +65 6835 8644
Email: info@ytlstarhill.com

DIRECTORS

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
(Chairman)

Mr Ho Sing
(CEO & Executive Director)

Dato' Yeoh Seok Kian
(Non-Executive Director)

Mr Tan Bong Lin
(Lead Independent Director)

Mr Ching Yew Chye
(Independent Director)

Mr Tan Woon Hum
(Independent Director)

AUDIT COMMITTEE

Mr Tan Bong Lin
(Chairman)

Mr Ching Yew Chye
(Member)

Mr Tan Woon Hum
(Member)

JOINT COMPANY SECRETARIES

Mr Lam Chee Kin

Mr Abdul Jabbar bin Karam Din

TRUSTEE

Registered Address
HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320

Correspondence Address
HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#03-01 HSBC Building
Singapore 049320

Phone: +65 6658 6667

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Phone: +65 6536 5355
Fax: +65 6438 8710

AUDITORS

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

Phone: +65 6213 3388
Fax: +65 6222 0810

Partner in charge: Ms Eng Chin Chin
(With effect from FY 2015/16)

SGX CODE

Starhill Gbl

WEBSITE

www.starhillglobalreit.com

Notice of Annual General Meeting

Starhill Global Real Estate Investment Trust
(Constituted in the Republic of Singapore pursuant to a trust deed dated 8 August 2005 (as amended))

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the unitholders ("Unitholders") of Starhill Global Real Estate Investment Trust ("SGR") will be held at **Mandarin Ballroom 1, Level 6, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867** on Tuesday, 30 October 2018 at 11.00 a.m. to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of SGR (the "Trustee"), the Statement by YTL Starhill Global REIT Management Limited, as manager of SGR (the "Manager") and the Audited Financial Statements of SGR for the financial year ended 30 June 2018 and the Auditors' Report thereon. *(Ordinary Resolution 1)*

2. To re-appoint Messrs KPMG LLP as the Auditors of SGR and to hold office until the conclusion of the next AGM of SGR, and to authorise the Manager to fix their remuneration. *(Ordinary Resolution 2)*

(B) AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolution as an Ordinary Resolution:

3. That authority be and is hereby given to the Manager, to *(Ordinary Resolution 3)*

(a) (i) issue units in SGR ("Units") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:

(a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

Notice of Annual General Meeting

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting SGR (as amended) (the "Trust Deed") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of SGR or (ii) the date by which the next AGM of SGR is required by law to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments and/or Units are issued; and

(6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee, may consider expedient or necessary or in the interests of SGR to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note)

BY ORDER OF THE BOARD
YTL Starhill Global REIT Management Limited
(Company Registration No. 200502123C)
As Manager of Starhill Global Real Estate Investment Trust

Lam Chee Kin
Joint Company Secretary
Singapore
26 September 2018

EXPLANATORY NOTE:

Ordinary Resolution 3

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of SGR or (ii) the date by which the next AGM of SGR is required by law to be held, whichever is earlier, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any), of which up to 20% may be issued other than on a pro rata basis to Unitholders (excluding treasury Units, if any).

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the date of the next AGM of SGR, to issue Units as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fundraising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Important Notice:

1 A Unitholder who is not a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.

2 A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

"Relevant Intermediary" means:
(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore; or
(c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3 The instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the office of SGR's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the AGM.

Personal Data Privacy

4 By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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Starhill Global Real Estate Investment Trust
(Constituted in the Republic of Singapore pursuant to a trust deed dated 8 August 2005 (as amended))

IMPORTANT
1. A relevant Intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (please see Note 2 for the definition of "Relevant Intermediary").
2. For CPF/SRS investors who have used their CPF monies to buy Units in SGR, this Annual Report to Unitholders is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. PLEASE READ THE NOTES TO THE PROXY FORM.

Personal data privacy
5. By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 September 2018.

Proxy Form

Annual General Meeting

(Before completing this form, please read the notes behind)

I/We ______________________________ (Name(s) and NRIC Number(s)/Passport Number(s)/ Company Registration Number) of ______________________________

(Address) being a unitholder/unitholders of Starhill Global Real Estate Investment Trust ("SGR"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

or, both of whom failing, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of SGR to be held at **Mandarin Ballroom 1, Level 6, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867** on Tuesday, 30 October 2018 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM.

No.	Resolutions	No. of Votes For *	No. of Votes Against *
	ORDINARY BUSINESS		
1.	Adoption of the Trustee's Report, the Manager's Statement, the Audited Financial Statements of SGR for the financial year ended 30 June 2018 and the Auditors' Report thereon. (Ordinary Resolution 1)		
2.	Re-appointment of Auditors and authorisation of the Manager to fix the Auditors' remuneration. (Ordinary Resolution 2)		
	SPECIAL BUSINESS		
3.	Authority to issue Units and to make or grant convertible instruments. (Ordinary Resolution 3)		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________________ day of ______________________ 2018

Total number of Units held

____
Signature(s) of Unitholder(s)/Common Seal

1st fold (this flap for sealing) Glue all sides firmly. Stapling & spot sealing is disallowed.

Affix
Postage
Stamp

STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

2nd fold here

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW
Notes to Proxy Form

1. A unitholder of SGR ("Unitholder") who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).
   "Relevant intermediary" means:
   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore, and who holds Units in that capacity; or
   (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of SGR, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the Unit Registrar's registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the AGM.
6. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with YTL Starhill Global REIT Management Limited, as manager of SGR (the "Manager")), be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the AGM.
9. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.
10. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
11. At any meeting, a resolution put to the vote of the meeting shall be decided on a poll.
12. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.
13. CPF Approved Nominees acting on the request of the CPF/SRS investors who wish to attend the AGM are requested to submit in writing, a list with details of the CPF/SRS investors' names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee) should reach SGR's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 28 October 2018 at 11.00 a.m., being 48 hours before the time fixed for the AGM.

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STARHILL GLOBAL REIT

This Annual Report for the financial year ended 30 June 2018 has been prepared by YTL Starhill Global REIT Management Limited (Company Registration No. 200502123C) as the Manager of Starhill Global REIT. This report does not contain investment advice nor is it an offer to invest in units of Starhill Global REIT.

Whilst every care has been taken in relation to the accuracy of this report, no warranty is given or implied. This report has been prepared without taking into account the personal objectives, financial situation or needs of particular individuals. Before acting, we recommend that potential investors speak with their financial and/or other professional advisers.

The value of Starhill Global REIT units ("Units") and the income derived from them may fall or rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risk, including possible delays in repayment, or loss of income or principal invested. The Manager and its affiliates do not guarantee the performance of Starhill Global REIT or the repayment of capital from Starhill Global REIT or any particular rate of return. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of Starhill Global REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Starhill Global REIT is not necessarily indicative of the future performance of Starhill Global REIT. This document 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 costs), property expenses and government and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.

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