Starhill Global Real Estate Investment Trust
and its Subsidiaries
(Constituted in the Republic of Singapore pursuant to a trust deed dated 8 August 2005 (as amended))

Interim Financial Statements
First half year ended 31 December 2021

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Summary of results

	Group 01/07/21 to 31/12/21 $'000	Group 01/07/20 to 31/12/20 $'000	Increase / (Decrease) %
Gross revenue	90,971	88,420	2.9%
Net property income	69,639	64,986	7.2%
Income available for distribution [(a)]	42,658	43,238	(1.3%)
Income to be distributed to Unitholders [(b)]	39,739	41,430	(4.1%)
Distribution per unit ("DPU")	Cents per unit		%
DPU (including effects of deferred amount) [(b), (c)]	1.78	1.88	(5.3%)
DPU (excluding effects of deferred amount) [(b), (c)]	1.78	1.74	2.3%

Footnotes:

(a) The decrease in income available for distribution for first half ("1H FY21/22") year ended 31 December 2021 was mainly due to the one-off adjustment to reflect the timing difference of Singapore property tax refunds[(d)] in the comparative period of 1 July 2020 to 31 December 2020 ("1H FY20/21") and full period of distribution to perpetual securities holders in the current period, partially offset by higher net property income ("NPI") and lower finance costs of the Group. The increase in NPI was mainly due to the lower rental assistance for eligible tenants of the Group including allowance for rental arrears and rebates for Australia Properties, as well as cessation of rental rebates in Malaysia following the completion of asset enhancement works at The Starhill in December 2021, partially offset by weaker contributions from Wisma Atria Property (Retail) during the current period.

(b) Approximately $2.9 million (1H FY20/21: $4.9 million) of income available for distribution for 1H FY21/22 has been retained for working capital requirements. Included in 1H FY20/21 income to be distributed to Unitholders is the release of $3.1 million (or 0.14 cents per unit) relating to part of the $7.7 million of FY19/20's deferred distributable income.

(c) The computation of DPU for 1H FY21/22 is based on the number of units entitled to distributions comprising issued and issuable units of 2,232,535,419 (1H FY20/21: 2,203,737,042 units).

(d) Represents the adjustment to recognise the timing difference of certain property tax rebates for eligible tenants from the Singapore government in 1H FY20/21 as part of the COVID-19 relief measures announced in 2020.

Distribution detail

Distribution period	1 July 2021 to 31 December 2021
Distribution amount to Unitholders	1.78 cents per unit
Record date	4 February 2022
Payment date	23 March 2022

The Manager has determined that the distribution reinvestment plan ("DRP") will apply to the distribution for the period from 1 July 2021 to 31 December 2021. The issue price of each new unit for this DRP will be set at a discount of approximately 2% to the volume-weighted average traded price per unit for all trades on the SGX-ST for each of the market days during the period of 10 market days prior to and ending on the record date. The Manager will announce further details on the issue price of the new units for the DRP on or around Friday, 4 February 2022.

Balance sheets
As at 31 December 2021

		Group		Trust	
	Note	**31 December 2021 $'000**	**30 June 2021 $'000**	**31 December 2021 $'000**	**30 June 2021 $'000**
Non-current assets					
Investment properties	4	2,960,211	2,964,648	2,010,989	2,008,704
Plant and equipment		24	29	20	21
Interests in subsidiaries		–	–	650,259	659,123
Derivative financial instruments		3,628	1,303	3,628	1,303
Trade and other receivables		39	185	–	–
		2,963,902	2,966,165	2,664,896	2,669,151
Current assets					
Derivative financial instruments		43	91	40	91
Trade and other receivables		5,646	5,008	3,809	5,386
Cash and cash equivalents		90,562	108,323	40,051	50,913
		96,251	113,422	43,900	56,390
Total assets		3,060,153	3,079,587	2,708,796	2,725,541
Non-current liabilities					
Trade and other payables		21,606	22,799	16,781	18,093
Derivative financial instruments		1,284	7,324	–	5,020
Deferred tax liabilities		7,003	6,795	–	–
Borrowings	5	984,109	1,105,353	807,996	927,150
Lease liabilities		760	341	672	248
		1,014,762	1,142,612	825,449	950,511
Current liabilities					
Trade and other payables		36,340	41,514	25,187	28,467
Derivative financial instruments		2,722	2,489	2,717	689
Income tax payable		2,398	2,418	–	–
Borrowings	5	114,920	–	114,920	–
Lease liabilities		347	457	347	457
		156,727	46,878	143,171	29,613
Total liabilities		1,171,489	1,189,490	968,620	980,124
Net assets		1,888,664	1,890,097	1,740,176	1,745,417
Represented by:					
Unitholders' funds		1,789,035	1,790,478	1,640,547	1,645,798
Perpetual securities holders' funds	6	99,629	99,619	99,629	99,619
Units in issue ('000)	7	2,229,394	2,214,204	2,229,394	2,214,204
Net asset value and net tangible asset per unit ($) based on:					
Units issued and issuable at the end of the period/year	8	0.80	0.81	0.73	0.74

Statements of total return
First half year ended 31 December 2021

		Group		Trust	
	Note	**6 months ended 31 December 2021 $'000**	**6 months ended 31 December 2020 $'000**	**6 months ended 31 December 2021 $'000**	**6 months ended 31 December 2020 $'000**
Gross revenue	9	90,971	88,420	56,026	55,167
Property operating expenses	10	(21,332)	(23,434)	(12,125)	(13,113)
Net property income		69,639	64,986	43,901	42,054
Interest income from fixed deposits and bank balances		162	242	24	60
Interest income from subsidiaries		–	–	4,988	1,960
Dividend income from subsidiaries		–	–	7,658	4,198
Management fees		(7,723)	(7,789)	(7,212)	(7,327)
Performance fees		–	–	–	–
Trust expenses	11	(1,954)	(2,081)	(1,328)	(1,510)
Finance expenses	12	(20,005)	(20,916)	(14,317)	(13,991)
		40,119	34,442	33,714	25,444
Change in fair value of derivative instruments		7,585	4,749	5,235	3,023
Foreign exchange (loss)/gain		(603)	618	(4,556)	3,076
Change in fair value of investment properties		(194)	(199)	(188)	(193)
Total return for the period before tax and distribution		46,907	39,610	34,205	31,350
Income tax		(1,390)	(1,271)	(772)	(329)
Total return for the period after tax, before distribution		45,517	38,339	33,433	31,021
Less: Amount reserved for distribution to perpetual securities holders		(1,941)	(179)	(1,941)	(179)
Non-tax (chargeable)/deductible items and other adjustments		(918)	5,078	11,166	12,396
Income available for distribution		42,658	43,238	42,658	43,238
Earnings per unit (cents)					
Basic	13	1.96	1.74	1.42	1.40
Diluted	13	1.96	1.73	1.41	1.40

Distribution statements
First half year ended 31 December 2021

	Group		**Trust**	
	6 months ended 31 December 2021 $'000	**6 months ended 31 December 2020 $'000**	**6 months ended 31 December 2021 $'000**	**6 months ended 31 December 2020 $'000**
Income available for distribution at the beginning of the period	90,587	59,203	90,587	59,203
Total return after tax, before distribution	45,517	38,339	33,433	31,021
Less: Amount reserved for distribution to perpetual securities holders	(1,941)	(179)	(1,941)	(179)
Net tax and other adjustments (Note A below)	(918)	5,078	11,166	12,396
Income available for distribution	133,245	102,441	133,245	102,441
Distributions during the period:				
Unitholders				
Distribution of 0.70 cents per unit for the period 1 January to 30 June 2020	–	(15,365)	–	(15,365)
Distribution of 2.07 cents per unit for the period 1 January to 30 June 2021	(45,903)	–	(45,903)	–
	(45,903)	(15,365)	(45,903)	(15,365)
Income available for distribution at the end of the period	87,342	87,076	87,342	87,076

Distribution statements (continued)
First half year ended 31 December 2021

	Note	Group		Trust	
		6 months ended 31 December 2021 $'000	6 months ended 31 December 2020 $'000	6 months ended 31 December 2021 $'000	6 months ended 31 December 2020 $'000
Number of units issued and issuable ('000)	7	2,232,535	2,203,737	2,232,535	2,203,737
Distribution per unit for the period (cents)		1.78	1.88 [1]	1.78	1.88 [1]
Note A – Net tax and other adjustments					
Non-tax deductible/ (chargeable) items and other adjustments:					
- Management fees paid/payable in units		4,039	4,103	4,039	4,103
- Finance costs		424	358	733	534
- Sinking fund contribution		774	774	774	774
- Depreciation		7	6	7	6
- Change in fair value of derivative instruments		(7,638)	(4,692)	(5,285)	(2,966)
- Change in fair value of investment properties		194	199	188	193
- Deferred tax		83	79	–	–
- Foreign exchange loss/(gain)		682	(731)	4,676	(3,465)
- Other items		517	4,982	1,921	5,365
- Net overseas income not distributed to the Trust, net of amount received		–	–	4,113	7,852
Net tax and other adjustments		(918)	5,078	11,166	12,396

Note:

[1] Included the release of $3.1 million (or 0.14 cents per unit) relating to part of the $7.7 million of FY19/20's deferred distributable income.

Statements of movements in unitholders' funds
First half year ended 31 December 2021

	Group		Trust	
	6 months ended 31 December 2021 $'000	6 months ended 31 December 2020 $'000	6 months ended 31 December 2021 $'000	6 months ended 31 December 2020 $'000
Unitholders' funds at the beginning of the period	1,790,478	1,769,489	1,645,798	1,691,876
Operations				
Change in unitholders' funds resulting from operations, before distributions	45,517	38,339	33,433	31,021
Amount reserved for distribution to perpetual securities holders	(1,941)	(179)	(1,941)	(179)
Increase in unitholders' funds resulting from operations	43,576	38,160	31,492	30,842
Foreign currency translation reserve				
Translation differences from financial statements of foreign entities	(3,978)	15,029	–	–
Transfer of translation differences from total return arising from hedge accounting	4,566	511	–	–
Exchange differences on monetary items forming part of net investment in foreign operations	(8,864)	1,827	–	–
Net (loss)/gain recognised directly in unitholders' funds	(8,276)	17,367	–	–
Hedging reserve				
Changes in fair value of cash flow hedges	(40)	–	(40)	–
Unitholders' transactions				
Management fees paid in units	2,021	2,050	2,021	2,050
Management fees payable in units	2,018	2,053	2,018	2,053
Distribution reinvestment plan	5,161	–	5,161	–
Distributions to unitholders	(45,903)	(15,365)	(45,903)	(15,365)
Decrease in unitholders' funds resulting from unitholders' transactions	(36,703)	(11,262)	(36,703)	(11,262)
Unitholders' funds at the end of the period	1,789,035	1,813,754	1,640,547	1,711,456
Perpetual securities holders' funds				
Balance at the beginning of the period	99,619	100,000	99,619	100,000
Issuance costs	–	(550)	–	(550)
Total return attributable to perpetual securities holders	1,941	179	1,941	179
Distribution to perpetual securities holders	(1,931)	–	(1,931)	–
Balance at the end of the period	99,629	99,629	99,629	99,629

Investment properties portfolio statement
As at 31 December 2021

Description of property	Tenure	Term of lease	Remaining term of lease	Location	Existing use	Occupancy rate [12] 31 December 2021 %	Carrying value 31 December 2021[13] $'000	Valuation 30 June 2021 $'000	Percentage of unitholders' funds 31 December 2021 %	Percentage of unitholders' funds 30 June 2021 %
Group										
Ngee Ann City Property	Leasehold	Leasehold estate of 69 years expiring on 31 March 2072	51 years	391/391B Orchard Road, Singapore 238874	Retail/Office	99.7/89.4	1,130,008	1,130,000[5]	63.2	63.1
Wisma Atria Property	Leasehold	Leasehold estate of 99 years expiring on 31 March 2061	40 years	435 Orchard Road, Singapore 238877	Retail/Office	98.9/91.9	879,962	878,000[5]	49.2	49.0
Myer Centre Adelaide [1]	Freehold	–	–	14-38 Rundle Mall, Adelaide, Australia	Retail/Office	94.4/94.3	238,783	243,507[6]	13.3	13.6
David Jones Building [1]	Freehold	–	–	622-648 Hay Street Mall, Perth, Australia	Retail	99.3	142,074	146,508[7]	7.9	8.2
Plaza Arcade [1]	Freehold	–	–	650 Hay Street Mall and 185-191 Murray Street Mall, Perth, Australia	Retail	79.4	47,615	49,004[7]	2.7	2.7
The Starhill [2]	Freehold	–	–	181 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Retail/Hotel [11]	100.0	284,970	279,763[8]	15.9	15.6
Lot 10 Property [2]	Leasehold	Leasehold estate of 99 years expiring on 29 July 2076	55 years	50 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	Retail/Office	100.0	147,146	147,005[8]	8.2	8.2
China Property [3]	Leasehold	Leasehold estate expiring on 27 December 2035	14 years	19, 4th Section, Renminnan Road, Chengdu, Sichuan, China	Retail	100.0	30,194	29,760[9]	1.7	1.7
Ebisu Fort [4]	Freehold	–	–	1-24-2 Ebisu-Minami, Shibuya-ku, Tokyo, Japan	Retail/Office	100.0	42,983	44,377[10]	2.4	2.5
Daikanyama [4]	Freehold	–	–	1-31-12 Ebisu-Nishi, Shibuya-ku, Tokyo, Japan	Retail/Office	100.0	15,369	15,927[10]	0.9	0.9
Investment properties – fair value							2,959,104	2,963,851	165.4	165.5
Investment properties – right-of-use assets							1,107	797	0.1	0.1
Total investment properties							2,960,211	2,964,648	165.5	165.6
Other assets and liabilities (net)							(1,071,547)	(1,074,551)	(59.9)	(60.0)
Net assets							1,888,664	1,890,097	105.6	105.6
Perpetual securities holders' funds							(99,629)	(99,619)	(5.6)	(5.6)
Unitholders' funds							1,789,035	1,790,478	100.0	100.0

Investment properties portfolio statement (continued)
As at 31 December 2021

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) The Starhill 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 properties as at 31 December 2021. Daikanyama and Ebisu Fort were acquired on 30 May 2007 and 26 September 2007 respectively.

(5) The valuation of the Trust's Wisma Atria Property and Ngee Ann City Property were based on the valuation performed by CBRE Pte. Ltd. as at 30 June 2021.

(6) Based on the valuation performed by Knight Frank Valuations as at 30 June 2021 and translated at the exchange rate of A$0.99 : $1.00.

(7) Based on the valuation performed by Colliers International (WA) Pty Ltd as at 30 June 2021 and translated at the exchange rate of A$0.99 : $1.00.

(8) Based on the valuation performed by Nawawi Tie Leung Property Consultants Sdn Bhd as at 30 June 2021 and translated at the exchange rate of RM3.09 : $1.00.

(9) Based on the valuation performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited as at 30 June 2021 and translated at the exchange rate of RMB4.81 : $1.00.

(10) Based on the valuation performed by JLL Morii Valuation & Advisory K.K. as at 30 June 2021 and translated at the exchange rate of JPY82.25 : $1.00.

(11) The Starhill has completed asset enhancement works in December 2021 to convert it into an integrated development comprising retail and hotel elements.

(12) Based on commenced leases as at 31 December 2021.

(13) The carrying value of the investment properties as at 31 December 2021 are based on the independent valuations as at 30 June 2021, adjusted for mainly capital expenditure incurred in 1H FY21/22 and translated at the exchange rates at the reporting date.

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 are performed as at every year-end.

Consolidated cash flow statement
First half year ended 31 December 2021

	Group	
	6 months ended 31 December 2021 $'000	**6 months ended 31 December 2020 $'000**
Cash flows from operating activities		
Total return for the period before tax and distribution	46,907	39,610
Adjustments for:		
Finance income	(162)	(242)
Depreciation	12	11
Management fees paid/payable in units	4,039	4,103
Finance expenses	20,005	20,916
Change in fair value of derivative instruments	(7,585)	(4,749)
Foreign exchange loss/(gain)	603	(618)
Change in fair value of investment properties	194	199
Operating income before working capital changes	64,013	59,230
Trade and other receivables	(2,467)	8,172
Trade and other payables	(5,241)	8,023
Income tax paid	(1,240)	(627)
Net cash from operating activities	55,065	74,798
Cash flows from investing activities		
Capital expenditure on investment properties	(9,962)	(19,908)
Purchase of plant and equipment	(6)	–
Interest received on deposits	162	258
Net cash used in investing activities	(9,806)	(19,650)

Consolidated cash flow statement (continued)
First half year ended 31 December 2021

	Group	
	6 months ended 31 December 2021 $'000	**6 months ended 31 December 2020 $'000**
Cash flows from financing activities		
Borrowing costs paid	(18,903)	(21,201)
Proceeds from borrowings [1]	125,000	53,721
Repayment of borrowings [1]	(125,000)	(171,744)
Net proceeds from issuance of perpetual securities [2]	–	99,450
Payment of lease liabilities	(216)	(217)
Distributions paid to unitholders [3]	(40,742)	(15,365)
Distributions paid to perpetual securities holders	(1,931)	–
Net cash used in from financing activities	(61,792)	(55,356)
Net decrease in cash and cash equivalents	(16,533)	(208)
Cash and cash equivalents at the beginning of the period	108,323	117,442
Effects of exchange rate differences on cash	(1,228)	2,355
Cash and cash equivalents at the end of the period	90,562	119,589

Notes:

(1) The movement during the six months ended 31 December 2021 relates to the prepayment of $125 million term loan and issuance of $125 million medium term notes ("MTN") during the current period.

(2) Represents the proceeds from the issuance of perpetual securities during the previous corresponding period, net of issuance costs.

(3) Excludes the non-cash portion of the distributions, which was paid through the distribution reinvestment plan during the current period.

Notes to the Financial Statements

These notes form an integral part of the interim financial statements (“Financial Statements”).

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.

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.

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”). The Financial Statements are to be read in conjunction with the Group’s last annual consolidated financial statements for the year ended 30 June 2021. The Financial Statements does not contain all of the information required for a full set of annual financial statements.

2.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis, except as set out in the financial statements for the year ended 30 June 2021.

2.3 Functional and presentation currency

The Financial Statements are presented in Singapore dollars, which is the functional currency of the Trust. All financial statements 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.

In preparing the Financial Statements, the 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 were the same as those applied in the financial statements for the year ended 30 June 2021.

3. Significant accounting policies

The accounting policies applied by the Group in the Financial Statements are the same as those applied in its financial statements for the year ended 30 June 2021, except for the adoption of the new standards and amendments which became effective for financial year beginning on or after 1 July 2021. The adoption of these amendments to standards and interpretations do not have a significant impact on the Financial Statements.

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 ending 30 June 2022 have not been applied in preparing the Financial Statements. The adoption of these new standards, amendments to standards and interpretations are not expected to have a significant impact on the Group’s financial statements.

4. Investment properties

	Group $’000	Trust $’000
At 1 July 2020	2,941,261	2,063,099
Additions, straight-line rental and other adjustments	34,794	4,648
Change in fair value of investment properties	(28,095)	(59,043)
Translation differences	16,688	–
At 30 June 2021	2,964,648	2,008,704
At 1 July 2021	2,964,648	2,008,704
Additions, straight-line rental and other adjustments	10,383	2,473
Change in fair value of investment properties [(1)]	(194)	(188)
Translation differences	(14,626)	–
At 31 December 2021	2,960,211	2,010,989

[(1)] Represents fair value adjustments on right-of-use assets as at 31 December 2021.

As at 30 June 2021, investment properties were 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 external 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 were prepared in accordance with recognised appraisal and valuation standards, and included a material valuation uncertainty clause due to the disruption to the market at that date caused by the COVID-19 outbreak. The inclusion of this clause indicated that there was substantially more uncertainty than normal and therefore a higher likelihood that the assumptions upon which the external valuers have based their valuations prove to be inaccurate.

The valuers have used valuation techniques which include the capitalisation and discounted cash flow approaches, in arriving at the fair 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.

As at 31 December 2021, in consultation with external valuers, the Manager conducted an internal assessment of the valuation of the investment properties, including considering any significant changes in operating performance of the properties, and movement in market data such as discount rates and capitalisation rates. Based on the assessment, the Manager is of the view that the fair value of the investment properties has not materially changed from 30 June 2021 valuation. The carrying amounts of the investment properties were current as at 31 December 2021 only. Values may change more rapidly and significantly given the uncertain market conditions including the evolving COVID-19 situation.

As at 31 December 2021, investment properties with a carrying value of approximately $574.2 million (30 June 2021: $573.3 million) are mortgaged to secure credit facilities for the Group.

Fair value hierarchy

The Group's and the Trust's investment properties of approximately $2,959.1 million (June 2021: $2,963.9 million) and $2,010.0 million (June 2021: $2,008.0 million) respectively (excluding the carrying amount of lease liabilities of approximately $1.1 million and $1.0 million (June 2021: $0.8 million and $0.7 million) respectively) as at 31 December 2021 are valued based on unobservable inputs and classified in Level 3 of the fair value hierarchy.

The following table shows the key unobservable inputs used in the valuation models of the investment properties:

Investment properties	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commercial properties for leasing	• Capitalisation rates from 3.50% to 7.00% • Discount rates from 3.30% 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. Borrowings

	Group		Trust	
	31 December 2021 $'000	**30 June 2021 $'000**	**31 December 2021 $'000**	**30 June 2021 $'000**
Non-current				
Secured borrowings	168,610	170,509	–	–
Unsecured borrowings	819,412	939,268	811,458	931,025
Unamortised loan acquisition expenses	(3,913)	(4,424)	(3,462)	(3,875)
	984,109	1,105,353	807,996	927,150
Current				
Unsecured borrowings	115,000	–	115,000	–
Unamortised loan acquisition expenses	(80)	–	(80)	–
	114,920	–	114,920	–
Total borrowings (net of borrowing costs)	1,099,029	1,105,353	922,916	927,150

Secured

The Group has outstanding unrated five-year fixed-rate Senior MTN of RM330 million ($106.8 million) as at 31 December 2021 (June 2021: RM330 million ($106.9 million)). The Senior MTN bear a fixed coupon rate of 5.50% per annum, and have an expected maturity in September 2024 and legal maturity in March 2026. The notes are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad, including the Malaysia Properties.

The Group has outstanding term loan of A$63 million ($61.8 million) (maturing in July 2023) as at 31 December 2021 (June 2021: A$63 million ($63.7 million)) 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.

Unsecured

As at 31 December 2021, the Group has outstanding medium term notes of $195 million (June 2021: $195 million) issued under its $2 billion Multicurrency MTN Programme originally established in 2008, comprising:

- $125 million unsecured 8-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
- $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.

In addition, as at 31 December 2021, the Group has outstanding medium term notes of $225 million (June 2021: $100 million) issued under its $2 billion Multicurrency Debt Issuance Programme, established in January 2020, comprising:

- $100 million unsecured 5-year Singapore MTN (the “2020 Series 001 Notes) (maturing in June 2025) which bear a fixed rate interest of 3.15% per annum payable semi-annually in arrear; and
- $125 million unsecured 7-year Singapore MTN (the “2020 Series 003 Notes”) (maturing in September 2028) which bear a fixed rate interest of 2.23% per annum payable semi-annually in arrear.

As at 31 December 2021, the Group has in place:

- five-year unsecured term loan facility with a club of various banks of outstanding $115 million (maturing in September 2022) (June 2021: outstanding term loan of $240 million). The $50 million committed revolving credit facilities (maturing in September 2022) was cancelled by the Group during the current period.
- five-year unsecured loan facilities with a club of various banks, comprising (a) term loan of $250 million (maturing in February 2026) and (b) $200 million committed revolving credit facilities (maturing in February 2026) (June 2021: outstanding term loan of $250 million). There is no amount outstanding on these revolving credit facilities as at 31 December 2021.
- five-year unsecured term loan facility of JPY3.7 billion ($43.4 million) (maturing in September 2024) (June 2021: JPY3.7 billion ($45.0 million)).
- five and a half year unsecured term loan facility of A$100 million ($98.1 million) (maturing in November 2026) (June 2021: A$100 million ($101.0 million)).
- various unsecured and committed revolving credit facilities of $170 million (maturing between April 2022 and January 2025), of which no amount is outstanding as at 31 December 2021.

During the current period, the Group has entered into a five and a half year unsecured term loan facility agreement of $60 million, which will be used in March 2022 to part refinance the above existing outstanding term loan of $115 million ahead of its maturity in September 2022.

The Group has JPY678 million ($8.0 million) of Japan bond outstanding as at 31 December 2021 (June 2021: JPY678 million ($8.2 million)), maturing in August 2025 (“Series 4 Bonds”). The bondholders of Series 4 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.

6. Perpetual securities holders’ funds

On 15 December 2020, the Trust issued $100 million of subordinated perpetual securities at a fixed rate of 3.85% per annum, with the first distribution rate reset falling on 15 December 2025 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative. Accordingly, the perpetual securities are classified as equity. The expenses relating to the issue of the perpetual securities were deducted against the proceeds from the issue.

7. Units in issue

	Group and Trust	
	6 months ended 31 December 2021 No. of units ’000	**6 months ended 31 December 2020 No. of units ’000**
At 1 July	2,214,204	2,191,127
Issue of units:		
• Management fees paid in units (base fee) (1)	6,482	8,541
• Distribution reinvestment plan (2)	8,708	–
At 31 December	2,229,394	2,199,668
Units to be issued:		
• Management fees payable in units (base fee) (3)	3,141	4,069
Total issued and issuable units at 31 December	2,232,535	2,203,737

(1) During the six months ended 31 December 2021, the Trust issued 6,482,343 (2020: 8,540,578) units at the issue price ranging from $0.5972 to $0.6519 (2020: $0.4353 to $0.4934) per unit, as partial satisfaction of the above base management fees to the Manager.

(2) During the six months ended 31 December 2021, the Trust issued 8,708,244 (2020: Nil) units at an issue price of $0.5926 per unit pursuant to the distribution reinvestment plan.

(3) An estimated 3,141,181 (2020: 4,069,316) units are issuable by the Trust to the Manager as at 31 December 2021, as partial satisfaction of the base management fees for the period from 1 October to 31 December 2021 (2020: 1 October to 31 December 2020).

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.

8. Net asset value ("NAV") and net tangible asset ("NTA") per unit

	Group 31 December 2021 $	Group 30 June 2021 $	Trust 31 December 2021 $	Trust 30 June 2021 $
NAV and NTA per unit based on:				
Units issued and issuable at the end of the period/year [1]	0.80	0.81	0.73	0.74

[1] The number of units used for computation of NAV and NTA per unit attributable to Unitholders is 2,232,535,419 (June 2021: 2,217,828,055). This comprises of (i) the number of units in issue as at 31 December 2021 of 2,229,394,238 (June 2021: 2,214,203,651); and (ii) the estimated number of units issuable to the Manager as partial satisfaction of its base management fee for 2Q FY21/22 of 3,141,181 (June 2021: estimated 3,624,404 for 4Q FY20/21).

9. Gross revenue

	Group 6 months ended 31 December 2021 $'000	Group 6 months ended 31 December 2020 $'000	Trust 6 months ended 31 December 2021 $'000	Trust 6 months ended 31 December 2020 $'000
Property rental income [1]	88,613	86,473	54,087	53,261
Turnover rental income	991	695	756	659
Other income	1,367	1,252	1,183	1,247
	90,971	88,420	56,026	55,167

[1] Included rental assistance of approximately $3.3 million (2020: $7.2 million) for eligible tenants to cushion the impact of the COVID-19 for the six months ended 31 December 2021.

10. Property operating expenses

	Group 6 months ended 31 December 2021 $'000	**Group 6 months ended 31 December 2020 $'000**	**Trust 6 months ended 31 December 2021 $'000**	**Trust 6 months ended 31 December 2020 $'000**
Maintenance and sinking fund contributions	3,243	3,241	3,204	3,204
Property management fees	2,678	2,650	1,683	1,673
Property tax	9,409	9,667	5,832	6,058
Depreciation expense	12	11	7	8
Leasing and upkeep expenses	4,529	3,844	536	324
Marketing expenses	594	644	466	465
Impairment loss recognised (reversal of allowance) on trade receivables	110	2,840	(70)	1,045
Administrative expenses and others	757	537	467	336
	21,332	23,434	12,125	13,113

11. Trust expenses

	Group 6 months ended 31 December 2021 $'000	**Group 6 months ended 31 December 2020 $'000**	**Trust 6 months ended 31 December 2021 $'000**	**Trust 6 months ended 31 December 2020 $'000**
Auditors' remuneration	171	173	113	112
Trustee's fees	235	236	235	236
Others [1]	1,548	1,672	980	1,162
	1,954	2,081	1,328	1,510

[1] Included in other trust expenses are (i) non-audit fees paid/payable to the auditors of the Group and Trust of approximately $55,000 (2020: $67,000) and $34,000 (2020: $65,000) respectively; and (ii) fees paid/payable to the valuers of the Group's and Trust's investment properties of approximately $132,000 (2020: $71,000) and $50,000 (2020: $22,000) respectively for the six months ended 31 December 2021.

12. Finance expenses

	Group 6 months ended 31 December 2021 $'000	**Group 6 months ended 31 December 2020 $'000**	**Trust 6 months ended 31 December 2021 $'000**	**Trust 6 months ended 31 December 2020 $'000**
Interest costs	19,165	20,144	13,565	13,485
Amortisation of borrowing costs	818	755	732	490
Interest expenses on lease liabilities	22	17	20	16
	20,005	20,916	14,317	13,991

13. Earnings per unit

	Group 6 months ended 31 December 2021 $'000	**Group 6 months ended 31 December 2020 $'000**	**Trust 6 months ended 31 December 2021 $'000**	**Trust 6 months ended 31 December 2020 $'000**
Earnings attributable to unitholders [1]	43,576	38,160	31,492	30,842
Basic earnings per unit (cents) [2]	1.96	1.74	1.42	1.40
Earnings per unit on a fully diluted basis (cents) [3]	1.96	1.73	1.41	1.40

(1) Net of amount reserved for distribution to perpetual securities holders.

(2) In computing the basic earnings per unit for the six months ended 31 December 2021, the earnings attributable to unitholders and the weighted average number of units of 2,222,751,051 (2020: 2,195,989,049) during the six months ended 31 December 2021 are used and have been calculated on a time-weighted basis. This comprises the weighted average number of (i) units in issue of 2,222,733,979 (2020: 2,195,966,933); and (ii) estimated units issuable for the settlement of unpaid base management fees.

(3) In computing the diluted earnings per unit for the six months ended 31 December 2021, the weighted average number of units in issue of 2,225,875,160 (2020: 2,200,036,249) during the six months ended 31 December 2021 are used and adjusted to include the potential dilutive units assuming issuance of estimated 3,141,181 (2020: 4,069,316) units for the settlement of unpaid base management fees.

14. Subsequent event

Subsequent to the period ended 31 December 2021, the Manager declared a distribution of 1.78 cents per unit in respect of the period from 1 July 2021 to 31 December 2021, which is payable on 23 March 2022.

15. Financial ratios

	Group	
	31 December 2021	**31 December 2020**
	%	**%**
Ratio of expenses to weighted average net assets (1)	1.01	1.08
Portfolio turnover rate (2)	–	–

(1) The annualised ratios are 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 annualised 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.

Other Information Required By Listing Rule Appendix 7.2

Other Information

1. General

The balance sheet and investment properties portfolio statement of Starhill Global Real Estate Investment Trust (the "Trust" or "Starhill Global REIT") and its subsidiaries (the "Group") and balance sheet of the Trust as at 31 December 2021 and the related statements of total return, distribution statements, statements of movement in unitholders' fund of the Group and the Trust, and the cash flow statement of the Group for the first half year ended and certain explanatory notes have not been audited or reviewed.

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

Starhill Global REIT did not hold any treasury units and subsidiary holdings as at 31 December 2021 and 30 June 2021. 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 Note 7 to the Financial Statements.

1(ii) 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. Review of performance of the Group

2.1 Statement of total return and distribution

	Group 01/07/21 to 31/12/21 $'000	Group 01/07/20 to 31/12/20 $'000	Increase / (Decrease) %
Gross revenue	**90,971**	**88,420**	**2.9%**
Property expenses	(21,332)	(23,434)	(9.0%)
Net property income	**69,639**	**64,986**	**7.2%**
Non property expenses	(29,520)	(30,544)	(3.4%)
Net income before tax	**40,119**	**34,442**	**16.5%**
Change in fair value of derivative instruments	7,585	4,749	59.7%
Foreign exchange (loss)/gain	(603)	618	NM
Change in fair value of investment properties	(194)	(199)	(2.5%)
Total return for the period before tax and distribution	**46,907**	**39,610**	**18.4%**
Income tax	(1,390)	(1,271)	9.4%
Total return for the period after tax, before distribution	**45,517**	**38,339**	**18.7%**
Less: Amount reserved for distribution to perpetual securities holders	(1,941)	(179)	984.4%
Non-tax (chargeable)/deductible items and other adjustments	(918)	5,078	NM
Income available for distribution	**42,658**	**43,238**	**(1.3%)**
Income to be distributed to Unitholders	**39,739**	**41,430**	**(4.1%)**

Financial performance – First half year ended 31 December 2021 ("1H FY21/22") vs First half year ended 31 December 2020 ("1H FY20/21")

Group revenue of $91.0 million in 1H FY21/22 was 2.9% higher than the $88.4 million achieved in the previous corresponding period. Net property income ("NPI") for the Group in 1H FY21/22 was $69.6 million, representing an increase of 7.2% over the previous corresponding period. The increase in NPI was largely due to the lower rental assistance to eligible tenants of the Group including allowance for rental arrears and rebates for Australia Properties, aggregating approximately $3.4 million in 1H FY21/22 (1H FY20/21: $9.0 million), as well as cessation of rental rebates in Malaysia following the completion of asset enhancement works at The Starhill in December 2021, partially offset by weaker contribution from Wisma Atria Property (Retail).

Singapore Properties contributed 61.6% of total revenue, or $56.0 million in 1H FY21/22, 1.6% higher than in 1H FY20/21. NPI for 1H FY21/22 was $43.9 million, 4.4% higher than in 1H FY20/21, mainly due to the lower rental assistance for eligible tenants affected by COVID-19 coupled with lower allowance for rental arrears, partially offset by lower rent at Wisma Atria Property (Retail) during the current period.

Australia Properties contributed 24.1% of total revenue, or $21.9 million in 1H FY21/22, 0.8% higher than in 1H FY20/21. NPI for 1H FY21/22 was $13.7 million, 10.6% higher than in 1H FY20/21, largely attributed to the lower allowance for rental arrears and rebates for eligible tenants during the current period.

Malaysia Properties contributed 11.7% of total revenue, or $10.7 million in 1H FY21/22, 16.6% higher than in 1H FY20/21. NPI for 1H FY21/22 was $10.3 million, 17.8% higher than in 1H FY20/21. The increase in revenue and NPI was mainly due to the cessation of rental rebates for asset enhancement works (completed in December 2021) at The Starhill during the current period, as well as rental assistance for COVID-19 provided for the master tenant in the previous corresponding period.

China and Japan Properties contributed 2.6% of total revenue, or $2.3 million in 1H FY21/22, unchanged from 1H FY20/21. NPI for 1H FY21/22 was $1.8 million, 2.8% lower than in 1H FY20/21.

Non property expenses were $29.5 million in 1H FY21/22, 3.4% lower than in 1H FY20/21, mainly in line with the lower finance costs and trust expenses incurred during the current period.

The change in fair value of derivative instruments in 1H FY21/22 represents mainly the change in the fair value of S$ and A$ interest rate swaps entered into for the Group's borrowings mainly due to expiring interest rate swaps and higher rates as at 31 December 2021.

The net foreign exchange loss in 1H FY21/22 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 change in fair value of investment properties in 1H FY21/22 represents mainly the fair value adjustments of right-of-use assets classified under investment properties in accordance to FRS 116.

The higher income tax expenses was mainly attributed to the higher withholding tax for the Australia Properties in 1H FY21/22.

Income available for distribution for 1H FY21/22 after deducting amount reserved for distribution to perpetual securities holders was $42.7 million, 1.3% lower than in 1H FY20/21. The decrease was mainly due to the one-off adjustment to reflect the timing difference of Singapore property tax refunds in 1H FY20/21 and full period of distribution to perpetual securities holders in 1H FY21/22, partially offset by higher NPI and lower finance costs of the Group. The income to be distributed to Unitholders for 1H FY21/22 was $39.7 million, 4.1% lower than 1H FY20/21's income to be distributed which included the release of $3.1 million (or 0.14 cents per unit) relating to part of the $7.7 million of FY19/20's deferred distributable income. Excluding effects of deferred amount, the income to be distributed to Unitholders for 1H FY21/22 was 3.6% higher than 1H FY20/21. Approximately $2.9 million of income available for distribution for 1H FY21/22 has been retained for working capital requirements.

2.2 Balance sheet

	Notes	Group 31/12/21 $'000	Group 30/06/21 $'000	Trust 31/12/21 $'000	Trust 30/06/21 $'000
Non-current assets					
Investment properties	(a)	2,960,211	2,964,648	2,010,989	2,008,704
Plant and equipment		24	29	20	21
Interests in subsidiaries	(b)	-	-	650,259	659,123
Derivative financial instruments	(c)	3,628	1,303	3,628	1,303
Trade and other receivables	(d)	39	185	-	-
		2,963,902	**2,966,165**	**2,664,896**	**2,669,151**
Current assets					
Derivative financial instruments	(c)	43	91	40	91
Trade and other receivables	(d)	5,646	5,008	3,809	5,386
Cash and cash equivalents	(e)	90,562	108,323	40,051	50,913
		96,251	**113,422**	**43,900**	**56,390**
Total assets		**3,060,153**	**3,079,587**	**2,708,796**	**2,725,541**
Non-current liabilities					
Trade and other payables	(f)	21,606	22,799	16,781	18,093
Derivative financial instruments	(c)	1,284	7,324	-	5,020
Deferred tax liabilities	(g)	7,003	6,795	-	-
Borrowings	(h)	984,109	1,105,353	807,996	927,150
Lease liabilities	(i)	760	341	672	248
		1,014,762	**1,142,612**	**825,449**	**950,511**
Current liabilities					
Trade and other payables	(f)	36,340	41,514	25,187	28,467
Derivative financial instruments	(c)	2,722	2,489	2,717	689
Income tax payable		2,398	2,418	-	-
Borrowings	(h)	114,920	-	114,920	-
Lease liabilities	(i)	347	457	347	457
		156,727	**46,878**	**143,171**	**29,613**
Total liabilities		**1,171,489**	**1,189,490**	**968,620**	**980,124**
Net assets		**1,888,664**	**1,890,097**	**1,740,176**	**1,745,417**
Represented by:					
Unitholders' funds		1,789,035	1,790,478	1,640,547	1,645,798
Perpetual securities holders' funds	(j)	99,629	99,619	99,629	99,619
		1,888,664	**1,890,097**	**1,740,176**	**1,745,417**

<u>Financial position – 31 December 2021 vs 30 June 2021</u>

(a) Investment properties (including right-of-use assets) decreased mainly due to net movement in foreign currencies in relation to the overseas properties, partially offset by capital expenditure incurred during the current period.

(b) The decrease in the Trust's interests in subsidiaries was mainly due to net movement in foreign currencies.

(c) Derivative financial instruments as at 31 December 2021 include mainly the fair value of the interest rate swaps 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 S$ and A$ interest rate swaps during the current period.

(d) The net increase in trade and other receivables was largely attributed to prepaid expenses for Australia Properties during the current period.

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

(f) The decrease in trade and other payables was mainly due to the payment of government grant and rebates to tenants of Singapore Properties, as well as lower payables for Singapore and Australia Properties.

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

(h) Borrowings include $365 million term loans, JPY3.7 billion ($43.4 million) term loan, $420 million Singapore medium term notes ("MTN"), JPY678 million ($8.0 million) Japan bond, A$163 million ($159.8 million) term loans and RM330 million ($106.8 million) Senior MTN. As at 31 December 2021, the Group's aggregate leverage ratio is 36.1% (June 2021: 36.1%) and interest coverage ratio and adjusted interest coverage ratio based on trailing 12 months interest expenses as at 31 December 2021 is approximately 3.1 times and 2.8 times respectively. The net decrease in total borrowings was mainly due to the depreciation of A$ and JPY against S$. During the current period, the Group prepaid $125 million of the remaining $240 million term loan (maturing in September 2022) financed by the new issuance of seven-year $125 million MTN in September 2021.

As at 31 December 2021, the outstanding $115 million term loan maturing in September 2022 was classified as current liabilities. The Group has sufficient undrawn long-term committed revolving credit facilities as at 31 December 2021 to cover the net current liabilities of the Trust and the Group.

During the current period, the Group has entered into a five and a half year unsecured term loan facility agreement of $60 million, which will be used in March 2022 to part refinance the above existing outstanding term loan of $115 million ahead of its maturity in September 2022.

(i) Represents the lease liabilities recognised by the Group on its existing leases.

(j) On 15 December 2020, the Trust issued $100 million subordinated perpetual securities at a fixed rate of 3.85% per annum. The perpetual securities, net of issuance costs, are classified as equity instruments.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Trust has not disclosed any forecast to the market.

4. A commentary at the date of the announcement of 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 operating period and the next 12 months

The global economy is projected to grow 4.9% in 2022[1], while Singapore's GDP in 2022 is forecasted at 3.0% to 5.0%, slowing down from "around 7.0%" in 2021[2].

Growth of retail sales (excluding motor vehicles) increased by 4.1% y-o-y in November 2021[3]. With the Vaccinated Travel Lanes (VTLs) in place, international visitor arrivals for 4Q 2021 rose by 201.8% y-o-y to 157,910[4]. Prime rents in Orchard Road declined 3.9% y-o-y in 4Q 2021[5], amid a more positive retail market sentiment and improving occupancies. Recovery of the retail sector will depend on the successful control of subsequent COVID-19 outbreaks and the continued relaxation of safe distancing measures.

The Singapore Grade A office sector recorded a 3.8%[5] increase y-o-y in rents in 4Q 2021, with an absorption of 0.34 million sq ft during the same time period. This is the highest rate of absorption since 4Q 2019. According to CBRE, the outlook for the Singapore office market is positive, with further rental growth expected in the mid-term, supported by demand from the technology sector and limited new supply[5].

Australia's GDP growth for 2022 is forecasted at 5.5%[6]. November 2021 retail trade numbers increased 5.8% y-o-y[7]. In 3Q 2021, retail rents in Australia remained relatively stable overall, although the lack of CBD foot traffic continued to impact retailers. Western Australia CBD Super Prime Net Face Rent fell 12.3% y-o-y, due to elevated vacancy levels[8].

Malaysia's GDP growth in 2022 is projected to be between 5.5% and 6.5%[9]. In line with this, Retail Group Malaysia has forecasted 6% growth in Malaysia's retail sales for 2022, as Malaysia transitions towards the endemic phase[10].

Overall, while the retail sector has benefitted from the overall recovery of the economy, new COVID-19 strains continue to curtail the lifting of travel restrictions and other social distancing measures. Prolonged border restrictions are expected to continue to impact rental reversions and occupancy rates, even as Singapore transitions to a COVID-19 endemic new normal. Singapore had on 22 November 2021 reverted to the Transition Phase, with group sizes for dine-in and social gatherings increased from two to five persons[11]. As at 1 January 2022, 50% of workers who can work from home were allowed to return to the office, provided they are vaccinated[12]. The sale of Singapore-Malaysia VTL tickets was suspended from 23 December 2021 to 20 January 2022, in view of the surge in cases[13]. As at 21 January 2022, Malaysia has resumed the sales of the Singapore-Malaysia VTL tickets, albeit halving the quota for air and land travel[14]. Following a record number of daily COVID-19 cases, South Australia reintroduced more stringent social distancing measures on 27 December 2021, reducing the density requirements in cafes and restaurants[15]. Western Australia has cancelled plans to reopen its borders on 5 February 2022, given the rapid spread of the Omicron variant.[16]

While the overall outlook appears to be positive, recovery of the retail sector will be gradual, and will depend on how subsequent outbreaks are controlled globally. As the pandemic situation remains fluid with uncertainties, we will continue to adapt and work closely with our tenants and stakeholders.

Building on our portfolio which is characterised by quality master retail leases, we will continue to focus on maintaining a healthy portfolio occupancy and delivering a quality tenant mix. Going forward, we will maintain a prudent capital structure in the event of a prolonged pandemic, whilst focusing on asset rejuvenation so as to be ready for post-COVID-19 recovery.

<u>Sources</u>

[1] International Monetary Fund's World Economic Outlook Report, October 2021.

[2] Ministry of Trade and Industry.

[3] Retail Sales Index, Monthly, Seasonally Adjusted, November 2021.

[4] Singapore Tourism Board.

[5] CBRE Singapore, 4Q 2021.

[6] Reserve Bank of Australia, November 2021.

[7] Australian Bureau of Statistics, Seasonally Adjusted, November 2021.

[8] CBRE Australia Research, 3Q 2021.

[9] Economic Outlook 2022, Ministry of Finance, Malaysia.

[10] The Edge Malaysia, "Retail Group Malaysia projects 6% growth in Malaysia's 2022 retail sales despite lingering pandemic concerns", 7 December 2021.

[11] Ministry of Health, "Resuming Our Transition Towards COVID Resilience", 20 November 2021.

[12] Ministry of Health, "Preparing For The Omicron Variant", 14 December 2021.

[13] The Straits Times, "Decision to lift Singapore-Malaysia VTL suspension to be made 2 days before 20 January 2022: Malaysian minister", 31 December 2021.

[14] The Business Times, "Malaysia resumes ticket sales for quarantine-free travel to Singapore", 21 January 2022.

[15] ABC News, "South Australia records 774 new COVID cases, announces new social distancing measures", 26 December 2021.

[16] Channel News Asia, "Western Australia stays shut as COVID-19 deaths rise in rest of country", 21 January 2022.

5. Distribution

5(a) Current financial period

Any distributions declared for current financial period:	Yes
Name of distribution:	Distribution for the period from 1 July 2021 to 31 December 2021

Distribution rate:

	Unitholders' Distribution For the period from 1 July 2021 to 31 December 2021
	Cents
Taxable income component	1.58
Tax-exempt income component	0.20
Total	1.78

The Manager has determined that the DRP will apply to the distribution for the period from 1 July 2021 to 31 December 2021.

Par value of units:	Not applicable
Tax Rate:	<u>Taxable income component</u> 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). <u>Tax-exempt component</u> Tax-exempt income component is exempt from tax in the hands of all Unitholders.

5(b) Corresponding period of the immediately preceding financial period

Any distributions declared for the previous corresponding financial period:	Yes
Name of distribution:	Distribution for the period from 1 July 2020 to 31 December 2020

Distribution rate

	Unitholders' Distribution
	For the period from 1 July 2020 to 31 December 2020
	Cents
Taxable income component	1.79*
Tax-exempt income component	0.09
Total	1.88

* Includes 0.14 cents from the release of FY19/20's distributable income deferred as allowed under the COVID-19 relief measures.

DRP has been applied to the above distribution for the period from 1 July 2020 to 31 December 2020.

Par value of units:	Not applicable
Tax Rate:	<u>Taxable income component</u> 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). <u>Tax-exempt component</u> Tax-exempt income component is exempt from tax in the hands of all Unitholders.

5(c) Date payable: 23 March 2022

5(d) Record date: 4 February 2022

5(e) Distribution policy

Starhill Global REIT's current distribution policy is to distribute on a semi-annual basis at least 90% of Starhill Global REIT's taxable income to its Unitholders or any other minimum level as allowed under the tax ruling issued by Inland Revenue Authority of Singapore (as may be updated from time to time), with the actual level of distribution to be determined at the discretion of the Manager, having regard to funding requirements, operations and debt repayments, other capital management considerations, and the overall stability of distributions.

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

Not applicable.

7. If the Group has obtained a general mandate from Unitholders for IPTs, the aggregate value of each transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

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

8. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of the Manager confirms that it has procured undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

9. 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 first half year ended 31 December 2021:

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); and
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.

10. Confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and Trust as at 31 December 2021 (comprising the balance sheets as at 31 December 2021, the statements of total return and distribution, the cash flow statements and statements of movements in Unitholders' funds for the first half year ended 31 December 2021, together with their accompanying notes) to be false or misleading in any material respect.

On behalf of the Board

Tan Sri (Sir) Francis Yeoh	Ho Sing
Chairman	Chief Executive Officer/Director

This document may contain forward-looking statements that involve assumptions, 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, outbreak of contagious diseases or pandemic, interest rate and foreign exchange trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

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
Singapore
25 January 2022