



**STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 October 2017 to 31 December 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 October 2017 to 31 December 2017 (“2Q FY17/18”) as well as the six months period from 1 July 2017 to 31 December 2017 (“YTD FY17/18”). The comparative figures are in relation to the period from 1 October 2016 to 31 December 2016 (“2Q FY16/17”) as well as the six months period from 1 July 2016 to 31 December 2016 (“YTD FY16/17”).

As at 31 December 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”).

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SUMMARY OF STARHILL GLOBAL REIT'S RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

	Group 01/10/17 to 31/12/17 S\$'000	Group 01/10/16 to 31/12/16 S\$'000	Increase / (Decrease) %
Gross revenue	52,456	54,067	(3.0%)
Net property income	40,485	41,380	(2.2%)
Income available for distribution	25,680	27,498	(6.6%)
Income to be distributed to Unitholders	25,520	27,483	(7.1%)

	Group 01/10/17 to 31/12/17	Group 01/10/16 to 31/12/16	Increase / (Decrease) %
Distribution per unit ("DPU")			
	Cents per unit		%
For the quarter from 1 October to 31 December ⁽¹⁾	1.17	1.26	(7.1%)
Annualised (based on the three months ended 31 December)	4.64	5.01	(7.4%)

Footnote:

- ⁽¹⁾ The computation of DPU for the quarter ended 31 December 2017 is based on total number of units entitled to the distributable income for the period from 1 October 2017 to 31 December 2017 of 2,181,204,435.

DISTRIBUTION DETAILS

Distribution period	1 October 2017 to 31 December 2017
Distribution amount to Unitholders	1.17 cents per unit
Books closure date	6 February 2018
Payment date	28 February 2018

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

Statement of Total Return and Distribution (2Q FY17/18 vs 2Q FY16/17)

	Notes	Group 01/10/17 to 31/12/17 S\$'000	Group 01/10/16 to 31/12/16 S\$'000	Increase / (Decrease) %	Trust 01/10/17 to 31/12/17 S\$'000	Trust 01/10/16 to 31/12/16 S\$'000	Increase / (Decrease) %
Gross revenue	(a)	52,456	54,067	(3.0%)	32,808	33,178	(1.1%)
Maintenance and sinking fund contributions		(1,755)	(1,761)	(0.3%)	(1,731)	(1,731)	-
Property management fees	(b)	(1,378)	(1,498)	(8.0%)	(966)	(1,004)	(3.8%)
Property tax	(c)	(5,049)	(5,182)	(2.6%)	(3,131)	(3,166)	(1.1%)
Other property expenses	(d)	(3,789)	(4,246)	(10.8%)	(1,310)	(918)	42.7%
Property expenses		(11,971)	(12,687)	(5.6%)	(7,138)	(6,819)	4.7%
Net property income		40,485	41,380	(2.2%)	25,670	26,359	(2.6%)
Finance income	(e)	238	317	(24.9%)	38	164	(76.8%)
Interest income from subsidiaries		-	-	-	1,520	1,473	3.2%
Dividend income from subsidiaries		-	-	-	1,622	2,136	(24.1%)
Fair value adjustment on security deposits	(f)	73	(202)	NM	124	(257)	NM
Management fees	(g)	(4,051)	(4,125)	(1.8%)	(3,821)	(3,890)	(1.8%)
Trust expenses	(h)	(834)	(880)	(5.2%)	(513)	(711)	(27.8%)
Finance expenses	(i)	(9,308)	(10,396)	(10.5%)	(5,750)	(6,899)	(16.7%)
Non property expenses		(13,882)	(15,286)	(9.2%)	(6,780)	(7,984)	(15.1%)
Net income before tax		26,603	26,094	2.0%	18,890	18,375	2.8%
Change in fair value of derivative instruments	(j)	825	4,254	(80.6%)	697	2,591	(73.1%)
Foreign exchange (loss)/gain	(k)	(43)	5,715	NM	(4,403)	(5,136)	(14.3%)
Change in fair value of investment properties	(l)	-	(12,906)	(100.0%)	-	-	-
Impairment loss on investment in subsidiaries	(m)	-	-	-	-	(9,000)	(100.0%)
Total return for the period before tax and distribution		27,385	23,157	18.3%	15,184	6,830	122.3%
Income tax	(n)	(824)	3,147	NM	(180)	-	NM
Total return for the period after tax, before distribution		26,561	26,304	1.0%	15,004	6,830	119.7%
Non-tax deductible/(chargeable) items and other adjustments	(o)	(881)	1,194	NM	10,676	20,668	(48.3%)
Income available for distribution		25,680	27,498	(6.6%)	25,680	27,498	(6.6%)

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 weaker contributions from offices, disruption of income from ongoing asset redevelopment works at Plaza Arcade in Perth and lower revenue at Myer Centre Adelaide. Approximately 37% (2Q FY16/17: 39%) of total gross revenue for the three months ended 31 December 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 for Australia Properties.

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- (d) Other property expenses were lower for the current quarter mainly due to lower operating expenses at China and Japan Properties, partially offset by higher operating expenses at Singapore Properties and Australia Properties.
- (e) Represents interest income from bank deposits and current accounts for the three months ended 31 December 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 decrease in trust expenses for the Group was mainly due to lower expenses incurred by Singapore Properties and Malaysia Properties, partially offset by higher expenses incurred by Australia Properties for the three months ended 31 December 2017.
- (i) Finance expenses were lower for the current quarter mainly due to lower interest costs incurred on the existing borrowings for the three months ended 31 December 2017, as well as the write-off of upfront borrowing costs following the early repayment of loans during the corresponding 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 31 December 2017.
- (k) Represents mainly the realised foreign exchange differences from the settlement of forward contracts for the Group for the three months ended 31 December 2017.
- (l) Represents the revaluation loss on the China Property recorded in the corresponding quarter.
- (m) Represents the impairment loss on the Trust's China investment recorded in December 2016 and determined based on the difference between the carrying amount and the recoverable amount of Top Sure Investment Limited and its subsidiary.
- (n) Income tax includes withholding tax, corporate tax and deferred tax provided for the overseas properties. The variance was mainly attributed to deferred tax reversal arising from downward revaluation of the China Property recorded in the corresponding quarter, as well as higher withholding taxes for the Malaysia Properties and Australia Properties for the three months ended 31 December 2017.
- (o) See details in the distribution statement below.

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Distribution Statement (2Q FY17/18 vs 2Q FY16/17)

	Notes	Group 01/10/17 to 31/12/17 S\$'000	Group 01/10/16 to 31/12/16 S\$'000	Increase / (Decrease) %	Trust 01/10/17 to 31/12/17 S\$'000	Trust 01/10/16 to 31/12/16 S\$'000	Increase / (Decrease) %
Total return after tax, before distribution		26,561	26,304	1.0%	15,004	6,830	119.7%
Non-tax deductible/(chargeable) items and other adjustments:		(881)	1,194	NM	10,676	20,668	(48.3%)
Finance costs	(p)	131	389	(66.3%)	198	944	(79.0%)
Sinking fund contribution		452	452	-	452	452	-
Depreciation		-	70	(100.0%)	-	70	(100.0%)
Change in fair value of derivative instruments		(825)	(4,254)	(80.6%)	(697)	(2,591)	(73.1%)
Change in fair value of investment properties		-	12,906	(100.0%)	-	-	-
Deferred income tax		41	(3,185)	NM	-	-	-
Impairment loss on investment in subsidiaries		-	-	-	-	9,000	(100.0%)
Foreign exchange (gain)/loss		(45)	(5,718)	(99.2%)	4,441	5,387	(17.6%)
Fair value adjustment on security deposits		(73)	202	NM	(124)	257	NM
Other items	(q)	(562)	332	NM	(100)	1,181	NM
Net overseas income not distributed to the Trust, net of amount received		-	-	-	6,506	5,968	9.0%
Income available for distribution		25,680	27,498	(6.6%)	25,680	27,498	(6.6%)
Income to be distributed to Unitholders	(r)	25,520	27,483	(7.1%)	25,520	27,483	(7.1%)

Footnotes:

- (p) Finance costs include mainly amortisation of upfront borrowing costs.
- (q) Other items include mainly trustee's fee, straight-line rental adjustments, commitment fees, and other non-tax deductible/chargeable costs.
- (r) Approximately S\$0.2 million of income available for distribution for the three months ended 31 December 2017 has been retained for working capital requirements.

Financial Statements Announcement For The Second Quarter Ended 31 December 2017

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

	Notes	Group 01/07/17 to 31/12/17 S\$'000	Group 01/07/16 to 31/12/16 S\$'000	Increase / (Decrease) %	Trust 01/07/17 to 31/12/17 S\$'000	Trust 01/07/16 to 31/12/16 S\$'000	Increase / (Decrease) %
Gross revenue	(a)	105,437	109,326	(3.6%)	65,199	68,179	(4.4%)
Maintenance and sinking fund contributions		(3,510)	(3,525)	(0.4%)	(3,463)	(3,463)	-
Property management fees	(b)	(2,816)	(3,111)	(9.5%)	(1,947)	(2,059)	(5.4%)
Property tax	(c)	(9,993)	(10,416)	(4.1%)	(6,062)	(6,435)	(5.8%)
Other property expenses	(d)	(7,263)	(8,005)	(9.3%)	(1,994)	(1,805)	10.5%
Property expenses		(23,582)	(25,057)	(5.9%)	(13,466)	(13,762)	(2.2%)
Net property income		81,855	84,269	(2.9%)	51,733	54,417	(4.9%)
Finance income	(e)	474	571	(17.0%)	81	174	(53.4%)
Interest income from subsidiaries		-	-	-	3,076	2,907	5.8%
Dividend income from subsidiaries		-	-	-	8,480	18,085	(53.1%)
Fair value adjustment on security deposits	(f)	(214)	(218)	(1.8%)	(3)	(214)	(98.6%)
Management fees	(g)	(8,115)	(8,205)	(1.1%)	(7,660)	(7,730)	(0.9%)
Trust expenses	(h)	(1,738)	(1,738)	-	(1,139)	(1,618)	(29.6%)
Finance expenses	(i)	(19,845)	(19,897)	(0.3%)	(12,750)	(12,874)	(1.0%)
Non property expenses		(29,438)	(29,487)	(0.2%)	(9,915)	(1,270)	680.7%
Net income before tax		52,417	54,782	(4.3%)	41,818	53,147	(21.3%)
Change in fair value of derivative instruments	(j)	2,250	3,131	(28.1%)	1,766	1,730	2.1%
Foreign exchange (loss)/gain	(k)	(210)	3,582	NM	(6,001)	(1,875)	220.1%
Change in fair value of investment properties	(l)	-	(12,906)	(100.0%)	-	-	-
Impairment loss on investment in subsidiaries	(m)	-	-	-	-	(9,000)	(100.0%)
Total return for the period before tax and distribution		54,457	48,589	12.1%	37,583	44,002	(14.6%)
Income tax	(n)	(1,731)	2,836	NM	(418)	-	NM
Total return for the period after tax, before distribution		52,726	51,425	2.5%	37,165	44,002	(15.5%)
Non-tax deductible/(chargeable) items and other adjustments	(o)	(324)	5,526	NM	15,237	12,949	17.7%
Income available for distribution		52,402	56,951	(8.0%)	52,402	56,951	(8.0%)

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 period which has been filled up, as well as weaker contributions from offices and disruption of income from ongoing asset redevelopment works at Plaza Arcade in Perth. Excluding the one-off rental compensation, gross revenue for the Group would have decreased by 1.8%. Approximately 38% (YTD FY16/17: 38%) of total gross revenue for the six months ended 31 December 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 period.
- (c) Property tax expenses were lower for the current period mainly due to lower property tax expenses including property tax refunds for Wisma Atria Property.

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- (d) Other property expenses were lower for the current period mainly due to lower operating expenses at China and Japan Properties, partially offset by higher operating expenses at Australia Properties and Ngee Ann City Property.
- (e) Represents interest income from bank deposits and current accounts for the six months ended 31 December 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 lower expenses incurred by the Trust were largely offset by the higher expenses incurred by Australia Properties and Japan Properties for the six months ended 31 December 2017.
- (i) The lower interest costs incurred on the existing borrowings for the six months ended 31 December 2017 were largely offset by the write-off of remaining upfront borrowing costs following the early repayment of loans during the current period.
- (j) Represents mainly the change in the fair value of interest rate swaps and caps, as well as foreign exchange forward contracts for the six months ended 31 December 2017.
- (k) Represents mainly the realised foreign exchange differences from the settlement of forward contracts for the Group for the six months ended 31 December 2017.
- (l) Represents the revaluation loss on the China Property recorded in the corresponding period.
- (m) Represents the impairment loss on the Trust's China investment recorded in December 2016 and determined based on the difference between the carrying amount and the recoverable amount of Top Sure Investment Limited and its subsidiary.
- (n) Income tax includes withholding tax, corporate tax and deferred tax provided for the overseas properties. The variance was mainly attributed to deferred tax reversal arising from downward revaluation of the China Property recorded in the corresponding period, as well as higher withholding taxes for the Malaysia Properties and Australia Properties for the six months ended 31 December 2017.
- (o) See details in the distribution statement below.

Financial Statements Announcement For The Second Quarter Ended 31 December 2017

Distribution Statement (YTD FY17/18 vs YTD FY16/17)

	Notes	Group 01/07/17 to 31/12/17 S\$'000	Group 01/07/16 to 31/12/16 S\$'000	Increase / (Decrease) %	Trust 01/07/17 to 31/12/17 S\$'000	Trust 01/07/16 to 31/12/16 S\$'000	Increase / (Decrease) %
Total return after tax, before distribution		52,726	51,425	2.5%	37,165	44,002	(15.5%)
Non-tax deductible/(chargeable) items and other adjustments:		(324)	5,526	NM	15,237	12,949	17.7%
Finance costs	(p)	1,041	617	68.7%	1,461	1,458	0.2%
Sinking fund contribution		904	904	-	904	904	-
Depreciation		-	141	(100.0%)	-	141	(100.0%)
Change in fair value of derivative instruments		(2,250)	(3,131)	(28.1%)	(1,766)	(1,730)	2.1%
Change in fair value of investment properties		-	12,906	(100.0%)	-	-	-
Deferred income tax		81	(3,145)	NM	-	-	-
Impairment loss on investment in subsidiaries		-	-	-	-	9,000	(100.0%)
Foreign exchange loss/(gain)		148	(3,620)	NM	5,840	2,126	174.7%
Fair value adjustment on security deposits		214	218	(1.8%)	3	214	(98.6%)
Other items	(q)	(462)	636	NM	919	1,722	(46.6%)
Net overseas income not distributed to the Trust, net of amount received		-	-	-	7,876	(886)	NM
Income available for distribution		52,402	56,951	(8.0%)	52,402	56,951	(8.0%)
Income to be distributed to Unitholders	(r)	51,694	55,839	(7.4%)	51,694	55,839	(7.4%)

Footnotes:

- (p) Finance costs include mainly amortisation of upfront borrowing costs.
- (q) Other items include mainly trustee's fee, straight-line rental adjustments, commitment fees, and other non-tax deductible/chargeable costs.
- (r) Approximately S\$0.7 million of income available for distribution for the six months ended 31 December 2017 has been retained for working capital requirements.

**Financial Statements Announcement
For The Second Quarter Ended 31 December 2017**

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

Balance Sheet as at 31 December 2017

	Notes	Group 31/12/17 S\$'000	Group 30/06/17 S\$'000	Trust 31/12/17 S\$'000	Trust 30/06/17 S\$'000
Non-current assets					
Investment properties	(a)	3,145,267	3,136,315	2,147,700	2,147,000
Plant and equipment		47	59	-	-
Interests in subsidiaries	(b)	-	-	602,191	608,852
Derivative financial instruments	(c)	93	41	68	41
		3,145,407	3,136,415	2,749,959	2,755,893
Current assets					
Derivative financial instruments	(c)	96	85	96	63
Trade and other receivables	(d)	9,460	6,341	1,963	2,110
Cash and cash equivalents	(e)	65,309	76,603	18,367	30,493
		74,865	83,029	20,426	32,666
Total assets		3,220,272	3,219,444	2,770,385	2,788,559
Non-current liabilities					
Trade and other payables	(f)	25,467	24,363	19,154	19,003
Derivative financial instruments	(c)	275	1,827	56	1,522
Deferred tax liabilities	(g)	6,906	6,748	-	-
Borrowings	(h)	1,132,660	728,386	799,693	547,522
		1,165,308	761,324	818,903	568,047
Current liabilities					
Trade and other payables	(f)	38,852	38,762	25,330	26,554
Derivative financial instruments	(c)	1,492	2,178	938	1,226
Income tax payable		1,994	1,942	-	-
Borrowings	(h)	-	405,892	-	252,771
		42,338	448,774	26,268	280,551
Total liabilities		1,207,646	1,210,098	845,171	848,598
Net assets		2,012,626	2,009,346	1,925,214	1,939,961
Represented by:					
Unitholders' funds		2,012,626	2,009,346	1,925,214	1,939,961
		2,012,626	2,009,346	1,925,214	1,939,961

Financial Statements Announcement For The Second Quarter Ended 31 December 2017

Footnotes:

- (a) Investment properties increased mainly due to capital expenditure incurred during the current period and net movement in foreign currencies in relation to overseas properties.
- (b) The decrease in the Trust's interests in subsidiaries was mainly due to capital redemptions and net movement in foreign currencies during the current period, partially offset by unitholder's loan and capital injection into Australia subsidiaries.

During the current period, as announced in July 2017, the Trust subscribed for 3,927,000 new redeemable preference shares and 2,675,887 new units in the capital of wholly-owned subsidiaries, SG REIT (WA) Pte Ltd and SG REIT (WA) Trust respectively, for A\$7.7 million, where the proceeds were largely used to part finance the asset redevelopment and capital expenditure in Australia.

During the year ended 30 June 2017, the Trust subscribed for 20,000,000 new redeemable preference shares in the capital of wholly-owned subsidiary, SG REIT (M) Pte Ltd for RM20 million, where the proceeds were used to subscribe for RM20 million junior medium term notes ("MTNs") of wholly-owned subsidiary Ara Bintang Berhad as announced in March and June 2017. The proceeds were largely used for the rejuvenation of Lot 10 Property in Malaysia.

- (c) Derivative financial instruments as at 31 December 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 existing S\$ and A\$ interest rate swaps during the current period.
- (d) The increase in trade and other receivables was mainly due to increase in prepaid expenses for Australia Properties and Malaysia Properties, as well as higher net rent arrears and other receivables mainly for Australia 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 increase in trade and other payables was mainly due to higher payables for Australia Properties and Malaysia Properties, partially offset by lower payables for Singapore Properties and lower security deposits 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\$48.1 million) term loan, S\$295 million Singapore MTNs, JPY745 million (S\$8.8 million) Japan bond, A\$208 million (S\$216.7 million) term loans and RM328.5 million (S\$108.3 million) Malaysia MTN. The net decrease in total borrowings was mainly due to the net movement in foreign currencies, capitalisation of upfront borrowing costs, the prepayment of S\$4.3 million (JPY350 million) of JPY term loan and S\$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, partially offset by 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.

In November 2017, the Group completed the refinancing of its A\$145 million secured term loan ahead of its maturity in May 2018. Please refer to Section 1(b)(ii) for details of the borrowings. As at 31 December 2017, the Group has available undrawn long-term committed RCF to cover the net current liabilities of the Trust.

Financial Statements Announcement For The Second Quarter Ended 31 December 2017

1(b) (ii) Aggregate amount of borrowings

	Notes	Group 31/12/17 S\$'000	Group 30/06/17 S\$'000	Trust 31/12/17 S\$'000	Trust 30/06/17 S\$'000
Secured borrowings	(a)				
Amount repayable w ithin one year		-	153,258	-	-
Amount repayable after one year		325,033	171,745	-	-
		325,033	325,003	-	-
Unsecured borrowings	(b)				
Amount repayable w ithin one year		-	253,000	-	253,000
Amount repayable after one year		811,907	558,908	803,065	549,076
Total borrowings		1,136,940	1,136,911	803,065	802,076
Less: Unamortised loan acquisition expenses		(4,280)	(2,633)	(3,372)	(1,783)
Total borrowings		1,132,660	1,134,278	799,693	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 RM328.5 million (S\$108.3 million) as at 31 December 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\$216.7 million) as at 31 December 2017, comprising:

- (i) A\$63 million (S\$65.6 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\$151.1 million) (maturing in November 2021) loan secured by a general security deed over all the assets of SG REIT (SA) Sub-Trust2 and a mortgage over Myer Centre Adelaide. SG REIT (SA) Sub-Trust2 is wholly owned by the Group.

(b) Unsecured

As at 31 December 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 31 December 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 31 December 2017.
- (ii) five-year unsecured term loan facilities of balance JPY4.05 billion (S\$48.1 million) (maturing in July 2020) with two banks.

The Group has JPY745 million (S\$8.8 million) of Japan bond outstanding as at 31 December 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.

Financial Statements Announcement For The Second Quarter Ended 31 December 2017

1(c) Consolidated cash flow statement (2Q FY17/18 vs 2Q FY16/17) and (YTD FY17/18 vs YTD FY16/17)

	Group 01/10/17 to 31/12/17 S\$'000	Group 01/10/16 to 31/12/16 S\$'000	Group 01/07/17 to 31/12/17 S\$'000	Group 01/07/16 to 31/12/16 S\$'000
Operating activities				
Total return for the period before tax and distribution	27,385	23,157	54,457	48,589
Adjustments for:				
Finance income	(238)	(317)	(474)	(571)
Fair value adjustment on security deposits	(73)	202	214	218
Depreciation	3	149	6	297
Finance expenses	9,308	10,396	19,845	19,897
Plant and equipment written off	6	-	6	-
Change in fair value of derivative instruments	(825)	(4,254)	(2,250)	(3,131)
Foreign exchange loss/(gain)	43	(5,715)	210	(3,582)
Change in fair value of investment properties	-	12,906	-	12,906
Operating income before working capital changes	35,609	36,524	72,014	74,623
Changes in working capital:				
Trade and other receivables	(1,070)	(1,260)	(3,999)	(1,878)
Trade and other payables	1,787	762	566	(759)
Income tax paid	(684)	(208)	(1,543)	(874)
Cash generated from operating activities	35,642	35,818	67,038	71,112
Investing activities				
Capital expenditure on investment properties ⁽¹⁾	(4,400)	(319)	(7,257)	(1,830)
Interest received on deposits	234	262	471	519
Cash flows used in investing activities	(4,166)	(57)	(6,786)	(1,311)
Financing activities				
Borrowing costs paid	(9,551)	(9,030)	(21,354)	(18,124)
Proceeds from borrowings ⁽²⁾	2,000	70,000	471,000	97,577
Repayment of borrowings ⁽²⁾	(2,000)	(69,113)	(468,968)	(92,690)
Distributions paid to Unitholders	(26,174)	(28,356)	(51,912)	(56,494)
Cash flows used in financing activities	(35,725)	(36,499)	(71,234)	(69,731)
Net (decrease)/ increase in cash and cash equivalents	(4,249)	(738)	(10,982)	70
Cash and cash equivalents at the beginning of the period	69,878	79,276	76,603	76,953
Effects of exchange rate differences on cash	(320)	(1,797)	(312)	(282)
Cash and cash equivalents at the end of the period	65,309	76,741	65,309	76,741

Footnotes:

- (1) Includes mainly capital expenditure and asset redevelopment costs paid in relation to Plaza Arcade, Myer Centre Adelaide and Lot 10 Property during the current period.
- (2) The movement during the six months ended 31 December 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\$11 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\$14 million RCF during the current period.

Financial Statements Announcement For The Second Quarter Ended 31 December 2017

1(d) (i) Statement of movements in Unitholders' Funds (2Q FY17/18 vs 2Q FY16/17)

	Notes	Group 01/10/17 to 31/12/17 S\$'000	Group 01/10/16 to 31/12/16 S\$'000	Trust 01/10/17 to 31/12/17 S\$'000	Trust 01/10/16 to 31/12/16 S\$'000
Unitholders' funds at the beginning of the period		2,013,284	2,024,031	1,936,384	1,977,532
Operations					
Change in Unitholders' funds resulting from operations, before distributions	(a)	26,561	26,304	15,004	6,830
Increase in Unitholders' funds resulting from operations		26,561	26,304	15,004	6,830
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		3,395	1,441	-	-
Transfer of translation differences to total return arising from hedge accounting	(b)	838	-	-	-
Exchange differences on monetary items forming part of net investment in foreign operations		(5,278)	(10,851)	-	-
Net loss recognised directly in Unitholders' funds	(c)	(1,045)	(9,410)	-	-
Unitholders' transactions					
Distributions to Unitholders		(26,174)	(28,356)	(26,174)	(28,356)
Decrease in Unitholders' funds resulting from Unitholders' transactions		(26,174)	(28,356)	(26,174)	(28,356)
Unitholders' funds at the end of the period		2,012,626	2,012,569	1,925,214	1,956,006

Footnotes:

- (a) Change in Unitholders' funds resulting from operations for the Group for the three months ended 31 December 2017 includes a gain in the fair value of derivative instruments of S\$0.8 million (2Q FY16/17: S\$4.3 million), a net foreign exchange loss of S\$43,000 (2Q FY16/17: gain of S\$5.7 million) and no loss in the fair value of investment properties (2Q FY16/17: S\$12.9 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.

Financial Statements Announcement For The Second Quarter Ended 31 December 2017

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

	Notes	Group 01/07/17 to 31/12/17 S\$'000	Group 01/07/16 to 31/12/16 S\$'000	Trust 01/07/17 to 31/12/17 S\$'000	Trust 01/07/16 to 31/12/16 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)	52,726	51,425	37,165	44,002
Increase in Unitholders' funds resulting from operations		52,726	51,425	37,165	44,002
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		8,393	5,544	-	-
Transfer of translation differences to total return arising from hedge accounting	(b)	1,709	-	-	-
Exchange differences on monetary items forming part of net investment in foreign operations		(7,636)	(5,457)	-	-
Net gain recognised directly in Unitholders' funds	(c)	2,466	87	-	-
Unitholders' transactions					
Distributions to Unitholders		(51,912)	(56,494)	(51,912)	(56,494)
Decrease in Unitholders' funds resulting from Unitholders' transactions		(51,912)	(56,494)	(51,912)	(56,494)
Unitholders' funds at the end of the period		2,012,626	2,012,569	1,925,214	1,956,006

Footnotes:

- (a) Change in Unitholders' funds resulting from operations for the Group for the six months ended 31 December 2017 includes a gain in the fair value of derivative instruments of S\$2.3 million (YTD FY16/17: S\$3.1 million), a net foreign exchange loss of S\$0.2 million (YTD FY16/17: gain of S\$3.6 million) and no loss in the fair value of investment properties (YTD FY16/17: S\$12.9 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.

Financial Statements Announcement For The Second Quarter Ended 31 December 2017

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

	Notes	Group and Trust 01/10/17 to 31/12/17 Units	Group and Trust 01/10/16 to 31/12/16 Units	Group and Trust 01/07/17 to 31/12/17 Units	Group and Trust 01/07/16 to 31/12/16 Units
Issued units at the beginning of the period		2,181,204,435	2,181,204,435	2,181,204,435	2,181,204,435
Management fees payable in units (base fee)	(a)	-	-	-	-
Management fees payable in units (performance fee)	(b)	-	-	-	-
Total issued units at the end of the period		2,181,204,435	2,181,204,435	2,181,204,435	2,181,204,435

Footnotes:

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

Financial Statements Announcement For The Second Quarter Ended 31 December 2017

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

	Notes	Group 01/10/17 to 31/12/17 S\$'000	Group 01/10/16 to 31/12/16 S\$'000	Group 01/07/17 to 31/12/17 S\$'000	Group 01/07/16 to 31/12/16 S\$'000
Total return for the period after tax, before distribution		26,561	26,304	52,726	51,425
EPU - Basic and Diluted					
Weighted average number of units	(a)	2,181,204,435	2,181,204,435	2,181,204,435	2,181,204,435
Earnings per unit (cents)	(b)	1.22	1.21	2.42	2.36
DPU					
Number of units issued at end of period	(c)	2,181,204,435	2,181,204,435	2,181,204,435	2,181,204,435
DPU for the period based on the total number of units entitled to distribution (cents)		1.17	1.26	2.37	2.56

Footnotes:

- (a) For the purpose of computing the EPU, the earnings attributable to Unitholders and the weighted average number of units during the three months and six months ended 31 December 2017 are used and have been calculated on a time-weighted basis.
- (b) The EPU for the three months ended 31 December 2017 includes a gain in the fair value of derivative instruments of S\$0.8 million (2Q FY16/17: S\$4.3 million), a net foreign exchange loss of S\$43,000 (2Q FY16/17: gain of S\$5.7 million) and no loss in the fair value of investment properties (2Q FY16/17: S\$12.9 million). The diluted EPU is the same as basic EPU.
- The EPU for the six months ended 31 December 2017 includes a gain in the fair value of derivative instruments of S\$2.3 million (YTD FY16/17: S\$3.1 million), a net foreign exchange loss of S\$0.2 million (YTD FY16/17: gain of S\$3.6 million) and no loss in the fair value of investment properties (YTD FY16/17: S\$12.9 million). The diluted EPU is the same as basic EPU.
- (c) The computation of DPU for the three months ended 31 December 2017 is based on number of units in issue as at 31 December 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 31/12/17	Group 30/06/17	Trust 31/12/17	Trust 30/06/17
NAV/NTA per unit (S\$) based on:					
- units issued at the end of the period	(a)	0.92	0.92	0.88	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 31 December 2017 and 30 June 2017.

Financial Statements Announcement For The Second Quarter Ended 31 December 2017

8 Review of the performance Consolidated Statement of Total Return and Distribution (2Q FY17/18 vs 2Q FY16/17) and (YTD FY17/18 vs YTD FY16/17)

	Group 01/10/17 to 31/12/17 S\$'000	Group 01/10/16 to 31/12/16 S\$'000	Increase / (Decrease) %	Group 01/07/17 to 31/12/17 S\$'000	Group 01/07/16 to 31/12/16 S\$'000	Increase / (Decrease) %
Gross revenue	52,456	54,067	(3.0%)	105,437	109,326	(3.6%)
Property expenses	(11,971)	(12,687)	(5.6%)	(23,582)	(25,057)	(5.9%)
Net property income	40,485	41,380	(2.2%)	81,855	84,269	(2.9%)
Non property expenses	(13,882)	(15,286)	(9.2%)	(29,438)	(29,487)	(0.2%)
Net income before tax	26,603	26,094	2.0%	52,417	54,782	(4.3%)
Change in fair value of derivative instruments	825	4,254	(80.6%)	2,250	3,131	(28.1%)
Foreign exchange (loss)/gain	(43)	5,715	NM	(210)	3,582	NM
Change in fair value of investment properties	-	(12,906)	(100.0%)	-	(12,906)	(100.0%)
Total return for the period before tax and distribution	27,385	23,157	18.3%	54,457	48,589	12.1%
Income tax	(824)	3,147	NM	(1,731)	2,836	NM
Total return for the period after tax, before distribution	26,561	26,304	1.0%	52,726	51,425	2.5%
Non-tax deductible/(chargeable) items and other adjustments	(881)	1,194	NM	(324)	5,526	NM
Income available for distribution	25,680	27,498	(6.6%)	52,402	56,951	(8.0%)
Income to be distributed to Unitholders	25,520	27,483	(7.1%)	51,694	55,839	(7.4%)

2Q FY17/18 vs 2Q FY16/17

Revenue for the Group in 2Q FY17/18 was S\$52.5 million, representing a decrease of 3.0% over 2Q FY16/17. Net property income (“NPI”) for the Group was S\$40.5 million, representing a decrease of 2.2% over 2Q FY16/17. The decrease in gross revenue for the Group was mainly due to weaker contributions from offices, disruption of income from ongoing asset redevelopment works at Plaza Arcade in Perth and lower revenue at Myer Centre Adelaide. The decrease in NPI for the Group was largely in line with the lower revenue, partially offset by lower expenses mainly for the China Property.

Singapore Properties contributed 62.5% of total revenue, or S\$32.8 million in 2Q FY17/18, 1.1% lower than in 2Q FY16/17. NPI for 2Q FY17/18 was S\$25.7 million, 2.6% lower than in 2Q FY16/17, mainly due to lower occupancies for Singapore offices as well as higher expenses.

Australia Properties contributed 22.1% of total revenue, or S\$11.6 million in 2Q FY17/18, 8.7% lower than in 2Q FY16/17. NPI for 2Q FY17/18 was S\$7.3 million, 12.4% lower than in 2Q FY16/17 mainly due to Plaza Arcade ongoing redevelopment works, lower revenue at Myer Centre Adelaide largely due to office vacancies and allowance for rent rebates, as well as depreciation of A\$ against S\$, partially offset by higher contribution from David Jones Building.

Malaysia Properties contributed 13.2% of total revenue, or S\$6.9 million in 2Q FY17/18, 0.8% higher than in 2Q FY16/17. NPI for 2Q FY17/18 was S\$6.7 million, 0.8% higher than in 2Q FY16/17, mainly due to appreciation of RM against S\$.

China and Japan Properties contributed 2.2% of total revenue, or S\$1.2 million in 2Q FY17/18, 14.6% lower than in 2Q FY16/17. NPI for 2Q FY17/18 was S\$0.8 million, an increase of 988.5% over 2Q FY16/17 mainly due to lower expenses for China Property, following the conversion of the departmental store model to a single tenancy model.

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Non property expenses were S\$13.9 million in 2Q FY17/18, 9.2% lower than in 2Q FY16/17, mainly due to lower interest costs incurred on the existing borrowings for the three months ended 31 December 2017, as well as the write-off of upfront borrowing costs following the early repayment of loans in 2Q FY16/17.

The net gain on derivative instruments in 2Q 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 2Q FY17/18 arose mainly from the realised foreign exchange differences from the settlement of forward contracts.

The change in fair value of investment properties of S\$12.9 million represents the revaluation loss on the China Property recorded in the corresponding quarter.

The variance in income tax for 2Q FY17/18 was mainly attributed to deferred tax reversal arising from downward revaluation of the China Property recorded in 2Q FY16/17, as well as higher withholding taxes for the Malaysia Properties and Australia Properties.

Income available for distribution for 2Q FY17/18 was S\$25.7 million, being 6.6% lower than the corresponding quarter. Income to be distributed to Unitholders was S\$25.5 million, 7.1% lower than the corresponding quarter mainly due to lower NPI including the effects of straight-line rental adjustments, and higher withholding taxes. Approximately S\$0.2 million of income available for distribution for the three months ended 31 December 2017 has been retained for working capital requirements.

YTD FY17/18 vs YTD FY16/17

Group revenue of S\$105.4 million for the six months ended 31 December 2017 was 3.6% lower than the S\$109.3 million achieved in corresponding period. NPI for the Group was S\$81.9 million, representing a decrease of 2.9% over the corresponding period, 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 period which has been filled up, as well as weaker contributions from offices and disruption of income from ongoing asset redevelopment works at Plaza Arcade in Perth. Excluding the one-off rental compensation recorded in 1Q FY16/17, gross revenue for the Group would have decreased by 1.8% and NPI for the Group would have decreased by 0.6%.

Singapore Properties contributed 61.9% of total revenue, or S\$65.2 million in the current period, 4.4% lower than in corresponding period. NPI decreased by 4.9% to S\$51.7 million for the six months ended 31 December 2017, mainly due to the recognition of S\$1.9 million pre-termination rental compensation for a retail lease at Wisma Atria Property in the corresponding period, as well as lower contributions from the Singapore offices. Excluding the one-off rental compensation recorded in 1Q FY16/17, gross revenue for the Singapore Properties would have decreased by 1.6% and NPI would have decreased by 1.5%.

Australia Properties contributed 22.9% of total revenue, or S\$24.1 million in the current period, 1.2% lower than in corresponding period. NPI was S\$15.0 million, 4.7% lower than in corresponding period, mainly due to higher expenses, allowance for rent arrears and rebates, as well as Plaza Arcade ongoing redevelopment works and lower occupancies at Myer Centre Adelaide office, partially offset by higher retail revenue from Myer Centre Adelaide and David Jones Building.

Malaysia Properties contributed 12.9% of total revenue, or S\$13.6 million in the current period, 1.6% lower than in the corresponding period. NPI was S\$13.2 million, 1.6% lower than in corresponding period, mainly due to depreciation of RM against S\$.

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China and Japan Properties contributed 2.3% of total revenue, or S\$2.5 million in the current period. NPI was S\$1.9 million, 187.6% higher than in corresponding period, 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\$29.4 million in the current period, 0.2% lower than in the corresponding period.

The net gain on derivative instruments for the current period 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 for the current period arose mainly from the realised foreign exchange differences from the settlement of forward contracts.

The change in fair value of investment properties of S\$12.9 million represents the revaluation loss on the China Property recorded in the corresponding period.

The variance in income tax was mainly attributed to deferred tax reversal arising from downward revaluation of the China Property recorded in the corresponding period, as well as higher withholding taxes for the Malaysia Properties and Australia Properties.

Income available for distribution for the six months ended 31 December 2017 was S\$52.4 million, being 8.0% lower than the corresponding period. Income to be distributed to Unitholders was S\$51.7 million, 7.4% lower than the corresponding period mainly due to lower NPI including the effects of straight-line rental adjustments, and higher withholding taxes, partially offset by lower distributable income retained. Approximately S\$0.7 million (YTD FY16/17: S\$1.1 million) of income available for distribution for the six months ended 31 December 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

The global economy has staged a stronger than expected growth in 2017, as the recovery in investment, manufacturing and trade continues, and as commodity-exporting developing economies benefit from firming commodity prices¹. This has led the World Bank to upgrade its forecast of global economic growth to 3.1 per cent for 2018, and 3.0 per cent for 2019, in its recently released Global Economic Prospects report¹.

In Singapore, the economy grew 3.1 per cent in the fourth quarter of 2017 compared to a year ago². Singapore remains a sought-after tourist destination, as international visitor arrivals continued to be healthy, growing 5.8 per cent year-on-year (y-o-y) for the period between January and October 2017³. Advanced estimates from the Singapore Tourism Board show that 14.45 million visitors came to Singapore during that period³, led by visitors from China, Indonesia and India. In 1H 2017, tourism receipts grew 10 per cent to S\$12.7 billion, while tourist shopping receipts surged by a strong 20 per cent⁴.

On the retail front, the retail sales index (excluding motor vehicles) jumped 4.7 per cent y-o-y in November 2017⁵. The pick-up in economic growth boosted retail sales in segments such as wearing apparel & footwear, luxury goods, and department stores, which have shown signs of recovery for the past eight months, according to CBRE's latest report⁶. Average prime retail rents for Orchard Road and the suburban areas remain unchanged for 4Q 2017⁶.

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Grade A Core CBD office rent recovery continued into 4Q 2017 with rents recording a 3.3 per cent quarter-on-quarter (q-o-q) increase to S\$9.40 per sq ft per month, noted CBRE report⁶. While the general outlook for the office market looks positive, there are still some factors that may moderate the extent of rebound such as residual availability from completed developments over the last two years and upcoming secondary space in some older generation buildings⁶.

In Australia, the country's gross domestic product (GDP) grew 0.6 per cent q-o-q in 3Q 2017, accelerated by a seasonally-adjusted 2.8 per cent y-o-y growth during the period, its fastest pace since 2Q 2016⁸. Australian retail sales remain healthy, rising by a seasonally-adjusted 2.7 per cent for the first 11 months of 2017 as compared to the same period a year ago, while at the state level, retail sales for South Australia and Western Australia increased 3.8 per cent and 0.4 per cent respectively⁹.

Malaysia's economy is improving, having clocked its fastest rate of growth since 2Q 2014¹⁰. Its GDP grew by a stronger 6.2 per cent y-o-y in 3Q 2017 led by the services and manufacturing sectors. Retail sales declined 1.1 per cent in 3Q 2017 on the back of weaker purchasing power, based on a report compiled by the Retail Group Malaysia¹¹. The Klang Valley region continues to face a large retail supply with about 16.6 million sq ft of retail space in development and expected completion by 2019¹².

In Malaysia, Lot 10 internal rejuvenation is largely completed. External works to create a new entrance from the new MRT station is expected to complete in the first quarter of 2018.

In Perth, construction works for the asset redevelopment of Plaza Arcade commenced in mid-2017, and is on schedule to be completed in the first quarter of 2018.

Starhill Global REIT's core assets are largely based in Singapore, which contributed approximately 62.5 per cent of its revenue for the three months ended 31 December 2017. The impact of the volatility in the foreign currencies, mainly Australian Dollar and Malaysian Ringgit, on its distributions has been partially mitigated by having foreign currency denominated borrowings as a natural hedge, and short-term foreign currency forward contracts. Following the interest rate hikes in 2017 by the US Federal Reserve with more hikes expected in 2018, the Manager will continue to undertake proactive hedging measures to mitigate interest rate risks.

Underpinned by master and long-term leases and combined with periodic rent reviews, Starhill Global REIT's portfolio has provided resilience through previous economic cycles. Going forward, the Manager continues to pursue portfolio optimisation while sourcing for attractive property assets.

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Sources

1. The World Bank, January 2018 Global Economic Prospects, Broad-Based Upturn, but for How Long? 9 January 2018
2. Ministry of Trade and Industry Singapore, Singapore's GDP Grew by 3.1 Per Cent in the Fourth Quarter of 2017, 2 January 2018
3. Singapore Tourism Board, International Visitor Arrivals Statistics, 5 January 2018
4. Singapore Tourism Board, Tourism Sector Performance, Q2 2017 Report
5. Singapore Department of Statistics, Retail Sales Index, Food and Beverage Services Index, November 2017
6. CBRE, Singapore MarketView Q4 2017
7. Australian Bureau of Statistics, September Key Figures, September 2017
8. Financial Times, Economists react to Australia Q3 GDP, 6 December 2017
9. Australian Bureau of Statistics, Retail Trade, Australia, November 2017
10. Department of Statistics Malaysia, Official Portal, Gross Domestic Product Third Quarter 2017, 17 November 2017
11. The Star Online, Malaysia retail sales down 1.1 Per Cent in Q3, 7 December 2017
12. CBRE WTW Research, 2017 Asia Pacific Real Estate Market Outlook, Malaysia

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11 Distributions (a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: Distribution to Unitholders for the period from 1 October 2017 to 31 December 2017 ("Unitholders' Distribution")

Distribution rate:

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

Par value of units: Not applicable

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

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

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

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(b) Corresponding period of the immediately preceding financial period

Any distributions declared for the previous corresponding financial period:

Yes

Name of distribution: Distribution to Unitholders for the period from 1 October 2016 to 31 December 2016 ("Unitholders' Distribution")

Distribution rate:

	Unitholders' Distribution
	For the period from 1 October 2016 to 31 December 2016
	Cents
Taxable income component	0.9700
Tax-exempt income component	0.1500
Capital component	0.1400
Total	1.2600

Par value of units: Not applicable

Tax rate:

Taxable income component

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

Tax-exempt component

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

Capital component

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

(c) **Date payable:** 28 February 2018

(d) **Books Closure Date:** 6 February 2018

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

Not applicable.

13 General mandate for interested person transactions

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

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

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

15 Certification pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Starhill Global REIT for the quarter ended 31 December 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 31 December 2017 (comprising the balance sheets as at 31 December 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

Financial Statements Announcement For The Second Quarter Ended 31 December 2017

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

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

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

Lam Chee Kin
Joint Company Secretary
29 January 2018