STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

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INTRODUCTION

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

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

These financial statements for the quarter from 1 July 2017 to 30 September 2017 have not been audited or reviewed by our auditors. The current figures presented in these financial statements are in relation to the period from 1 July 2017 to 30 September 2017 ("1Q FY17/18") and the comparative figures are in relation to the period from 1 July 2016 to 30 September 2016 ("1Q FY16/17").

As at 30 September 2017, the property portfolio of Starhill Global REIT consists of:

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

SUMMARY OF STARHILL GLOBAL REIT'S RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

	Group 01/07/17 to 30/09/17 S$'000	Group 01/07/16 to 30/09/16 S$'000	Increase / (Decrease) %
Gross revenue	52,981	55,259	(4.1%)
Net property income	41,370	42,889	(3.5%)
Income available for distribution	26,722	29,453	(9.3%)
Income to be distributed to Unitholders	26,174	28,356	(7.7%)

	Group 01/07/17 to 30/09/17	Group 01/07/16 to 30/09/16	Increase / (Decrease)
	Cents per unit		%
Distribution per unit ("DPU")			
For the quarter from 1 July to 30 September [1]	1.20	1.30	(7.7%)
Annualised (based on the three months ended 30 September)	4.76	5.17	(7.9%)

Footnote:

[1] The computation of DPU for the quarter ended 30 September 2017 is based on total number of units entitled to the distributable income for the period from 1 July 2017 to 30 September 2017 of 2,181,204,435.

DISTRIBUTION DETAILS

Distribution period	1 July 2017 to 30 September 2017
Distribution amount to Unitholders	1.20 cents per unit
Books closure date	6 November 2017
Payment date	29 November 2017

Financial Statements Announcement
For The First Quarter Ended 30 September 2017

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

Statement of Total Return and Distribution (1Q FY17/18 vs 1Q FY16/17)

	Notes	Group 01/07/17 to 30/09/17 S$'000	Group 01/07/16 to 30/09/16 S$'000	Increase / (Decrease) %	Trust 01/07/17 to 30/09/17 S$'000	Trust 01/07/16 to 30/09/16 S$'000	Increase / (Decrease) %
Gross revenue	(a)	**52,981**	**55,259**	**(4.1%)**	**32,391**	**35,001**	**(7.5%)**
Maintenance and sinking fund contributions		(1,755)	(1,764)	(0.5%)	(1,732)	(1,732)	-
Property management fees	(b)	(1,438)	(1,613)	(10.8%)	(981)	(1,055)	(7.0%)
Property tax	(c)	(4,944)	(5,234)	(5.5%)	(2,931)	(3,269)	(10.3%)
Other property expenses	(d)	(3,474)	(3,759)	(7.6%)	(684)	(887)	(22.9%)
Property expenses		**(11,611)**	**(12,370)**	**(6.1%)**	**(6,328)**	**(6,943)**	**(8.9%)**
Net property income		**41,370**	**42,889**	**(3.5%)**	**26,063**	**28,058**	**(7.1%)**
Finance income	(e)	236	254	(7.1%)	43	10	330.0%
Interest income from subsidiaries		-	-	-	1,556	1,434	8.5%
Dividend income from subsidiaries		-	-	-	6,858	15,949	(57.0%)
Fair value adjustment on security deposits	(f)	(287)	(16)	NM	(127)	43	NM
Management fees	(g)	(4,064)	(4,080)	(0.4%)	(3,839)	(3,840)	(0.0%)
Trust expenses	(h)	(904)	(858)	5.4%	(626)	(907)	(31.0%)
Finance expenses	(i)	(10,537)	(9,501)	10.9%	(7,000)	(5,975)	17.2%
Non property (expenses)/income		**(15,556)**	**(14,201)**	**9.5%**	**(3,135)**	**6,714**	**NM**
Net income before tax		**25,814**	**28,688**	**(10.0%)**	**22,928**	**34,772**	**(34.1%)**
Change in fair value of derivative instruments	(j)	1,425	(1,123)	NM	1,069	(861)	NM
Foreign exchange (loss)/gain	(k)	(167)	(2,133)	(92.2%)	(1,598)	3,261	NM
Total return for the period before tax and distribution		**27,072**	**25,432**	**6.4%**	**22,399**	**37,172**	**(39.7%)**
Income tax	(l)	(907)	(311)	191.6%	(238)	-	NM
Total return for the period after tax, before distribution		**26,165**	**25,121**	**4.2%**	**22,161**	**37,172**	**(40.4%)**
Non-tax deductible/(chargeable) items and other adjustments	(m)	557	4,332	(87.1%)	4,561	(7,719)	NM
Income available for distribution		**26,722**	**29,453**	**(9.3%)**	**26,722**	**29,453**	**(9.3%)**

Footnotes:

(a) Gross revenue comprises gross rent and other revenue earned from investment properties, including turnover rent. The decrease in gross revenue for the Group was mainly due to the one-off S$1.9 million pre-termination rental compensation for a retail lease at Wisma Atria Property recorded in the corresponding quarter which has been filled up, as well as lower contributions from offices and the overseas properties except for David Jones Building and Myer Centre Adelaide. Excluding the one-off rental compensation, gross revenue for the Group would have decreased by 0.6%. Approximately 39% (1Q FY16/17: 37%) of total gross revenue for the three months ended 30 September 2017 were contributed by the overseas properties.

(b) Property management fees comprise mainly 3.0% per annum of the gross revenue from Singapore Properties and fees paid to external property managers for Australia Properties, as well as China and Japan Properties. The decrease was mainly due to lower fees for Singapore Properties, Myer Centre Adelaide and no fee incurred for China Property during the current quarter.

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

(d) Other property expenses were lower for the current quarter mainly due to lower operating expenses at Wisma Atria Property (Retail) as well as China and Japan Properties, partially offset by higher operating expenses at Australia Properties.

(e) Represents interest income from bank deposits and current accounts for the three months ended 30 September 2017.

(f) Represents the change in fair value of security deposits stated at amortised cost in accordance with Financial Reporting Standard 39.

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

(h) The increase in trust expenses for the Group was mainly due to higher expenses incurred by Japan Properties for the three months ended 30 September 2017.

(i) Finance expenses were higher for the current quarter mainly due to write off of remaining upfront borrowing costs following the repayment of loans and interest cost incurred on the 10-year S$70 million Series 004 MTN during the current quarter.

(j) Represents mainly the change in the fair value of interest rate swaps and caps, as well as foreign exchange forward contracts for the three months ended 30 September 2017.

(k) Represents mainly the realised foreign exchange differences from the settlement of forward contracts for the Group for the three months ended 30 September 2017.

(l) Income tax includes withholding tax, corporate tax and deferred tax provided for the overseas properties. The increase was mainly attributed to withholding tax payment for the Malaysia Properties for the three months ended 30 September 2017.

(m) See details in the distribution statement below.

Distribution Statement (1Q FY17/18 vs 1Q FY16/17)

	Notes	Group 01/07/17 to 30/09/17 S$'000	Group 01/07/16 to 30/09/16 S$'000	Increase / (Decrease) %	Trust 01/07/17 to 30/09/17 S$'000	Trust 01/07/16 to 30/09/16 S$'000	Increase / (Decrease) %
Total return after tax, before distribution		**26,165**	**25,121**	**4.2%**	**22,161**	**37,172**	**(40.4%)**
Non-tax deductible/(chargeable) items and other adjustments:		557	4,332	(87.1%)	4,561	(7,719)	NM
Finance costs	(n)	910	228	299.1%	1,263	514	145.7%
Sinking fund contribution		452	452	-	452	452	-
Depreciation		-	71	(100.0%)	-	71	(100.0%)
Change in fair value of derivative instruments		(1,425)	1,123	NM	(1,069)	861	NM
Deferred income tax		40	40	-	-	-	-
Foreign exchange loss/(gain)		193	2,098	(90.8%)	1,399	(3,261)	NM
Fair value adjustment on security deposits		287	16	NM	127	(43)	NM
Other items	(o)	100	304	(67.1%)	1,019	541	88.4%
Net overseas income not distributed to the Trust, net of amount received		-	-	-	1,370	(6,854)	NM
Income available for distribution		**26,722**	**29,453**	**(9.3%)**	**26,722**	**29,453**	**(9.3%)**
Income to be distributed to Unitholders	(p)	**26,174**	**28,356**	**(7.7%)**	**26,174**	**28,356**	**(7.7%)**

Footnotes:

(n) Finance costs include mainly amortisation of upfront borrowing costs. The variance was largely in line with the write-off of remaining upfront borrowing costs following the refinancing of the S$ term loans in September 2017.

(o) Other items include mainly trustee's fee, straight-line rental adjustments, commitment fees, and other non-tax deductible/chargeable costs.

(p) Approximately S$0.5 million of income available for distribution for the three months ended 30 September 2017 has been retained for working capital requirements.

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

Balance Sheet as at 30 September 2017

	Notes	Group 30/09/17 S$'000	Group 30/06/17 S$'000	Trust 30/09/17 S$'000	Trust 30/06/17 S$'000
Non-current assets					
Investment properties	(a)	3,143,935	3,136,315	2,146,758	2,147,000
Plant and equipment		56	59	-	-
Interests in subsidiaries	(b)	-	-	611,286	608,852
Derivative financial instruments	(c)	202	41	202	41
		3,144,193	**3,136,415**	**2,758,246**	**2,755,893**
Current assets					
Derivative financial instruments	(c)	40	85	35	63
Trade and other receivables	(d)	9,101	6,341	2,053	2,110
Cash and cash equivalents	(e)	69,878	76,603	23,663	30,493
		79,019	**83,029**	**25,751**	**32,666**
Total assets		**3,223,212**	**3,219,444**	**2,783,997**	**2,788,559**
Non-current liabilities					
Trade and other payables	(f)	24,004	24,363	18,157	19,003
Derivative financial instruments	(c)	202	1,827	-	1,522
Deferred tax liabilities	(g)	6,829	6,748	-	-
Borrowings	(h)	1,135,412	728,386	800,334	547,522
		1,166,447	**761,324**	**818,491**	**568,047**
Current liabilities					
Trade and other payables	(f)	39,079	38,762	27,342	26,554
Derivative financial instruments	(c)	2,482	2,178	1,780	1,226
Income tax payable		1,920	1,942	-	-
Borrowings	(h)	-	405,892	-	252,771
		43,481	**448,774**	**29,122**	**280,551**
Total liabilities		**1,209,928**	**1,210,098**	**847,613**	**848,598**
Net assets		**2,013,284**	**2,009,346**	**1,936,384**	**1,939,961**
Represented by:					
Unitholders' funds		2,013,284	2,009,346	1,936,384	1,939,961
		2,013,284	**2,009,346**	**1,936,384**	**1,939,961**

Footnotes:

(a) Investment properties increased mainly due to net movement in foreign currencies in relation to overseas properties and capital expenditure incurred during the current period.

(b) The increase in the Trust's interests in subsidiaries was mainly due to unitholder's loan and capital injection into Australia subsidiaries, partially offset by capital redemptions and net movement in foreign currencies during the current period.

(c) Derivative financial instruments as at 30 September 2017 include mainly the fair value of the interest rate swaps and caps entered into to hedge the interest rate exposure on borrowings and foreign exchange forward contracts. The net increase in derivative values was mainly due to the change in fair value of the interest rate swaps including the new S$ interest rate swaps acquired during the current period.

(d) The increase in trade and other receivables was mainly due to increase in net rent arrears for the Group and increase in prepaid expenses for Australia Properties and Malaysia Properties.

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

(f) The net decrease in trade and other payables was mainly due to lower payables for Singapore Properties and lower security deposits for the Group, partially offset by net increase in interest payables for the Group.

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

(h) Borrowings include S$460 million term loans, JPY4.05 billion (S$48.9 million) term loan, S$295 million Singapore MTNs, JPY745 million (S$9.0 million) Japan bond, A$208 million (S$221.6 million) term loans and RM328.2 million (S$105.5 million) Malaysia MTN. The net increase in total borrowings was mainly due to the drawdown of $$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 and net movement in foreign currencies, partially offset by the prepayment of S$4.3 million (JPY350 million) of JPY term loan and S$0.7 million (JPY55 million) of Japan bond, as well as the net repayment of S$3 million of short-term revolving credit facilities ("RCF") during the current period. Please refer to Section 1(b)(ii) for details of the borrowings. As at 30 September 2017, the Group has available undrawn long-term committed RCF to cover the net current liabilities of the Trust.

1(b) (ii) Aggregate amount of borrowings

	Notes	Group 30/09/17 S$'000	Group 30/06/17 S$'000	Trust 30/09/17 S$'000	Trust 30/06/17 S$'000
Secured borrowings	(a)				
Amount repayable within one year		-	153,258	-	-
Amount repayable after one year		327,175	171,745	-	-
		327,175	**325,003**	**-**	**-**
Unsecured borrowings	(b)				
Amount repayable within one year		-	253,000	-	253,000
Amount repayable after one year		812,900	558,908	803,904	549,076
Total borrowings		**1,140,075**	**1,136,911**	**803,904**	**802,076**
Less: Unamortised loan acquisition expenses		(4,663)	(2,633)	(3,570)	(1,783)
Total borrowings		**1,135,412**	**1,134,278**	**800,334**	**800,293**

Footnotes:

(a) Secured

The Group has outstanding five-year fixed-rate senior medium term notes of a nominal value of RM330 million ("Second Senior MTN") issued at a discounted cash consideration of approximately RM325 million. The Second Senior MTN bear a fixed coupon rate of 4.48% per annum and have a carrying amount of approximately RM328.2 million (S$105.5 million) as at 30 September 2017. The notes have an expected maturity in September 2019 and legal maturity in March 2021, and are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad.

The Group has outstanding term loans of A$208 million (S$221.6 million) as at 30 September 2017, comprising:
(i) A$63 million (S$67.1 million) (maturing in June 2019) loan secured by a general security deed over all the assets of SG REIT (WA) Trust and a mortgage over David Jones Building. SG REIT (WA) Trust is wholly owned by the Group; and
(ii) A$145 million (S$154.5 million) loan secured by a general security deed over all the assets of SG REIT (SA) Sub-Trust2 and a mortgage over Myer Centre Adelaide. SG REIT (SA) Sub-Trust2 is wholly owned by the Group. In June 2017, the Group has secured the refinancing of this A$145 million loan with the same bank ahead of its existing maturity in May 2018, extending the new maturity for approximately four years from November 2017. Correspondingly, the loan has been classified as a non-current liability.

(b) Unsecured

As at 30 September 2017, the Group has outstanding medium term notes of S$295 million issued under its S$2 billion Multicurrency MTN Programme and rated at "BBB+" by Standard & Poor's Rating Services, comprising:
(i) S$100 million unsecured seven-year Singapore MTN (the "Series 002 Notes") (maturing in February 2021) which bear a fixed rate interest of 3.50% per annum payable semi-annually in arrear;
(ii) S$125 million unsecured eight-year Singapore MTN (the "Series 003 Notes") (maturing in May 2023) which bear a fixed rate interest of 3.40% per annum payable semi-annually in arrear; and
(iii) S$70 million unsecured 10-year Singapore MTN (the "Series 004 Notes") (maturing in October 2026) which bear a fixed rate interest of 3.14% per annum payable semi-annually in arrear.

As at 30 September 2017, the Group has in place:
(i) four-year and five-year unsecured loan facilities with a club of seven banks at inception, comprising (a) term loan of S$200 million (maturing in September 2021), (b) term loan of S$260 million (maturing September 2022) and (c) S$240 million RCF (maturing in September 2022) including a S$50 million uncommitted tranche. There is no amount outstanding on this RCF as at 30 September 2017.
(ii) five-year unsecured term loan facilities of balance JPY4.05 billion (S$48.9 million) (maturing in July 2020) with two banks.

The Group has JPY745 million (S$9.0 million) of Japan bond outstanding as at 30 September 2017, maturing in August 2021 ("Series 3 Bonds"). The bondholders of Series 3 Bonds have a statutory preferred right, under the Japan Asset Liquidation Law, to receive payment of all obligations under the bonds prior to other creditors out of the assets of Starhill Global REIT One TMK.

1(c) Consolidated cash flow statement (1Q FY17/18 vs 1Q FY16/17)

	Group 01/07/17 to 30/09/17 S$'000	Group 01/07/16 to 30/09/16 S$'000
Operating activities		
Total return for the period before tax and distribution	27,072	25,432
Adjustments for:		
Finance income	(236)	(254)
Fair value adjustment on security deposits	287	16
Depreciation	3	148
Finance expenses	10,537	9,501
Change in fair value of derivative instruments	(1,425)	1,123
Foreign exchange loss	167	2,133
Operating income before working capital changes	36,405	38,099
Changes in working capital:		
Trade and other receivables	(2,929)	(618)
Trade and other payables	(1,221)	(1,521)
Income tax paid	(859)	(666)
Cash generated from operating activities	**31,396**	**35,294**
Investing activities		
Capital expenditure on investment properties (1)	(2,857)	(1,511)
Interest received on deposits	237	257
Cash flows used in investing activities	**(2,620)**	**(1,254)**
Financing activities		
Borrowing costs paid	(11,803)	(9,094)
Proceeds from borrowings (2)	469,000	27,577
Repayment of borrowings (2)	(466,968)	(23,577)
Distributions paid to Unitholders	(25,738)	(28,138)
Cash flows used in financing activities	**(35,509)**	**(33,232)**
Net (decrease)/ increase in cash and cash equivalents	**(6,733)**	**808**
Cash and cash equivalents at the beginning of the period	76,603	76,953
Effects of exchange rate differences on cash	8	1,515
Cash and cash equivalents at the end of the period	**69,878**	**79,276**

Footnotes:

(1) Includes mainly capital expenditure and asset redevelopment costs paid in relation to Plaza Arcade and Myer Centre Adelaide during the current period.

(2) The movement during the three months ended 30 September 2017 relates mainly to the drawdown of S$460 million term loans which was largely used to refinance the outstanding S$450 million term loans, as well as the drawdown of S$9 million RCF. The remaining repayment includes the prepayment of S$4.3 million (JPY350 million) of JPY term loan and S$0.7 million (JPY55 million) of Japan bond, as well as the repayment of S$12 million RCF during the current period.

1(d) (i) Statement of movements in Unitholders' Funds (1Q FY17/18 vs 1Q FY16/17)

	Notes	Group 01/07/17 to 30/09/17 S$'000	Group 01/07/16 to 30/09/16 S$'000	Trust 01/07/17 to 30/09/17 S$'000	Trust 01/07/16 to 30/09/16 S$'000
Unitholders' funds at the beginning of the period		2,009,346	2,017,551	1,939,961	1,968,498
Operations					
Change in Unitholders' funds resulting from operations, before distributions	(a)	26,165	25,121	22,161	37,172
Increase in Unitholders' funds resulting from operations		**26,165**	**25,121**	**22,161**	**37,172**
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		4,998	4,103	-	-
Transfer of translation differences to total return arising from hedge accounting	(b)	871	-	-	-
Exchange differences on monetary items forming part of net investment in foreign operations		(2,358)	5,394	-	-
Net gain recognised directly in Unitholders' funds	(c)	**3,511**	**9,497**	**-**	**-**
Unitholders' transactions					
Distributions to Unitholders		(25,738)	(28,138)	(25,738)	(28,138)
Decrease in Unitholders' funds resulting from Unitholders' transactions		**(25,738)**	**(28,138)**	**(25,738)**	**(28,138)**
Unitholders' funds at the end of the period		**2,013,284**	**2,024,031**	**1,936,384**	**1,977,532**

Footnotes:

(a) Change in Unitholders' funds resulting from operations for the Group for the three months ended 30 September 2017 includes a gain in the fair value of derivative instruments of S$1.4 million (1Q FY16/17: loss of S$1.1 million) and a net foreign exchange loss of S$0.2 million (1Q FY16/17: S$2.1 million).

(b) From 1Q FY17/18, the Group designated its JPY loan as a fair value hedge (in relation to fair value changes arising from its foreign currency risk exposure) for its Japan Properties which qualifies for hedge accounting. Following this, the translation differences on the hedged portion of the Japan Properties was reclassified from the foreign currency translation reserve to the Group's statement of total return, offsetting the translation differences on the JPY loan in the Trust's statement of total return.

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

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

	Notes	Group and Trust 01/07/17 to 30/09/17 Units	Group and Trust 01/07/16 to 30/09/16 Units
Issued units at the beginning of the period		2,181,204,435	2,181,204,435
Management fees payable in units (base fee)	(a)	-	-
Management fees payable in units (performance fee)	(b)	-	-
Total issued units at the end of the period		**2,181,204,435**	**2,181,204,435**

Footnotes:

(a) The Manager has elected to receive 100% of its base management fees in cash. There are no base fees payable in units for the three months ended 30 September 2017.

(b) Performance fees are calculated annually as at 30 June. The performance of Starhill Global REIT's trust index is approximately 33% below the benchmark index as at 30 June 2017.

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

Starhill Global REIT did not hold any treasury units and subsidiary holdings as at 30 September 2017 and 30 June 2017. The total number of issued units as at the end of the current period, and as at the end of the immediately preceding year are disclosed in Section 1(d)(ii).

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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and method of computation in the preparation of the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the financial year ended 30 June 2017, except for the adoption of the new and revised Financial Reporting Standards which became effective for financial periods beginning on or after 1 July 2017.

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

Not applicable.

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

	Notes	Group 01/07/17 to 30/09/17 S$'000	Group 01/07/16 to 30/09/16 S$'000
Total return for the period after tax, before distribution		26,165	25,121
EPU - Basic and Diluted			
Weighted average number of units	(a)	2,181,204,435	2,181,204,435
Earnings per unit (cents)	(b)	1.20	1.15
DPU			
Number of units issued at end of period	(c)	2,181,204,435	2,181,204,435
DPU for the period based on the total number of units entitled to distribution (cents)		1.20	1.30

Footnotes:

(a) For the purpose of computing the EPU, the earnings attributable to Unitholders and the weighted average number of units during the three months ended 30 September 2017 are used and have been calculated on a time-weighted basis.

(b) The EPU for the three months ended 30 September 2017 includes a gain in the fair value of derivative instruments of S$1.4 million (1Q FY16/17: loss of S$1.1 million) and a net foreign exchange loss of S$0.2 million (1Q FY16/17: S$2.1 million). The diluted EPU is the same as basic EPU.

(c) The computation of DPU for the three months ended 30 September 2017 is based on number of units in issue as at 30 September 2017 of 2,181,204,435.

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

	Note	Group 30/09/17	Group 30/06/17	Trust 30/09/17	Trust 30/06/17
NAV/NTA per unit (S$) based on:					
- units issued at the end of the period	(a)	0.92	0.92	0.89	0.89

Footnote:

(a) The number of units used for computation of NAV and NTA per unit is 2,181,204,435 which represents the number of units in issue as at 30 September 2017 and 30 June 2017.

8 Review of the performance
Consolidated Statement of Total Return and Distribution (1Q FY17/18 vs 1Q FY16/17)

	Group 01/07/17 to 30/09/17 S$'000	Group 01/07/16 to 30/09/16 S$'000	Increase / (Decrease) %
Gross revenue	**52,981**	**55,259**	**(4.1%)**
Property expenses	(11,611)	(12,370)	(6.1%)
Net property income	**41,370**	**42,889**	**(3.5%)**
Non property expenses	(15,556)	(14,201)	9.5%
Net income before tax	**25,814**	**28,688**	**(10.0%)**
Change in fair value of derivative instruments	1,425	(1,123)	NM
Foreign exchange loss	(167)	(2,133)	(92.2%)
Total return for the period before tax and distribution	**27,072**	**25,432**	**6.4%**
Income tax	(907)	(311)	191.6%
Total return for the period after tax, before distribution	**26,165**	**25,121**	**4.2%**
Non-tax deductible/(chargeable) items and other adjustments	557	4,332	(87.1%)
Income available for distribution	**26,722**	**29,453**	**(9.3%)**
Income to be distributed to Unitholders	**26,174**	**28,356**	**(7.7%)**

<u>1Q FY17/18 vs 1Q FY16/17</u>

Revenue for the Group in 1Q FY17/18 was S$53.0 million, representing a decrease of 4.1% over 1Q FY16/17. Net property income ("NPI") for the Group was S$41.4 million, representing a decrease of 3.5% over 1Q FY16/17. The decrease in gross revenue for the Group was mainly due to the one-off S$1.9 million pre-termination rental compensation for a retail lease at Wisma Atria Property recorded in 1Q FY16/17 which has been filled up, as well as lower contributions from offices and the overseas properties except for David Jones Building and Myer Centre Adelaide. The decrease in NPI for the Group was largely in line with the lower revenue, partially offset by lower expenses except for the Australia Properties. Excluding the one-off compensation recorded in 1Q FY16/17, revenue for the Group would have decreased by 0.6% and NPI for the Group would have increased by 0.9%.

Singapore Properties contributed 61.1% of total revenue, or S$32.4 million in 1Q FY17/18, 7.5% lower than in 1Q FY16/17. NPI for 1Q FY17/18 was S$26.1 million, 7.1% lower than in 1Q FY16/17, mainly due to the recognition of S$1.9 million pre-termination rental compensation for a retail lease at Wisma Atria Property in 1Q FY16/17 and lower occupancies for Singapore offices. Excluding the one-off rental compensation, revenue and NPI for Singapore Properties would have decreased by 2.0% and 0.4% respectively.

Australia Properties contributed 23.7% of total revenue, or S$12.6 million in 1Q FY17/18, 6.9% higher than in 1Q FY16/17. NPI for 1Q FY17/18 was S$7.8 million, 3.8% higher than in 1Q FY16/17 mainly due to higher retail revenue from Myer Centre Adelaide and David Jones Building as well as appreciation of A$ against S$, partially offset by Plaza Arcade ongoing redevelopment works, lower occupancies at Myer Centre Adelaide office as well as higher expenses.

Malaysia Properties contributed 12.7% of total revenue, or S$6.7 million in 1Q FY17/18, 4.0% lower than in 1Q FY16/17. NPI for 1Q FY17/18 was S$6.5 million, a decrease of 4.1% from 1Q FY16/17, mainly due to depreciation of RM against S$.

China and Japan Properties contributed 2.5% of total revenue, or S$1.3 million in 1Q FY17/18, 13.0% lower than in 1Q FY16/17. NPI for 1Q FY17/18 was approximately S$1.0 million, an increase of 80.0% over 1Q FY16/17 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$15.6 million in 1Q FY17/18, 9.5% higher than in 1Q FY16/17, mainly due to variance in fair value adjustment on security deposits, as well as higher finance expenses largely due to write off of remaining upfront borrowing costs following the repayment of loans and interest cost incurred on the 10-year S$70 million Series 004 MTN in 1Q FY17/18.

The net gain on derivative instruments in 1Q FY17/18 represents mainly the change in the fair value of interest rate swaps and caps entered into for the Group's borrowings, as well as foreign exchange forward contracts.

The net foreign exchange loss in 1Q FY17/18 arose mainly from the realised foreign exchange differences from the settlement of forward contracts. From 1Q FY17/18, the Group designated its JPY loan as a fair value hedge (in relation to fair value changes arising from its foreign currency risk exposure) for its Japan Properties which qualifies for hedge accounting. Please refer to Section 1(d)(i) for details.

The increase in income tax for 1Q FY17/18 was mainly attributed to withholding tax payment for the Malaysia Properties.

Income available for distribution for 1Q FY17/18 was S$26.7 million, being 9.3% lower than the corresponding period. Income to be distributed to Unitholders was S$26.2 million, 7.7% lower than the corresponding period mainly due to lower NPI and withholding taxes for the Malaysia Properties, partially offset by lower distributable income retained. Approximately S$0.5 million (1Q FY16/17: S$1.1 million) of income available for distribution for the three months ended 30 September 2017 has been retained for working capital requirements.

9 Variance between forecast and the actual results

The Trust has not disclosed any forecast to the market.

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

Over the recent months, the global economy continued to exhibit signs of synchronised growth. Global growth is projected to rise to 3.6% in 2017 and to 3.7% in 2018[1]. However, in view of the geopolitical tensions and rising interest rates, uncertainties remain.

Based on advance estimates, the Singapore economy grew by 4.6% on a year-on-year ("y-o-y") basis in the third quarter of 2017[2], led by the manufacturing, electronics, biomedical manufacturing and precision engineering clusters. For FY 2017, the economic growth forecast is projected to be 2% to 3%[3]. On the retail front, the retail sales index (excluding motor vehicle sales) registered a 3.7% y-o-y growth in August 2017[4]. Growth in international visitor arrivals continued to be healthy, recording a 4.0% y-o-y growth for the period from January to August 2017[5], while tourism receipts grew by 15.0% to S$6.4 billion in 1Q 2017[6].

Average prime retail rents islandwide in Singapore remained stable, with weakness predominantly in the secondary floors. With continual supply pressure in the coming year, retail rental growth expectations are likely to be modest. Improvements in retail sales, tourist arrivals and receipts, if they persist, could help to spark some optimism in the retail market over the mid-term[7]. For Singapore office market, Grade A core CBD rents rose 1.7% quarter on quarter in 3Q 2017, its first increase in ten quarters, according to CBRE[7]. However, modest rental growth is expected over the near term whilst the market absorbs remaining space from the supply surge over the last two years, and the underlying strength of occupier demand remains patchy and uncertain.

For the 12 months to August 2017, South Australia recorded a 3.7% y-o-y growth in retail sales, while Western Australia recorded a 0.5% y-o-y growth, both in seasonally adjusted terms[8]. While competition from online platforms persists, international retailers continue to look to roll-out stores across Australia over the next five years[9]. The Adelaide office market continues to experience elevated vacancy levels and declining rents and the outlook for market rents is expected to remain subdued till a demand uptick[10]. Myer Centre Adelaide's office only contributes 2.1% of the Australia portfolio's revenue in 1Q FY17/18.

Malaysia's GDP continued its uptrend momentum since the second quarter of 2016, and grew by 5.8% y-o-y in the second quarter of 2017, led by the construction, services and manufacturing sectors[11]. Following muted projections from retailers and an expected increase in the price of retail goods, retail sales growth for 2017 has been revised downwards to 3.7% from 3.9% previously[12]. Tourist arrivals to Malaysia for 2016 registered a hike of 4.0% compared to the same period in 2015[13]. Correspondingly, tourist receipts rose by 18.8%, contributing RM82.1 billion to the country's revenue against RM69.1 billion in 2015[13]. The Klang Valley region continues to face a large retail supply with 16.6 million square feet of retail space in development and expected completion by 2019[14].

In Perth, construction works for the asset redevelopment at Plaza Arcade are expected to be completed in the first quarter of 2018 and will continue to impact rental revenue until completion. Renovations by the tenant for the China Property are underway and completion is expected by the end of this year.

In Malaysia, the new Sungai Buloh-Kajang MRT line has been well received with growing ridership. As the ridership continues to increase, more shoppers will have better access to Lot 10, which will further improve when external works linking Lot 10 to the entrance of the MRT station are completed.

Starhill Global REIT's core assets are largely based in Singapore, which contributed approximately 61% of its revenue for the three months ended 30 September 2017. The impact of the volatility in the foreign currencies, mainly Malaysian Ringgit and Australian Dollar, on its distributions has been partially mitigated by having foreign currency denominated borrowings as a natural hedge, and short-term foreign currency forward contracts.

Almost half of Starhill Global REIT's portfolio is made up of master and long-term leases with periodic rent reviews, which has provided resilience through previous economic cycles. The Manager will continue to focus on optimising the performance of its portfolio while sourcing for attractive property assets.

Sources

1. International Monetary Fund, October 2017
2. Singapore's GDP Grew by 4.6% in the Third Quarter of 2017, Ministry of Trade and Industry, 13 October 2017
3. MTI Narrows 2017 GDP Growth Forecast to 2.0% to 3.0%, Ministry of Trade and Industry, 11 August 2017
4. Department of Statistics Singapore, Retail Sales Index
5. Singapore Tourism Board, International Visitor Arrivals, 17 October 2017
6. Singapore Tourism Board, Tourism Sector Performance, Q1 2017
7. CBRE Marketview, Singapore, Q3 2017, Primed for Growth, Growth for Prime
8. Australian Bureau of Statistics
9. Business News Australia, Interest in retail property spikes as international brands look to roll-out in Australia, 17 February 2017
10. Jones Lang LaSalle, Australian Office Investment Review & Outlook, April 2017
11. Department of Statistics, Malaysia
12. Full year retail sales forecast lowered, The Edge Financial Daily (Malaysia), 6 September 2017
13. Malaysia's 2016 Tourist Arrivals Grow 4.0%, Malaysia Tourism Promotion Board, 7 March 2017
14. CBRE WTW Research, Asia Pacific Real Estate Market Outlook, Malaysia, 2017

11 Distributions
(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: Distribution to Unitholders for the period from 1 July 2017 to 30 September 2017 ("Unitholders' Distribution")

Distribution rate:

	Unitholders' Distribution
	For the period from 1 July 2017 to 30 September 2017
	Cents
Taxable income component	0.9600
Tax-exempt income component	0.1800
Capital component	0.0600
Total	**1.2000**

Par value of units: Not applicable

Tax rate:

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

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

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

(b) Corresponding period of the immediately preceding financial period

Any distributions declared for the previous corresponding financial period: Yes

Name of distribution: Distribution to Unitholders for the period from 1 July 2016 to 30 September 2016 ("Unitholders' Distribution")

Distribution rate:

	Unitholders' Distribution
	For the period from 1 July 2016 to 30 September 2016
	Cents
Taxable income component	1.0600
Tax-exempt income component	0.1400
Capital component	0.1000
Total	**1.3000**

Par value of units: Not applicable

Tax rate:

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

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

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

(c) Date payable: 29 November 2017

(d) Books Closure Date: 6 November 2017

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

Not applicable.

13 General mandate for interested person transactions

Starhill Global REIT has not obtained a Unitholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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

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

15 Certification pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Starhill Global REIT for the quarter ended 30 September 2017:

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

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

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

16 Directors' confirmation

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and Trust as at 30 September 2017 (comprising the balance sheets as at 30 September 2017, the statements of total return and distribution, the cash flow statements and statements of changes in Unitholders' funds for the three months ended on that date, together with their accompanying notes) to be false or misleading in any material respect.

On behalf of the Board

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

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate and foreign exchange trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

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

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

Lam Chee Kin
Joint Company Secretary
27 October 2017