

STARHILL
GLOBAL REIT

Quality Redefined

Starhill Global REIT Annual Report 2011



Vision

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

Mission

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

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

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

Values

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

- Integrity
- Client commitment
- Strive for profitability
- Fulfilment for our people
- Teamwork
- Highest standards

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Cover

Location: Starhill Gallery, located within the heart of the popular Bukit Bintang shopping precinct in Kuala Lumpur's Golden Triangle, is a lifestyle destination with seven levels of retail, each offering a different and unique experience.

Model: Elena S
Photography: Kim Mun
Stylist: Allien
Outfit: Valentino

Overview

Starhill Global REIT is a Singapore-based real estate investment trust investing primarily in real estate used for retail and office purposes, both in Singapore and overseas. Since its listing on the Mainboard of the Singapore Exchange Securities Trading Limited on 20 September 2005, Starhill Global REIT has grown its initial portfolio from interests in two landmark properties on Orchard Road in Singapore to 13 properties in Singapore, Malaysia, China, Australia and Japan, valued at about S\$2.7 billion.

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

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

“Quality is never an accident; it is always the result of intelligent effort.”

John Ruskin



Quality

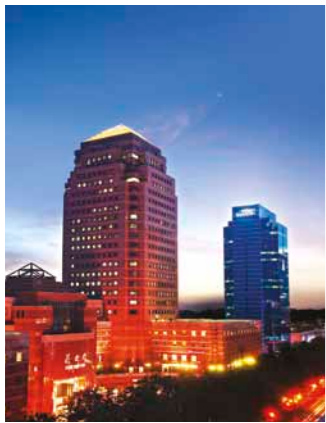
Prime Location

Quality assets strategically located in prime shopping belts of Singapore, Malaysia, China, Australia and Japan.

Quality Prime Location

Wisma Atria and Ngee Ann City, Orchard Road

Strategically located along the most popular stretch of Orchard Road and linked directly to the Orchard MRT Station.



Wisma Atria and Ngee Ann City, Orchard Road



Orchard Road, Singapore



Murray Street, Perth, Australia

Source:

⁽¹⁾ Singapore Tourism Board, 7 February 2012

⁽²⁾ Tourism Western Australia, Quarterly Visitor Snapshot Year Ending September 2011



David Jones Building, Murray Street

David Jones Building, Hay Street and Murray Street

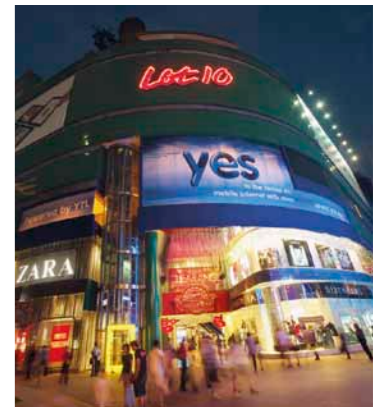
Enjoys dual frontage along the bustling Murray Street and Hay Street, the only two pedestrian streets in the city of Perth.

Starhill Gallery and Lot 10, Bukit Bintang

Located in the heart of the popular Bukit Bintang shopping district in Kuala Lumpur's Golden Triangle.



Starhill Gallery, Bukit Bintang



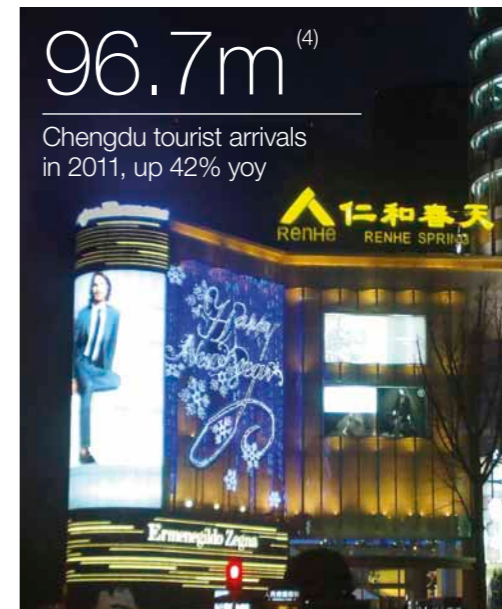
Lot 10, Bukit Bintang



Bukit Bintang, Kuala Lumpur, Malaysia



Renhe Spring Zongbei Property (before facelift)



Renhe Spring Zongbei Property (after facelift)

Renhe Spring Zongbei Property, Renminnan Road

Located in Chengdu's affluent district featuring a wide range of luxury and quality international brands.

Source:

⁽³⁾ Bernama, Malaysian National News Agency, 10 February 2012

⁽⁴⁾ China Daily, 6 January 2012. Consists of domestic and international travellers.

Creating Value

Asset Redevelopment

Reinventing and rejuvenating our assets to optimise returns and stay competitive.



Creating Value

Asset Redevelopment

Starhill Gallery Asset Redevelopment

Completed in September 2011. The RM25 million asset redevelopment generates an additional Net Property Income (NPI) of about RM1.7 million per annum.



Starhill Gallery, before asset redevelopment



Photograph by Sharon Lam

Sincere Fine Watches, featuring a new and innovative flagship boutique



Starhill Gallery, iconic architecture on Bukit Bintang after asset redevelopment



Starhill Tea Salon, a new F&B concept with a wide variety of tea including exclusive blends

The asset redevelopment created an additional net lettable area of approximately 8,100 sq ft with new tenants such as Jaeger-LeCoultre, Sincere Fine Watches and Hermès Horloger boutique.

Wisma Atria Asset Redevelopment

A S\$31 million asset redevelopment is in progress and due for completion in 3Q 2012. It is expected to generate an additional NPI of approximately S\$2.5 million per annum on a stabilised basis.



Wisma Atria, before asset redevelopment



Wisma Atria, after asset redevelopment. Artist impression of the revamped Wisma Atria (subject to change).

This asset redevelopment will unveil a new frontage for Wisma Atria, featuring double-storey storefronts designed to showcase the latest flagship stores of international retailers such as Coach, Tory Burch, Swatch concept store and Tag Heuer.



Knowledge

Knowing Our Markets

With deep understanding of tenants and shoppers, we create value through innovative initiatives.

Knowledge

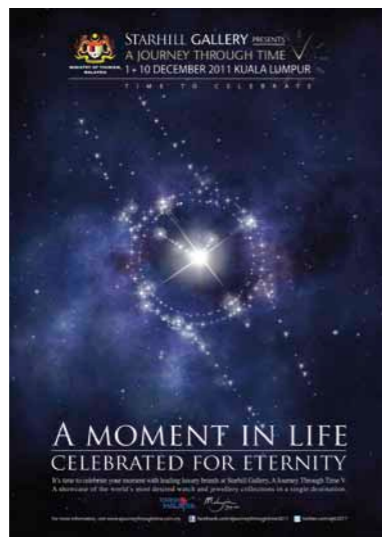
Knowing Our Markets

Creating awareness beyond the shores



Starhill Gallery relaunch, SPB Yang Dipertuan Agong Al-Wathiqu Billah Tuanku Mizan Zainal Abidin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah and SPB Raja Permaisuri Agong Tuanku Nur Zahirah, in the company of the legendary Grammy Award winner, Julio Iglesias. They were joined by hosts, Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Group Executive Chairman of YTL Corporation Berhad and Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad.

The relaunch of Starhill Gallery was held in conjunction with Asia's largest annual luxury watch and jewellery event "A Journey Through Time V" which saw legendary Grammy Award winner Julio Iglesias performing at a concert along Bintang Walk.



A Journey Through Time V at Starhill Gallery, Asia's largest luxury watch event and jewellery festival



A Journey Through Time V, Guest Dato' Yeoh Soo Min and Dato' Jimmy Choo

Wisma Atria – Preferred choice for new brands over the years



Food Republic, first establishment in 2005



GAP, first flagship store in Asia outside Japan opened in 2006



Cotton On, first store in Singapore opened in 2007



Seafoolly, first flagship store opened in 2011



Tory Burch, first flagship store to open in 2012

A woman with long blonde hair, wearing a beige trench coat over a dark turtleneck, beige trousers, and blue peep-toe wedge heels, is walking on a tarmac. She is carrying a brown leather briefcase and holding a pair of glasses. In the background, a red and white helicopter is parked. The scene is lit with warm, golden light, suggesting sunset or sunrise.

Stability

Financial Strength

Proactive capital management and a strong balance sheet enable us to deliver consistent performance.

Financial Highlights

S\$180.1m

Revenue up 8.7%

98.7%

Strong Occupancy

S\$143.6m

NPI up 10.1%

S\$1,851.0m

Stable NAV

S\$90.8m

**Income available for
distribution** up 10.1%

30.8%

Healthy Gearing

Our Distinguished Portfolio



Ebisu Fort
Retail*



Roppongi Terzo
Retail



Daikanyama
Retail



Roppongi Primo
Retail*



Holon L
Retail



Nakameguro
Retail



Harajuku
Secondo
Retail



Renhe Spring
Zongbei Property
Retail



Starhill Gallery
Retail*



Lot 10 Property
Retail*



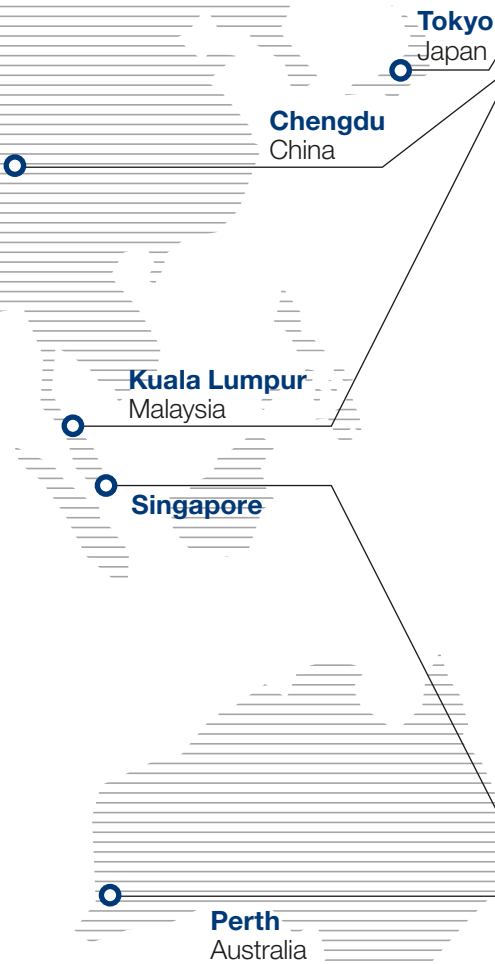
Ngee Ann City Property
Retail and Office



Wisma Atria Property
Retail and Office



David Jones Building
Retail



* Largely retail with a small office component.

Letter to Unitholders



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

Mr Ho Sing
Chief Executive Officer and
Executive Director

Dear Unitholders,

On behalf of the Board of YTL Starhill Global REIT Management Limited, as the Manager of Starhill Global REIT, we are pleased to present the report and audited financial statements of Starhill Global REIT for the financial year ended 31 December 2011 (FY 2011).

Strong financial performance

FY 2011 was another successful year for the REIT with distribution per unit (DPU) of 4.12 cents (post rights issue) being the highest achieved since the listing of the REIT in September 2005. This translates into a yield of 7.29% based on the last traded price of 56.5 cents in 2011. Gross revenue was up 8.7% to S\$180.1 million in FY 2011, mainly attributed to the full year contribution from the Malaysia Properties. NPI grew by 10.1% to S\$143.6 million. Net asset value per unit was 95 cents as at 31 December 2011.

Our acquisitions in 2010 contributed positively

Full year contribution from Starhill Gallery and Lot 10 Property in Kuala Lumpur boosted revenue from Malaysia by 91.9% to S\$30.8 million in FY 2011. Both properties were acquired on 28 June 2010. Malaysia is now the second largest contributor to Starhill Global REIT's total revenue for FY 2011 at 17.1%. The two assets are established retail malls in Bukit Bintang, the epicentre of retail, tourism and entertainment in Kuala Lumpur's Golden Triangle.

Asset rejuvenation to optimise returns to Unitholders

Asset redevelopment is part of our continuous effort to create value and stay competitive. In July 2011, Wisma Atria Property commenced its S\$31 million asset redevelopment with completion targeted in 3Q 2012. The asset redevelopment is expected to generate an additional NPI of approximately S\$2.5 million per annum on a stabilised basis, representing a return on investment of approximately 8%. The 123-metre Orchard Road frontage of Wisma Atria will feature a new façade incorporating double-storey storefronts. These stores will be anchored by international, new-to-market brands seeking a prominent boutique location

on Singapore's prime retail belt. Both Coach and Tag Heuer are opening their first principal-run flagship stores in Singapore featuring their brands' complete product range. Tory Burch, an American lifestyle brand, will be a new-to-market addition while Swatch Group will be establishing its first concept store in South-East Asia featuring the branded timepieces under the group.

The asset redevelopment for Starhill Gallery commenced in April 2011 and was completed in September 2011. The RM25 million (S\$10.2 million) redevelopment created an additional net lettable area of 8,100 sq ft of prime retail space which generates an additional NPI of RM1.7 million (S\$0.7 million) per annum, or about 7% return on investment. New tenants include Jaeger-LeCoultre, Sincere Fine Watches and Hermès Horloger boutique. The new façade design has transformed the thriving landscape of Bintang Walk and will contribute to Kuala Lumpur's standing as a world-class city and shopping destination. The re-launch of Starhill Gallery on 1 December 2011 was graced by His Majesty, The King of Malaysia SPB Yang Dipertuan Agong Al-Wathiqu Billah Tuanku Mizan Zainal Abidin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah and SPB Raja Permaisuri Agong Tuanku Nur Zahirah, in the company of legendary Grammy Award winner, Julio Iglesias.

A facelift of Renhe Spring Zongbei Property in China was completed in the last quarter of 2011. Ermenegildo Zegna launched its Chengdu flagship store in the property on 1 December 2011.

Quality portfolio delivering high occupancy

In FY 2011, Singapore Properties contributed 60.8% of the REIT's total revenue. The master lease agreement at Ngee Ann City Property's retail mall provides stability in rental income. Despite the asset redevelopment at Wisma Atria Property's retail component, an occupancy of 94.8% was achieved as at 31 December 2011. Wisma Atria remains as one of the key shopping destinations along Orchard Road with a record shopper traffic of 29.3 million in 2011, an increase of about 9% compared to 2010.

Starhill Global REIT's acquisitions in 2010 contributed positively to the strong financial performance in FY 2011. As part of our initiatives to create value for our Unitholders, we embarked on the asset redevelopment for Wisma Atria in Singapore and Starhill Gallery in Kuala Lumpur, Malaysia. The latter was completed in September 2011.

Overall occupancy for the office components of Ngee Ann City Property and Wisma Atria Property is 94.9% and 95.8% respectively as at 31 December 2011. Singapore's transformation to a regional tourist destination has positively contributed to an improved take up of office space at Wisma Atria by international retailers who are either making their maiden entrance into the Singapore market or expanding their operations.

David Jones Building in Perth, Australia is largely under a long-term lease agreement with anchor tenant, David Jones Limited. Acquired in January 2010, the property benefited from the upward-only rent reversion of the David Jones lease in August 2011.

Renhe Spring Zongbei Property in Chengdu, China enjoyed full occupancy and remains the destination of choice for the city's affluent shoppers. Despite competition from new malls, FY 2011 revenue and NPI outperformed FY 2010 in RMB terms by approximately 12% and 14% respectively.

Japan's economic activity was disrupted by the earthquake disaster in March 2011. Private consumption has been recovering and retailers are slowly regaining confidence. The Japan Properties achieved an occupancy rate of 96.3% as at 31 December 2011, up from 78.9% as at 31 March 2011, and accounted for 4.2% of total revenue for FY 2011.

Capital Management

We continue to be prudent in our capital management strategy. Aggregate leverage stood at 30.8% with a weighted average interest rate of approximately 3.25% per annum as at 31 December 2011 and interest service coverage ratio of 4.4 times for FY 2011. We have partially refinanced JPY1.5 billion (S\$25.1 million) of the JPY3.1 billion (S\$51.9 million) unsecured bonds ahead of maturity in May 2012 and have recently obtained S\$65 million unsecured revolving credit facility maturing in December 2013, which will further enhance our financial flexibility. There is no major refinancing requirement until 2013. Standard & Poor's also reaffirmed Starhill Global REIT's corporate rating of "BBB" in May 2011.

Outlook

2011 ended with a cloud of uncertainty as the unresolved debt crisis in the Eurozone threatens to derail the growth of the global economies. As we enter 2012, the global economy remains vulnerable to downside risks. Notwithstanding this, Asian economies should continue to lead the world on the

back of strong domestic demand, with the World Bank projecting Asia's GDP to expand by 7.8% for 2012 against a global growth rate of 2.5%.

Since its listing in 2005, Starhill Global REIT has withstood economic swings and delivered consistent and sustained performance. Income available for distribution has been growing at a compounded annual growth rate of 10.6% from S\$54.9 million in FY 2006 to S\$90.8 million in FY 2011. Throughout this period, portfolio occupancy rate has been healthy, achieving 95.4% even during the global and domestic economic crisis in 2009.

In 2012, we will continue to create value with our active management strategies and generate sustainable returns to Unitholders. We will maintain our disciplined approach towards capital and risk management, and explore potential acquisitions of prime assets to enhance growth in Starhill Global REIT's core markets as we identify them.

Acknowledgements

The Board and Management would like to thank our directors for their invaluable contribution and guidance. We would also like to extend our heartfelt thanks to our colleagues for their hard work and dedication, and to our tenants, business partners and investors for their continued trust and support.

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

Ho Sing
Chief Executive Officer and Executive Director

1 March 2012

Financial Summary

	FY 2011	FY 2010	CHANGE (%)
Gross Revenue (<i>million</i>)	S\$180.1	S\$165.7	8.7
Net Property Income (<i>million</i>)	S\$143.6	S\$130.5	10.1
Income Available for Distribution (<i>million</i>)	S\$90.8	S\$82.5	10.1
Income to be Distributed to:			
– Unitholders (<i>million</i>)	S\$80.1	S\$75.7	5.7
– CPU holders (<i>million</i>)	S\$9.4	S\$5.0	88.9
Distribution Per Unit	4.12 cents	3.90 cents	5.6
Distribution Yield	7.29%	6.24%	NM
	(S\$0.565) ¹	(S\$0.625) ¹	
Total Return	(3.5%)	27.1%	NM
Net Asset Value Per Unit	S\$0.95	S\$0.94	1.1
Net Asset Value Per Unit, assuming full conversion of CPU	S\$0.85 ²	S\$0.84 ²	1.2
Total Assets (<i>million</i>)	S\$2,839.1	S\$2,786.6	1.9
Investment Properties			
– Number of Properties	13	13	
– Valuation (<i>million</i>)	S\$2,709.7	S\$2,654.5	2.1
Gearing	30.8%	30.2%	NM

Notes:

¹ Based on the last traded price for the year.

² 173,062,575 convertible preferred units (CPU) were issued on 28 June 2010 as part consideration for the acquisition of the Malaysia Properties. For illustrative purposes, the net asset value per unit has assumed the full conversion of the CPU into 238,181,358 ordinary units as at the end of the period. For avoidance of doubt, the CPU is only convertible after three years from the date of its issuance.

Starhill Global REIT unit price & daily volume since IPO

(20 Sep 2005 – 31 Dec 2011)

From 1 January to 31 December 2011

Opening price (3 Jan 2011)	S\$0.625
Closing price (30 Dec 2011)	S\$0.565
High (28 July 2011)	S\$0.660
Low (4 October 2011)	S\$0.560
Volume traded (in million units)	446.96

— Volume
— Unit Price



* Starhill Global REIT issued 963,724,106 rights units pursuant to the rights issue completed in August 2009.

Significant Events in 2011

April

- Commenced asset redevelopment works at Starhill Gallery, Kuala Lumpur, Malaysia at a cost of RM25 million (S\$10.2 million).

May

- Standard & Poor's reaffirmed Starhill Global REIT's "BBB" corporate family rating with a stable outlook.

July

- Commenced S\$31 million asset redevelopment works at Wisma Atria Property with completion targeted for 3Q 2012. When stabilised, the project is expected to generate a return on investment of approximately 8%.

September

- Completed redevelopment work at Starhill Gallery, providing annual NPI of RM1.7 million (S\$0.7 million) from a new master lease covering the additional 8,100 sq ft of NLA and generating a return on investment of approximately 7%.

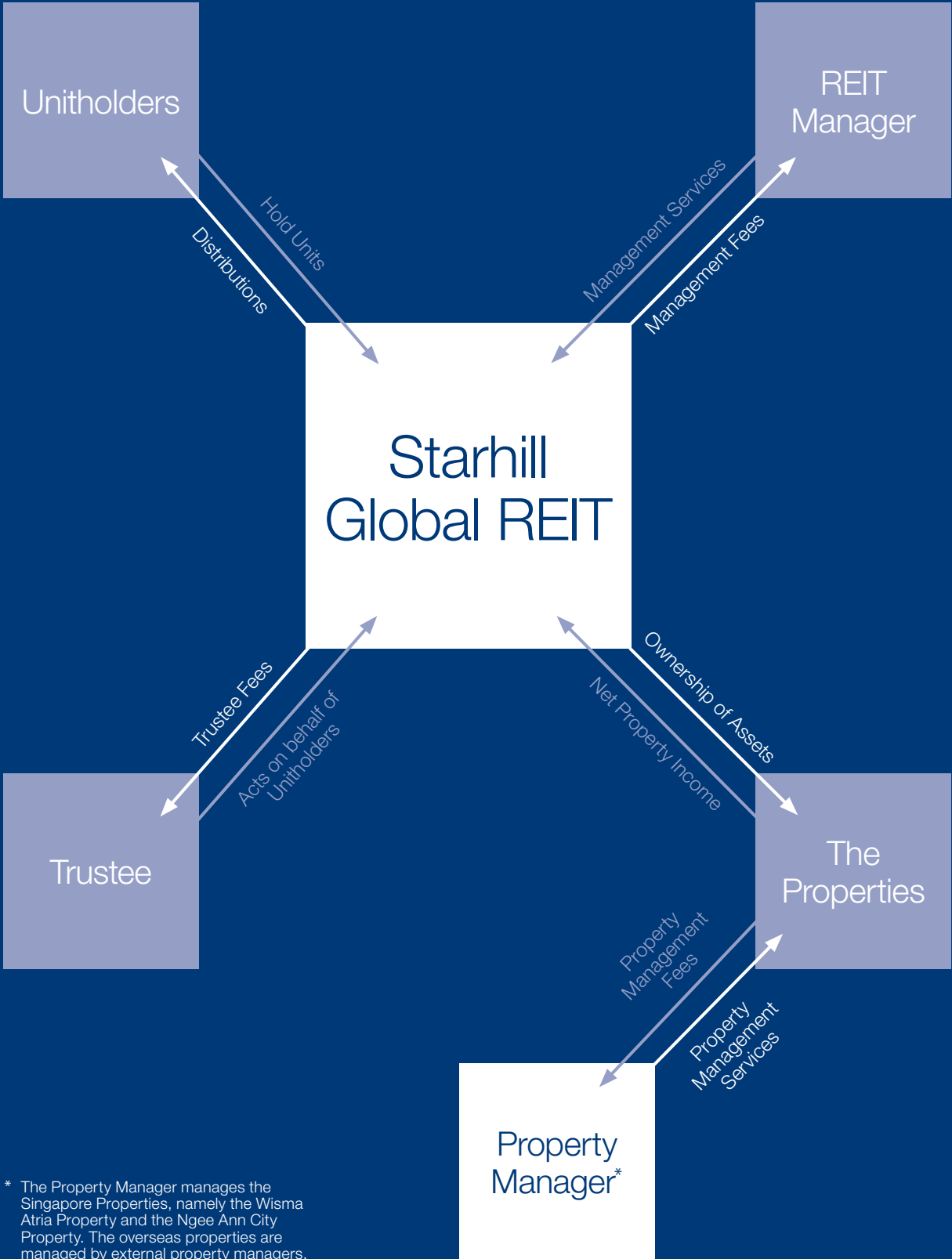
October

- Entered into a facility agreement for secured term loan facilities of up to JPY13 billion (S\$217.8 million) to finance the Yen payments under the REIT's cross currency swaps upon maturity.

December

- The re-launch of Starhill Gallery on 1 December 2011 was graced by His Majesty, The King of Malaysia SPB Yang Dipertuan Agong Al-Wathiqu Billah Tuanku Mizan Zainal Abidin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah and SPB Raja Permaisuri Agong Tuanku Nur Zahirah, in the company of legendary Grammy Award winner, Julio Iglesias.
- Completed facelift at Renhe Spring Zongbei Property in Chengdu, China. Ermenegildo Zegna expanded its floor space in the property, creating its flagship store for Chengdu.
- Partially refinanced JPY1.5 billion (S\$25.1 million) of the JPY3.1 billion (S\$51.9 million) unsecured bond facility ahead of maturity in May 2012, with proceeds from the issuance of new bonds maturing in November 2016.
- Attracted a record shopper traffic of 29.3 million to the Wisma Atria Property in 2011, an increase of about 9% compared to 2010.
- Starhill Global REIT's Portfolio was valued at S\$2.7 billion as at 31 December 2011.

Trust Structure



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

Board of Directors



1. Tan Sri Dato'
(Dr) Francis Yeoh Sock Ping

Executive Chairman

Tan Sri Dato' (Dr) Francis Yeoh joined the Board on 31 December 2008. Tan Sri Francis studied at Kingston University, UK, where he obtained a Bachelor of Science (Hons) in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. He was appointed as an Executive Director of YTL Corp in 1984 and has been the Managing Director of YTL Group since 1988. Under his stewardship, YTL Corp has grown from a single listed entity into a force comprising six listed entities, i.e. YTL Corp, YTL Power International Berhad, YTL Cement Berhad, YTL Land & Development Berhad, YTL e-Solutions Berhad and Starhill Real Estate Investment Trust.

He is presently the Managing Director of YTL Corp, YTL Power International Berhad, YTL Cement Berhad and YTL Land & Development Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad. Tan Sri Francis is also the Executive Chairman and Managing Director of YTL e-Solutions Berhad which is listed on the ACE Market of Bursa Malaysia Securities Berhad. Besides the listed entities in YTL Group, Tan Sri Francis also sits on the board of several public companies such as YTL Industries Berhad, YTL Foundation and prominent private utilities companies including Wessex Water Limited and Wessex Water Services Limited in the United Kingdom. He is also a director and Chief Executive Officer of Pintar Projek Sdn Bhd, the manager of Starhill Real Estate Investment Trust.

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council. He is also a member of The Nature Conservancy Asia Pacific Council, the Asia Business Council and Trustee of the Asia Society. He is also



2. Mr Ho Sing

Executive Director

He was appointed as a member of Barclays Asia-Pacific Advisory Committee in 2005. In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II. In 2008, he was appointed Chairman for South-East Asia of the International Friends of Louvre and he also received a prestigious professional accolade when made a fellow of the Institute of Civil Engineers in London. He was named one of Asia's Top Executives in 2008 by Asiamoney.

He is the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010.

Tan Sri Francis is responsible for charting the strategic direction and growth of Starhill Global REIT in consultation with the Board and monitoring the translation of Board decisions into executive actions and the overall management of Starhill Global REIT's business and operations.

2. Mr Ho Sing

Executive Director

Mr Ho joined the Board on 20 April 2010. He is the Chief Executive Officer of the Manager. He assists the Executive Chairman and the Board in formulating strategies for Starhill Global REIT and is responsible for the day-to-day operations of Starhill Global REIT. He has over 15 years of leadership and management experience with multi-national companies in



3. Dato' Yeoh Seok Kian

Non-Executive Director

He is currently a Non-Executive Director of Daiman Development Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

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

3. Dato' Yeoh Seok Kian

Non-Executive Director

Dato' Yeoh Seok Kian joined the Board on 31 December 2008. He has been an Executive Director of YTL Corp since 1984. He is currently the Deputy Managing Director of YTL Corp and YTL Power International Berhad, and the Executive Director of YTL Cement Berhad and YTL Land & Development Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad.

Dato' Yeoh Seok Kian also serves on the board of several other public companies such as YTL Industries Berhad, The Kuala Lumpur Performing Arts Centre and private utilities company, Wessex Water Limited. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of Starhill Real Estate Investment Trust.

Dato' Yeoh Seok Kian holds a Bachelor of Science (Honours) degree in Building from Heriot-Watt University, Scotland and is a Fellow of the Faculty of Building, United Kingdom, as well as a Member of the Chartered Institute of Building (United Kingdom).



4. Mr Keith Tay Ah Kee
Lead Independent Director

Mr Tay joined the Board on 1 October 2007 and is the Chairman of the Audit Committee. He is the Chairman of Stirling Coleman Capital Ltd and a member of the Governing Council of the Singapore Institute of Directors and a Board Member of the Singapore International Chamber of Commerce (of which he was a past Chairman). In addition, Mr Tay also serves on the boards of several other companies listed on the SGX-ST, including FJ Benjamin Holdings Ltd, SATS Ltd, Singapore Post Limited, Rotary Engineering Limited and Singapore Reinsurance Corporation Ltd., and AMVIG Holdings Limited, a company listed on the Stock Exchange of Hong Kong Limited. He was the Chairman and Managing Partner of KPMG Peat Marwick Singapore from 1984 to 1993 and President of the Institute of Certified Public Accountants of Singapore from 1982 to 1992.

Mr Tay qualified as a Chartered Accountant in London, UK. He was conferred the BBM – Public Service Star in 1990 by the President of the Republic of Singapore. In 1988, he was conferred the First International Award by the Institute of Chartered Accountants in England & Wales for outstanding contributions to the profession. The Institute of Certified Public Accountants of Singapore conferred upon Mr Tay the Gold Medal for distinguished service to the profession and made him an Honorary Fellow in 1993.



5. Dr Hong Hai
Independent Director

Dr Hong Hai joined the Board on 18 July 2005 and is a member of the Audit Committee. He is a Professor at Nanyang Business School, Nanyang Technological University in Singapore. He is a director of Poh Tiong Choon Logistics Ltd, Luye Pharma Ltd and China Merchant Pacific Holding Ltd. He was previously Dean of the business school at Nanyang Technological University (2002 – 2007) and President and Chief Executive Officer of Haw Par Corporation Limited (1990 – 2003), and has taught at the Kellogg School of Management in Chicago and the National University of Singapore.

He holds a first class honours degree in Electrical Engineering from the University of Canterbury, a Master in Public Administration from Harvard University and a PhD (Economics) from Carnegie Mellon University. He is an Honorary Council Member of the Singapore Chinese Chamber of Commerce & Industry.

6. Mr Michael Hwang
Independent Director

Mr Hwang joined the Board on 1 January 2006 and is a member of the Audit Committee. He earned his law degrees at Oxford University and was formerly a Judicial Commissioner of the Supreme Court of Singapore and one of the first 12 Senior Counsel appointed in Singapore. He now practices as an independent barrister and international arbitrator and also serves as the Chief Justice of the Dubai International Financial Centre Courts and Singapore's Non-Resident



Ambassador to Switzerland. Mr Hwang is also the Chairman of Singapore Dance Theatre Ltd.

His past appointments include being a Commissioner of UN Compensation Commission, President of the Law Society of Singapore, Vice President of the ICC International Court of Arbitration and Member of the Permanent Court of Arbitration at the Hague. He advised the Real Estate Developers' Association of Singapore for many years, including preparations for the establishment of REITs in Singapore. He has served on the boards of several publicly listed companies including The Straits Trading Company Ltd (1989 – 1991; 1993 – 2009) as well as PSA Corporation Ltd (and its predecessor the Port of Singapore Authority) from 1995 – 2000.

7. Ms Tan Peck Mun Kemmy
Alternate Director to Dato' Yeoh Seok Kian

Ms Tan, alternate director to Dato' Yeoh Seok Kian, joined the Board on 21 April 2010. She is the CEO of YTL Land & Development ("YTL Land"), the real estate development arm of YTL Group. She also sits on the board of YTL Singapore Pte Ltd and her remit includes managing the YTL Group's global property portfolio, identification of global property investments, sales & marketing and management of existing property assets and YTL Land's growing landbank of 2,000 acres across Malaysia, Singapore, Thailand and Japan.

Ms Tan is also a Council Member for the Real Estate Developers' Association of Singapore (REDAS). Ms Tan holds a Bachelor of Science (Honours) degree in Estate Management from the National University of Singapore.

Executive Officers of REIT Manager



1. Mr Ho Sing

Chief Executive Officer

Mr Ho assists the Executive Chairman and the Board in formulating strategies for Starhill Global REIT. He works closely with other members of the Manager and the Property Manager to ensure these strategies are implemented. He is also responsible for the day-to-day operations of Starhill Global REIT. Mr Ho holds a Bachelor of Science degree in Aerospace Engineering from the University of Texas, Austin, USA. He completed the Stanford Executive Program at Stanford University in 2002.

2. Ms Alice Cheong

Chief Financial Officer

Ms Cheong oversees the Finance and Accounting, as well as the Investor Relations and Corporate Communications functions. Ms Cheong has more than 17 years of financial advisory, mergers and acquisitions and corporate finance experience, including eight years in the real estate sector. Prior to joining YTL Starhill Global REIT Management Limited, she was a vice president in MEAG Pacific Star Asia Pte Ltd, involved in real estate acquisitions in Asia. Ms Cheong has nine years of investment banking experience with HSBC, NM Rothschild & Sons and Hong Leong Bank in Singapore.

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

3. Mr Stephen Yeo

Senior Vice President, Finance & Accounting

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

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

4. Mr Chris Chong

Senior Vice President, Head of Asset Management

Mr Chong heads the Asset Management function and is responsible for delivering asset enhancement and organic growth for Starhill Global REIT's properties. Mr Chong has more than 12 years of management experience globally in Singapore, Hong Kong and Paris. Prior to joining the Manager, Mr Chong held senior positions with Itochu Singapore, Asia Pacific Breweries, Moet Hennessy Louis Vuitton (LVMH) and the Singapore Economic Development Board (EDB).



Under the Singapore EDB Scholarship, Mr Chong graduated in 1998 with a Master of Information Networking from Carnegie Mellon University and an Engineering degree from a French Grande Ecole in Paris, France. In 2004, he obtained a Master in Financial Management and Control from business school ESSEC in Paris.

5. Ms Clare Koh

Senior Vice President, Head of Investments

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

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

6. Mr Lam Chee Kin

Senior Vice President, Legal & Compliance and Company Secretary

Mr Lam is responsible for legal, compliance and company secretarial matters of the Manager and Starhill Global REIT. His legal career spans private

practice in the litigation field before moving on to in-house legal counsel roles within SGX-ST listed companies and a REIT. His broad experience includes corporate commercial matters in various industries including real estate, cross-border acquisitions and divestments as well as financing and joint ventures.

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

7. Mr Jonathan Kuah

Senior Vice President, Investor Relations & Corporate Communications

Mr Kuah is responsible for strategic communication with Unitholders, potential investors, analysts and media. He has over 18 years' experience in the financial industry, including five years in the real estate industry. Prior to joining the Manager, he spent five years with CapitaLand Limited as VP of Investor Relations. Mr Kuah also held corporate banking positions at HSBC and Crédit Agricole Corporate & Investment Bank as well as investment analyst positions at various brokerages.

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

Executive Officers of Property Manager



1. Ms Ong Mei-Lynn

[General Manager](#)

Ms Ong is responsible for the overall property management of the Wisma Atria Property and Ngee Ann City Property, including Leasing, Marketing, Property Operations, Finance and Human Resources. Ms Ong has more than 10 years of asset management, leasing and business development experience at property funds and developers in the Asia-Pacific region. Her property experience covers the retail, office and industrial segments in Singapore, Malaysia, China, Australia and Japan. Prior to this, she was Vice President, Asset Management and managed Starhill Global REIT's assets in Singapore, China, Australia and Japan. Ms Ong's former experience includes asset management of logistics assets under Mapletree Logistics Trust, as well as leasing head managing commercial assets under United Engineers Limited. She holds a Bachelor of Arts degree from the National University of Singapore and an MBA from Imperial College, London.

2. Ms Sandra Lee

[Senior Vice President, Human Resource & Administration](#)

Ms Lee is responsible for human resource management and office administration functions, including staffing, compensation and benefits, employee engagement and providing both strategic and tactical execution of all HR related programmes. She has over 20 years of HR and administration experience in real estate and construction related industries. Prior to this, she was HR and Administration Manager for Al Khaleej Investments (S) Pte Ltd

(former owners of Wisma Atria Property and Forum The Shopping Mall) from 1987 to 2002 where she was involved in organisation change management and integration activities. Ms Lee holds a Bachelor of Business degree in Business Administration (major in Human Resource Management) from the Royal Melbourne Institute of Technology, Australia and a Diploma in Management Studies from the Singapore Institute of Management.

3. Ms Kulanthalvelu Parameshvari

[Vice President, Finance](#)

Ms Parameshvari, with more than 20 years' experience in the audit and finance industry, is responsible for finance, accounting and tax functions. Prior to joining the Property Manager, she was with Wisma Development Pte Ltd (WDPL) from 1986 to 2002 where she was responsible for its finance, accounting and tax functions and served as the chairman, treasurer, secretary and a council member representing WDPL of the Wisma Atria Management Corporation. She also worked in the audit department of Ernst and Young from 1979 to 1986. Ms Parameshvari is a Bachelor of Science graduate from the University of Madras. She is also a member of the Association of Chartered Certified Accountants and the Institute of Certified Public Accountants of Singapore.

4. Ms Chan Shuk Ling

[Vice President, Marketing](#)

Ms Chan is responsible for conceptualising and implementing marketing programmes to attract shoppers and increase tenants' sales turnover at



the Wisma Atria Property and Level 5 of the Ngee Ann City Property. Ms Chan has more than 10 years of marketing experience. From 2001 to 2002, she was with WDPL where she was responsible for the advertising and promotional activities for the Wisma Atria Property. Prior to that, Ms Chan worked with Seiyu Department Store where she was in charge of implementing marketing programmes for their chain outlets. Ms Chan graduated with a degree in Arts from the National University of Singapore in 1996.

5. Ms Shereen Bernadette De Souza

Vice President, Leasing

Ms De Souza is responsible for all leasing operations and tenant relationships for the Wisma Atria Property (office) and Ngee Ann City Property (office/retail). She has over 20 years of experience in leasing in the property management industry. She was previously the Assistant Manager at Raffles City Singapore for 18 years from 1987 to 2002 and from 2003 to 2006. Ms De Souza holds a Diploma in Sales & Marketing from the Marketing Institute of Singapore.

6. Ms Foo Chai Hong

Vice President, Leasing

Ms Foo is responsible for leasing operations and tenant relationships for the Wisma Atria Property (retail). She has more than 15 years of experience in the real estate industry. Her real estate experience covers valuation, office, industrial and retail sectors with Knight Frank Pte Ltd, Jones Lang LaSalle Pte Ltd and Jurong Town Corporation. Prior to this, she was a Manager (Leasing) at CapitaMalls Asia Ltd from



2006 to 2010 where she headed a team in charge of leasing activities at Bugis Junction. She was also a manager at CapitaLand Retail (Group Leasing HQ) from 2004 to 2006. Ms Foo holds a Bachelor of Science degree in Building and Estate Management from the National University of Singapore.

7. Mr Tan How Song

Vice President, Property Operations

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

Property Highlights

Notes:

- ¹ Starhill Gallery and Lot 10 Property were acquired on 28 June 2010 and based on the exchange rate of RM2.32:S\$1 at acquisition.
- ² Based on the exchange rate of RM2.45:S\$1 at 31 December 2011.
- ³ Renhe Spring Zongbei Property was acquired on 28 August 2007 and based on the exchange rate of RMB4.96:S\$1 at acquisition.
- ⁴ Based on the exchange rate of RMB4.85:S\$1 at 31 December 2011.
- ⁵ David Jones Building was acquired on 20 January 2010 and based on the exchange rate of A\$0.79:S\$1 at acquisition.
- ⁶ Based on the exchange rate of A\$0.76:S\$1 at 31 December 2011.
- ⁷ Roppongi Primo, Roppongi Terzo, Holon L, Harajyuku Secondo, Daikanyama and Nakameguro were acquired on 30 May 2007 while Ebisu Fort was acquired on 26 September 2007 and based on the exchange rate of JPY79.97:S\$1 at acquisition.
- ⁸ Based on the exchange rate of JPY59.70:S\$1 at 31 December 2011.

NAME	ADDRESS	DESCRIPTION	NLA (SQ FT)	TITLE	NUMBER OF TENANTS	PURCHASE PRICE	MARKET VALUATION	COMMITTED OCCUPANCY	MAJOR TENANTS	FY 2011 REVENUE	FY 2011 NPI
			<i>(as at 31 Dec 2011)</i>	<i>(as at 31 Dec 2011)</i>	<i>(as at 31 Dec 2011)</i>	<i>(\$ million)</i>	<i>(as at 31 Dec 2011)</i>	<i>(as at 31 Dec 2011)</i>		<i>(\$ million)</i>	<i>(\$ million)</i>
Wisma Atria Property	435 Orchard Road, Singapore 238877	257 strata lots in Wisma Atria representing 74.23% of the total share value of the strata lots in Wisma Atria	Retail: 127,454 Office: 98,889	Remaining leasehold estate of 49.25 years, expiring on 31 March 2061	128	663.0	878.0	Retail: 94.8% Office: 95.8%	FJ Benjamin Lifestyle Pte. Ltd., Cotton On Singapore Pte. Ltd., Food Republic Pte. Ltd., Charles & Keith Group	54.6	40.8
Ngee Ann City Property	391/391B Orchard Road, Singapore 238874	4 strata lots in Ngee Ann City representing 27.23% of the total share value of the strata lots in Ngee Ann City	Retail: 255,021 Office: 139,165	Remaining leasehold estate of 60.25 years, expiring on 31 March 2072	52	640.0	982.0	Retail: 100.0% Office: 94.9%	Toshin Development Singapore Pte. Ltd. (master tenant), DBS Bank Ltd., Statoil Asia Pacific Pte Ltd	54.7	44.1
Starhill Gallery ¹	181 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Shopping centre comprising part of a seven-storey building with five basements and a 12-storey annex building with three basements	306,113*	Freehold	1	271.3 ¹	275.5 ²	100.0%	Katagreen Development Sdn Bhd (master tenant)	18.9	18.4
Lot 10 Property ¹	50 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	137 strata parcels and two accessory parcels within Lot 10 shopping centre	256,811*	Remaining leasehold estate of 64.58 years, expiring on 29 July 2076	1	173.0 ¹	166.4 ²	100.0%	Katagreen Development Sdn Bhd (master tenant)	11.9	11.6
Renhe Spring Zongbei Property ³	No. 19, Renminnan Road, Chengdu, China	A four-storey plus mezzanine level retail podium forming part of a mixed use commercial development	100,854 (GFA)	Remaining leasehold estate of 24 years, expiring on 27 December 2035	93	70.6 ³	89.5 ⁴	100.0%	Alfred Dunhill (Shanghai) Trading Company Limited, Bally (Shanghai) Commercial Co., Ltd., Hugo Boss China Retail Co., Ltd., Zegna Trading (Shanghai) Co., Ltd.	17.7	10.8
David Jones Building ⁵	622-646 Hay Street Mall, Perth, Western Australia	Four-storey building for retail use	259,154 (GLA)	Freehold	7	145.7 ⁵	153.0 ⁶	100.0%	David Jones Limited, The Merchant Master Franchisor (Aust), Jeanswest Corporation Pty Ltd, Pandora Property Leasing Pty Limited, Betts Group Pty Ltd	14.7	12.3
Ebisu Fort ⁷	1-24-2 Ebisu Minami, Shibuya-ku, Tokyo, Japan	Seven-storey building for office and retail use	18,816*	Freehold	6	71.3 ⁷	56.3 ⁸	100.0%	Lime Members Co., Ltd., Defence Associates Co., Ltd., Non Pi Co., Ltd., Style Create Co., Ltd., Plug-In Co., Ltd.	1.8	1.1
Roppongi Primo ⁷	7-5-9 Roppongi, Minato-ku, Tokyo, Japan	Eight-storey building for office and retail use	5,072*	Freehold	6	13.8 ⁷	12.9 ⁸	76.5%	Fine Cube Co., Ltd., Bloom Co., Ltd., Kajiyama Yoshie, Altex Asia K.K.	0.5	0.2
Roppongi Terzo ⁷	7-13-7 Roppongi, Minato-ku, Tokyo, Japan	Five-storey building for F&B and entertainment use	14,451	Freehold	1	38.9 ⁷	45.9 ⁸	100.0%	Feria Tokyo Co., Ltd.	2.6	2.1
Holon L ⁷	3-12-13 Kita Aoyama, Minato-ku, Tokyo, Japan	Three-storey building for retail use	5,047	Freehold	3	20.4 ⁷	17.4 ⁸	100.0%	Alberobello Co., Ltd., Fujimaru G.K., Plaisir Inc.	0.9	0.7
Harajyuku Secondo ⁷	1-19-1 Jingumae, Shibuya-ku, Tokyo, Japan	Three-storey building for retail use	2,249	Freehold	2	6.1 ⁷	5.3 ⁸	100.0%	I-care Japan Co., Ltd., Roco Nails Co., Ltd.	0.3	0.2
Daikanyama ⁷	1-31-12, Ebisu-Nishi, Shibuya-ku, Tokyo, Japan	Three-storey building for retail and F&B use	8,087	Freehold	5	22.8 ⁷	20.1 ⁸	100.0%	Good Design Company Co., Ltd., Agape Co., Ltd., Zweisel Japan Co., Ltd., Human's Brain Co., Ltd., Cholon Y.K.	1.1	0.9
Nakameguro ⁷	1-20-2 Aobadai, Meguro-ku, Tokyo, Japan	Four-storey building for retail use	3,526	Freehold	3	7.1 ⁷	7.4 ⁸	74.3%	LDH apparel Inc., Ad Universe Co., Ltd., Hataya Kazuhito	0.4	0.3

* Largely retail with a small office component.

Property Portfolio Summary

Starhill Global REIT's current portfolio comprises 13 prime properties (Portfolio) in Singapore, Malaysia, China, Australia and Japan. These are namely, stakes in Wisma Atria and Ngee Ann City on Orchard Road, Singapore's main shopping street, Starhill Gallery and Lot 10 Property in Kuala Lumpur, Malaysia, the Renhe Spring Zongbei Property in Chengdu, China, David Jones Building in Perth, Australia and the Japan Properties in Tokyo, Japan.

Diversified Retail And Office Portfolio

By gross revenue for 2011, the Portfolio is diversified across Singapore (60.8%), Malaysia (17.1%), China (9.8%), Australia (8.1%) and Japan (4.2%). The retail and office assets contribute 87.8% and 12.2% of the Portfolio's revenue for 2011 respectively.

For December 2011, the Portfolio's top 10 tenants accounted for 52.4% of the Portfolio's gross rent. The top three tenants, Toshin Development Singapore Pte. Ltd. (Toshin), YTL Group and David Jones Limited, accounted for 18.8%, 17.1% and 5.9% respectively of the Portfolio's gross rent in December 2011, with no other tenant accounting for more than 5%.

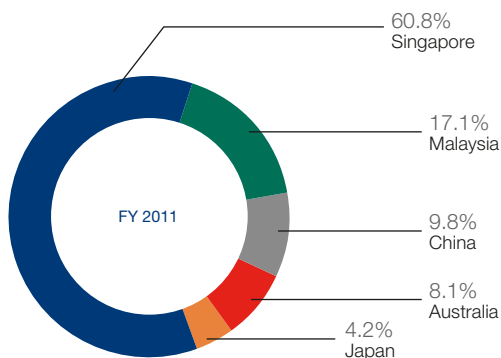
Resilient Lease Profile

The master leases and long-term leases provide rental income stability to the Portfolio. The Toshin master lease for Ngee Ann City Property has an option to renew in 2013 for another term of 12 years and incorporates a rent review every three years with the first one at the point of renewal. Both

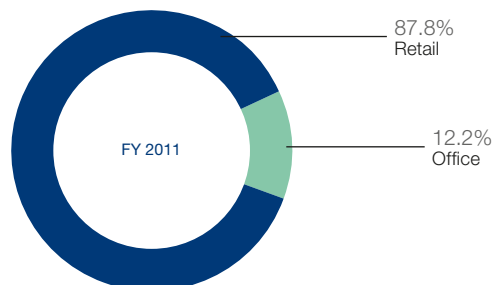
Starhill Gallery and Lot 10 Property in Kuala Lumpur, Malaysia, are under master tenancies with Katagreen Development Sdn Bhd. These are for a fixed term of 3+3 years commencing on 28 June 2010, with a put and call option by the landlord and the master tenant respectively to extend the tenancy for the Malaysia Properties for a further three years upon expiry of the second term. David Jones Building in Perth, Australia has a long term lease with the anchor tenant, David Jones Limited, which expires in 2032. Together, these master leases and long-term leases account for approximately 41.3% of the Portfolio's gross rent as at 31 December 2011.

The remaining leases of the Portfolio are on a short to medium term basis and are actively managed by the Manager. In Singapore, apart from the Toshin master lease, earnings are derived from retail leases in Wisma Atria Property and Ngee Ann City Level 5, as well as office leases which are generally contracted for a period of two to three years, in line with the prevailing market practice.

Gross Revenue by Country



Gross Revenue by Retail and Office



Top 10 Tenants

TENANT NAME	PROPERTY	% OF PORTFOLIO GROSS RENT ^{1,2}
Toshin Development Singapore Pte. Ltd.	Ngee Ann City Property	18.8%
YTL Group ³	Ngee Ann City Property, Wisma Atria Property, Starhill Gallery and Lot 10 Property	17.1%
David Jones Limited	David Jones Building	5.9%
FJ Benjamin Lifestyle Pte. Ltd.	Wisma Atria Property	2.4%
Cotton On Singapore Pte. Ltd.	Wisma Atria Property	2.3%
BreadTalk Group	Wisma Atria Property	2.0%
Feria Tokyo Co., Ltd.	Roppongi Terzo	1.3%
Charles & Keith Group	Wisma Atria Property	1.2%
Betts Group Pty Ltd	David Jones Building	0.7%
Statoil Asia Pacific Pte Ltd	Ngee Ann City Property	0.7%
Total		52.4%

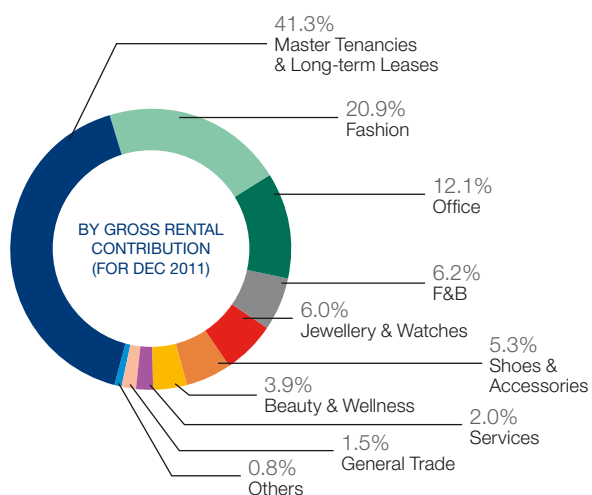
Notes:

¹ For the month of December 2011.

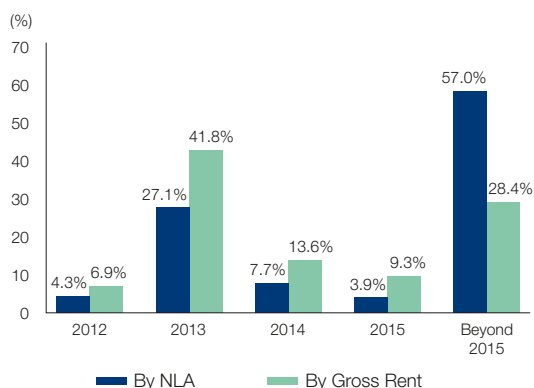
² The total portfolio gross rent is based on the gross rent of all the properties including the Renhe Spring Zongbei Property.

³ Consists of Katagreen Development Sdn Bhd, YTL Singapore Pte Ltd, YTL Starhill Global REIT Management Limited, YTL Starhill Global Property Management Pte. Ltd., YTL Hotels (S) Pte Ltd and Lakefront Pte Ltd.

Portfolio Trade Mix



Portfolio Lease Expiry ^{1,2}



Notes:

¹ As at 31 December 2011.

² The Portfolio lease expiry profile does not include the Renhe Spring Zongbei Property as it operates as a department store with mostly short-term concessionaire leases running 3 – 12 months.

Tenancies in the Japan Properties currently have two to five-year lease terms. The Renhe Spring Zongbei Property in China is operated as a department store with mostly short-term concessionaire leases running three to 12 months.

The weighted average lease term expiry (by NLA) of the Portfolio is 6.5 years as at 31 December 2011.

Asset Redevelopment

The Wisma Atria Property asset redevelopment commenced in 3Q 2011 and is due for completion by 3Q 2012. The asset redevelopment will further strengthen its position as one of Singapore's leading malls in Orchard Road. About S\$31 million of capital expenditure is budgeted with a projected return on investment of approximately 8% on a stabilised basis. The cost of the asset redevelopment works will be funded from the proceeds of the rights issue completed in 2009 and/or working capital.

In 3Q 2011, Starhill Gallery completed a RM25 million asset redevelopment that created an additional NLA of 8,100 sq ft and generated a return on investment of about 7%.

During the year, the Renhe Spring Zongbei Property also completed a façade upgrade and refreshed its tenant mix to stay competitive in the Chengdu market.

Weakening Singapore Office Market

The Singapore office market softened in 4Q 2011 according to CBRE. A total of 9.8 million sq ft of additional space is expected to be added to the office sector by 2016, up from the current total supply of 51.8 million sq ft. In view of the current economic uncertainty, prospective tenants are likely to scale back or delay expansion plans. This, coupled with the increased supply, is expected to create some downward pressure on office rents in 2012. However, the Orchard Road office sub-market attracts a different tenant profile compared to the core CBD with a low exposure to the banking and financial sector. As at 31 December 2011, the overall occupancy of the office properties in the Portfolio increased to more than 95% on the back of new entrants and expansions in particular from the fashion, retail services, advertising and medical sectors.

Valuation

The valuation of Starhill Global REIT's property portfolio in aggregate was S\$2,709.7 million as at 31 December 2011, compared with S\$2,654.5 million as at 31 December 2010. The increase of S\$55.3 million was mainly driven by the Singapore Properties, Renhe Spring Zongbei Property and the Malaysia Properties.

As at 31 December 2011, the combined valuation of the Wisma Atria Property and the Ngee Ann City Property increased by S\$47.4 million yoy, driven primarily by Wisma Atria Property's asset redevelopment initiative. The outlook for the properties' retail rental continues to be positive in view of the limited new supply in prime retail space on Orchard Road. The increase in the office valuation has been moderated by the concerns of slower economic growth in 2012 and upcoming supply of new office space in the pipeline around Singapore's CBD.

The Malaysia Properties and David Jones Building were valued at RM1,081.0 million (approximately S\$441.9 million) and A\$116.0 million (approximately S\$153.0 million) respectively as at 31 December 2011. The increase in the valuation of the Malaysia Properties was driven by the completed asset redevelopment of Starhill Gallery. The increase in valuation in local currency terms was partially offset by the Ringgit depreciation during the period.

The valuation of the Renhe Spring Zongbei Property as at 31 December 2011 increased by RMB21.0 million yoy, mainly attributed to higher net income. The RMB appreciation during the period has further increased the gain in valuation to 11.2% in Singapore dollar terms.

The valuation of the Japan Properties as at 31 December 2011 declined by JPY1,249.0 million yoy, mainly due to the soft Japan market and the impact of the March 2011 earthquake on business sentiments and consumer spending, leading to lower rents. The decrease in local currency terms was partially offset by the appreciating Yen during the period.

Portfolio Valuation

DESCRIPTION	31 DEC 2011 (S\$ million)	31 DEC 2010 (S\$ million)	CHANGE (S\$ million)	CHANGE (%)
Wisma Atria Property	878.0	847.5	30.5	3.6
Ngee Ann City Property	982.0	965.1	16.9	1.8
Malaysia Properties ¹	441.9	434.6	7.3	1.7
Renhe Spring Zongbei Property ²	89.5	80.5	9.0	11.2
David Jones Building ³	153.0	151.4	1.7	1.1
Japan Properties ⁴	165.3	175.4	(10.1)	(5.8)
Total	2,709.7	2,654.5	55.3	2.1

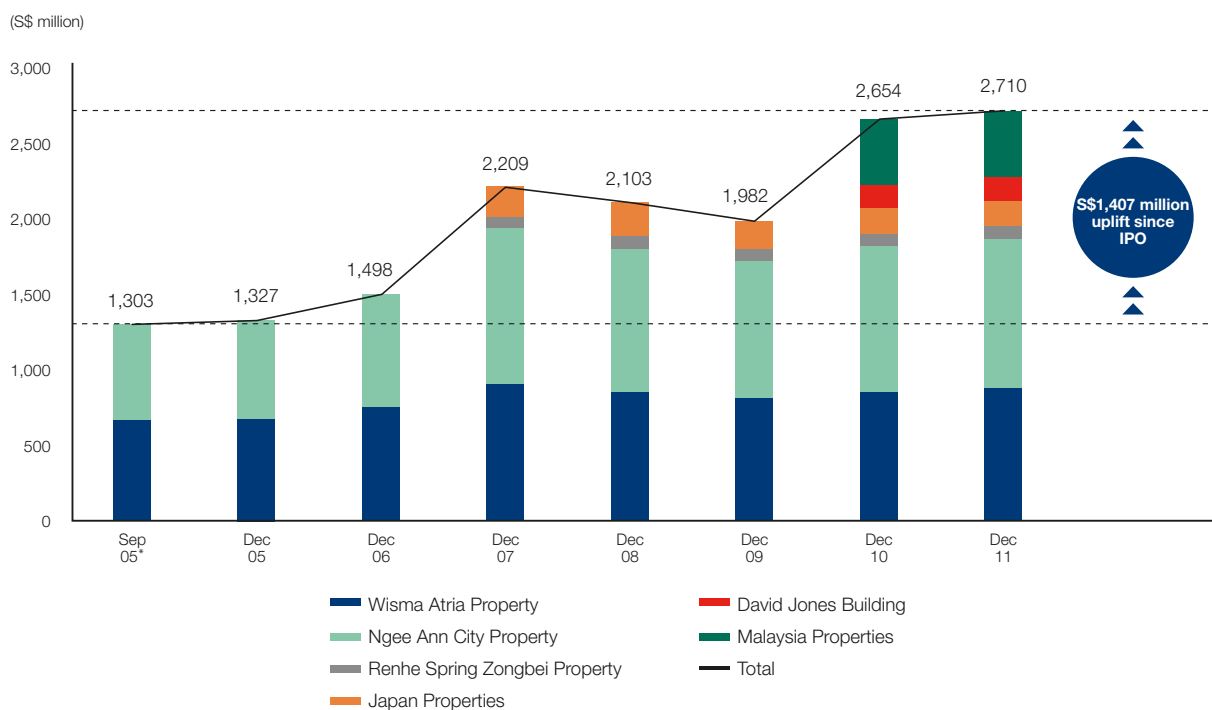
Notes:

¹ Translated on 31 December 2011 at RM2.45:S\$1 (2010: RM2.40:S\$1).

² Translated on 31 December 2011 at RMB4.85:S\$1 (2010: RMB5.13:S\$1).

³ Translated on 31 December 2011 at A\$0.76:S\$1 (2010: A\$0.76:S\$1).

⁴ Translated on 31 December 2011 at JPY59.70:S\$1 (2010: JPY63.38:S\$1).



* Based on valuation as at 28 February 2005 as set out in the prospectus dated 13 September 2005 for the purpose of IPO.

Singapore Properties

Wisma Atria Property

In 2011, Wisma Atria Property attracted a record 29.3 million shoppers. A S\$31 million asset redevelopment now underway will unveil an ultra sleek frontage for Wisma Atria, featuring double-storey shopfronts designed to showcase the latest flagship stores of international retailers with a signature presence on Orchard Road.



Wisma Atria interior



Artist impression of the revamped Wisma Atria (subject to change).

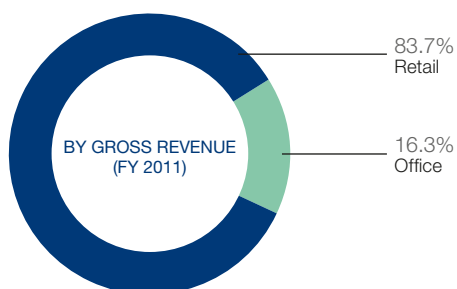
The Wisma Atria Property comprises 257 strata lots representing 74.23% of the total share value of strata lots in Wisma Atria. These strata lots represent retail areas (excluding the space occupied by Isetan (Singapore) Limited) and the office tower.

Strategically Located Iconic Property Along Orchard Road

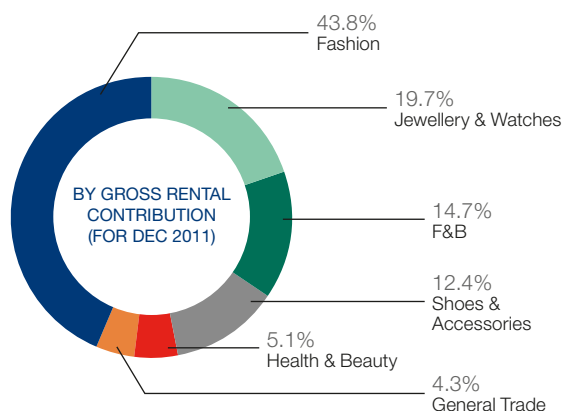
Opened in 1986, Wisma Atria is one of the most popular malls on Orchard Road. Strategically located

between ION Orchard and Ngee Ann City along the most prime stretch of Orchard Road, it comprises a retail podium with four levels and one basement, three levels of car park and an office tower with 13 levels of office space. The mall enjoys high pedestrian flow from Orchard Road at street level and its underground pedestrian linkway connects Wisma Atria to Orchard MRT station and Ngee Ann City. In 2011, the mall attracted a record shopper traffic of 29.3 million.

Retail & Office Mix



Retail Trade Mix



The Wisma Atria Property has a strong following among locals and enjoys a large catchment of tourists and business travellers staying in hotels located on and within walking distance of Orchard Road. Wisma Atria was the launching mall for brands such as Topshop, G2000, Karen Millen, Warehouse, Forever21, Morgan de Toi, GAP, Porter International and more recently for brands such as Coffee Stars by Dao from Bangkok, Typo and Seafolly. It was also the first mall to house the Food Republic food court concept in Singapore. Wisma Atria continues to offer a wide selection of international labels, such as GAP, Tag Heuer, Longines, Lacoste, Miss Selfridge, Forever New, Aldo, Nine West and Cotton On, as well as local labels such as Lee Hwa Jewellery, Charles & Keith and MDS. Wisma Atria also offers a wide range of F&B options including Din Tai Fung, Häagen-Dazs, Coffee Stars by Dao, Starbucks, Toastbox and Food Republic.

The Wisma Atria Property's office tower offers its tenants a prestigious Orchard Road address and amenities such as restaurants, gyms, healthcare providers and convenience shops within walking distance. In particular, the proximity to the retail stores and boutiques along Orchard Road has attracted tenants from the fashion retail and services sectors. Among these tenants are H&M, L'Occitane and Lane Crawford.

Diversified Tenant Mix

For FY 2011, retail tenants contributed 83.7% of the Wisma Atria Property's gross revenue while office tenants contributed 16.3%. These tenants cover a wide variety of business sectors, providing earnings diversification.

Centre Traffic And Sales

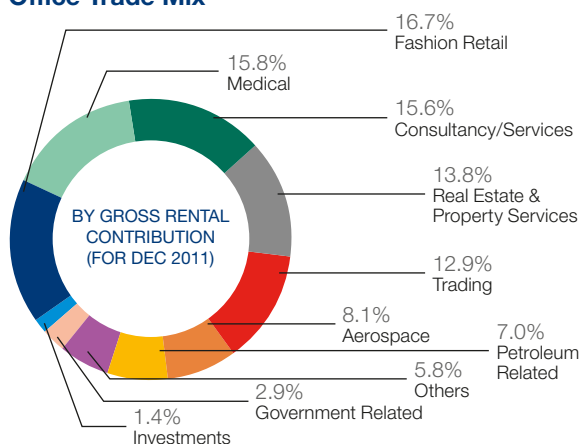
Improved consumer confidence and strategic marketing campaigns helped to drive shopper traffic to the mall and boost the tenant sales. For 2011, the mall enjoyed shopper traffic of 29.3 million, representing a 9% increase over the 27.1 million achieved in 2010. The gross tenants' sales were S\$178 million and turnover rent collected registered a 3% increase on a yoy basis.

Advertising And Promotion

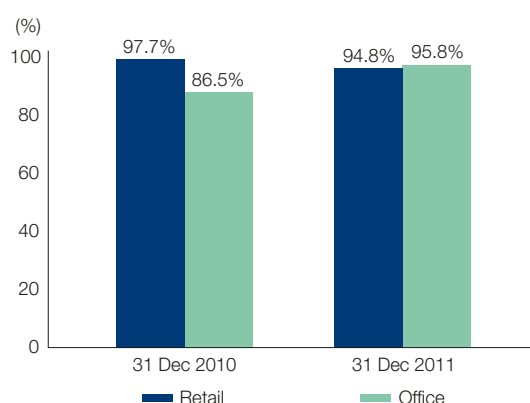
An all-rounded marketing programme implemented during the year attracted more shoppers to Wisma Atria and, prior to the start of the asset redevelopment, increased customer spending for the same period.

Wisma Atria rolled out a series of advertising campaigns coupled with promotions including lucky draws, gift vouchers, late night shopping and shopping privilege tie-ups with credit cards. Interactive events such as fashion makeovers and workshops were also held and proved popular with shoppers.

Office Trade Mix



Occupancy Rate





Cotton On Kids



MRT linkway to Wisma Atria

Wisma Atria continued the collaboration with Singapore Airlines on the SIA Boarding Pass privileges programme. The programme rewarded all overseas visitors flying on SIA flights with a three-day tourist card packed with discounts and shopping privileges at Wisma Atria.

Orchard Road Business Association (ORBA) Promotions And Events

Wisma Atria participated in various ORBA initiatives including *Fashion Season at Orchard* at Wisma Atria with Raffles Design Institute, the *Great Singapore Sale Spend and Get*, *F1 Umbrella Giveaway* and *Christmas VISA Spend and Get*.

Asset Redevelopment

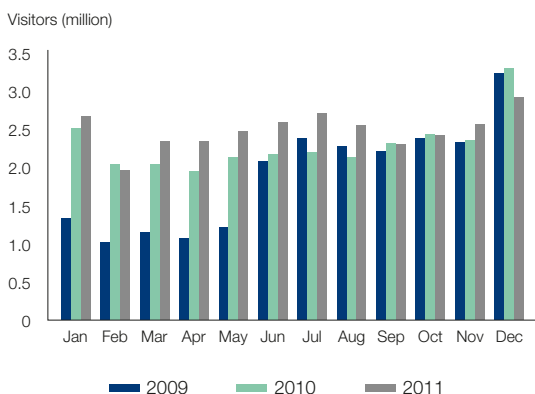
A S\$31 million asset redevelopment commenced at Wisma Atria Property in 3Q 2011 and is expected to be completed by 3Q 2012.

The asset redevelopment will create a 123-metre long rejuvenated Orchard Road frontage for Wisma Atria,

incorporating double-storey storefronts that showcase international retailers' latest flagship stores and concepts. A full width of steps spanning the entire façade of Wisma Atria will have strategically located ramps leading to the new storefronts and mall entrance. This will enhance the mall's prominence along Orchard Road and attract pedestrian traffic from the surrounding malls and Orchard MRT station. The full width of steps, besides improving accessibility, will also serve as a permanent natural flood control measure, removing the need for mechanical flood walls.

The asset redevelopment has already secured a fresh tenant mix. Coach and Tag Heuer are opening their first principal-run flagship stores in Singapore featuring the complete product range of the brands. Tory Burch will be a new-to-market addition while Swatch will be establishing their first Swatch concept store in South-East Asia in Singapore.

Traffic Count



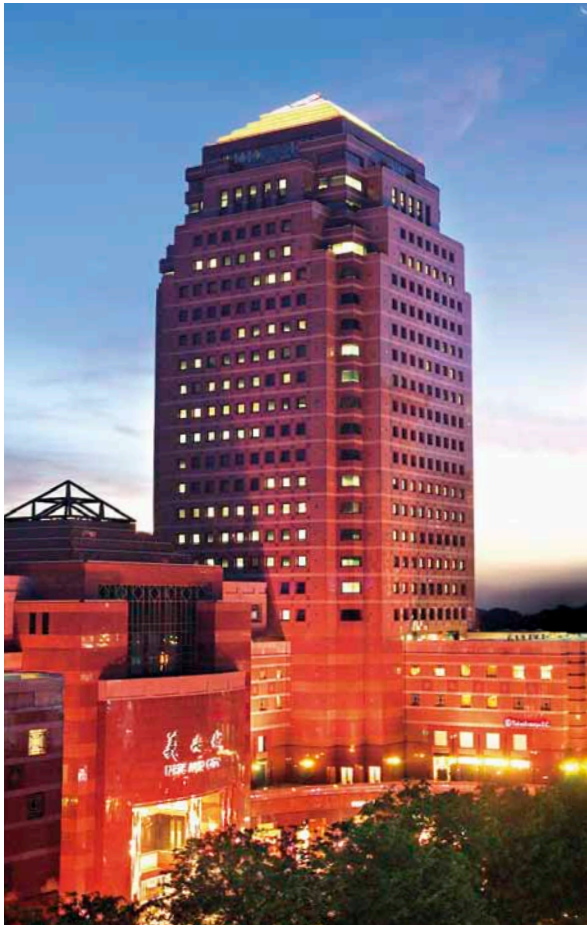
Property Retail Sales



Singapore Properties

Ngee Ann City Property

Given its depth and diversity of retail offerings, Ngee Ann City is the mall of choice along Orchard Road amongst retailers and shoppers.



Ngee Ann City

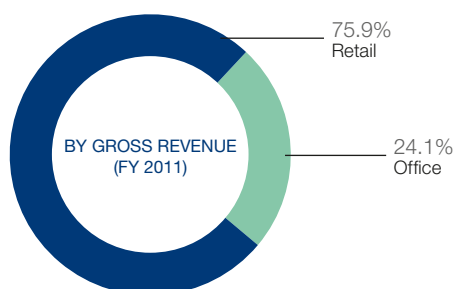
The Ngee Ann City Property comprises four strata lots representing 27.23% of the total share value of strata lots in Ngee Ann City. These include retail space featuring brands such as Chanel, Louis Vuitton, Christian Louboutin, Hugo Boss, Zara, Guess and office units in Tower B.

Distinctive Landmark Property

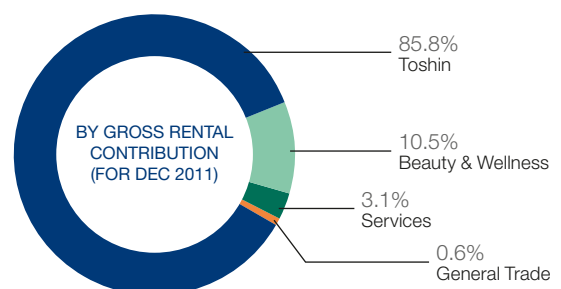
Ngee Ann City's distinctive architecture and its long Orchard Road frontage makes it one of the most prominent landmarks along Orchard Road. Apart from being one of the most popular shopping destinations among the affluent, young and families crowd, its outstanding retailers and restaurants are a favoured destination of tourists and business travellers from the many hotels located in the Orchard Road vicinity.

The building comprises a podium with five levels and two basement levels of retail space and three levels of car parking space. Its twin office towers have 18 levels of office space each. Ngee Ann City has ample parking lots and is easily accessible via a network of major roads and on foot by pedestrians through the underground pedestrian linkway to Wisma Atria and the underpasses along Orchard Road.

Retail & Office Mix



Retail Trade Mix



Strong And Stable Positioning

Ngee Ann City is the shopping mall of choice amongst retailers and shoppers. With its depth of offerings across all retail trades, Ngee Ann City appeals to the affluent shoppers with its stable of luxury retailers such as Louis Vuitton, Chanel, Cartier, Tiffany & Co., Celine and Christian Dior, the young and upwardly mobile with trendy retail stores such as Zara, Ted Baker, Shanghai Tang and Massimo Dutti, and families with tenants such as Takashimaya Department Store and Books Kinokuniya.

Ngee Ann City Property's office space is accessible by public transport and offers tenants a choice of amenities within walking distance such as restaurants, gyms, healthcare providers and retail shops. Its proximity to the retail stores and boutiques along Orchard Road has attracted tenants from the fashion retail and services sectors. Among these tenants are Christian Dior, Chanel, Coach, Tiffany & Co., Polo Ralph Lauren and Cortina Watch.

Tenant Mix

For FY 2011, 75.9% of the Ngee Ann City Property's gross revenue was from retail tenants and 24.1% from office tenants.

Retail Tenant Mix

Toshin and the beauty & wellness tenants are the key contributors to Ngee Ann City Property's retail gross rent.

For December 2011, Toshin accounts for 57.2% of the NLA of the Ngee Ann City Property. Toshin is a wholly-owned subsidiary of Toshin Development Co. Ltd,

which is in turn 100% owned by Takashimaya Company Limited, listed on the Tokyo Stock Exchange. Toshin has an option to renew its lease in 2013 for another term of 12 years and incorporates a rent review every three years with the first one at the point of renewal. The rent reviews will provide opportunities for organic growth for Starhill Global REIT, while ensuring income stability and helping to mitigate potential fluctuations in the retail market.

The Manager actively manages "The Fifth", the beauty & wellness cluster on Level 5 complemented with privilege banking services.

Office Tenant Mix

Fashion retail, energy-related services and beauty & healthcare are the three key trade sectors contributing to the Ngee Ann City Property's office gross rent.

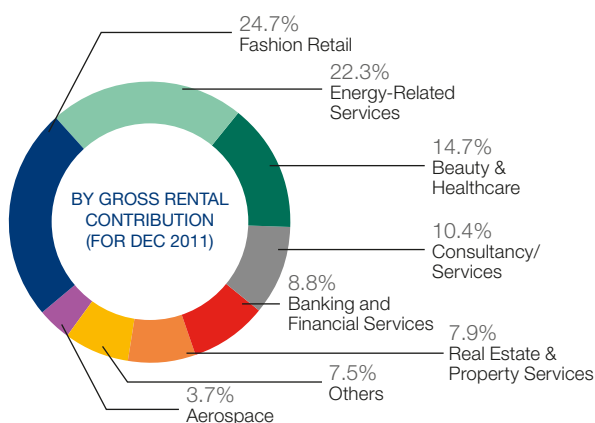
Advertising And Promotion

Ngee Ann City's large outdoor semi-circular Civic Plaza continued to be a popular venue for many prestigious events including concerts, fairs, product launches, road shows, fashion showcases, carnivals and lifestyle launches. These included the Audi Fashion Festival, Singapore Jewel Festival and the MediaCorp Subaru Impreza Challenge in 2011.

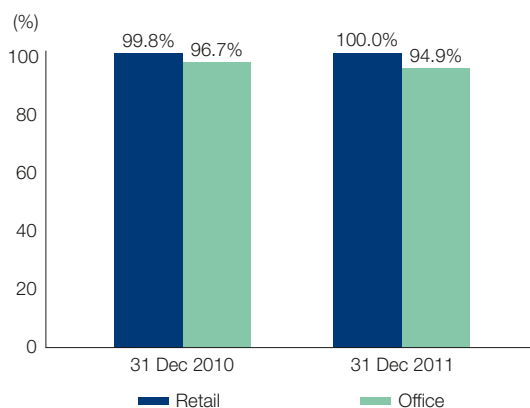
Ngee Ann City's large event hall, Takashimaya Square, is also a popular venue for regular bazaars and fairs that draw throngs of shoppers.

For Level 5, on-site advertising under the branding of "The Fifth – A Level Above Shopping" was carried out to reinforce the beauty & wellness cluster.

Office Trade Mix



Occupancy Rate



Malaysia Properties

Starhill Gallery and Lot 10 Property

The Malaysia Properties comprise distinctive and vibrant shopping malls strategically located in Bukit Bintang, Kuala Lumpur's premier shopping and entertainment district. Starhill Gallery features a high profile tenant base with some of the most recognised international designer labels and luxury watch and jewellery brands. Lot 10 affords young and trendy urbanites the best offerings in fashion, dining and entertainment.



Starhill Gallery

Starhill Gallery and Lot 10 Property are located in the heart of the popular Bukit Bintang shopping district in Kuala Lumpur's Golden Triangle. The Malaysia Properties are strategically situated as the Bukit Bintang district is set to remain as one of Kuala Lumpur's premier shopping districts, being home to many prestigious international hotels, prime office buildings and shopping complexes.

Starhill Gallery has a total NLA of 306,113 sq ft and sits on a freehold site connected to two luxury hotels, the J.W. Marriott Hotel Kuala Lumpur and The Ritz Carlton Kuala Lumpur. Starhill Gallery attracts affluent tourists and high-end shoppers and comprises seven retail floors each offering a distinct and unique shopping experience. Starhill Gallery houses luxury tenants such as Louis Vuitton, Audemars Piguet,

Boucheron, Chopard, Van Cleef & Arpels, Hublot, Bedat & Co and Richard Mille. Starhill Gallery also hosts the annual "A Journey Through Time" exhibition, one of Asia's most prestigious watch and jewellery showcases. The 2011 edition, held from 1 to 10 December 2011, was endorsed by the Malaysian Ministry of Tourism, highlighting the importance of this exhibition to Malaysian tourism.

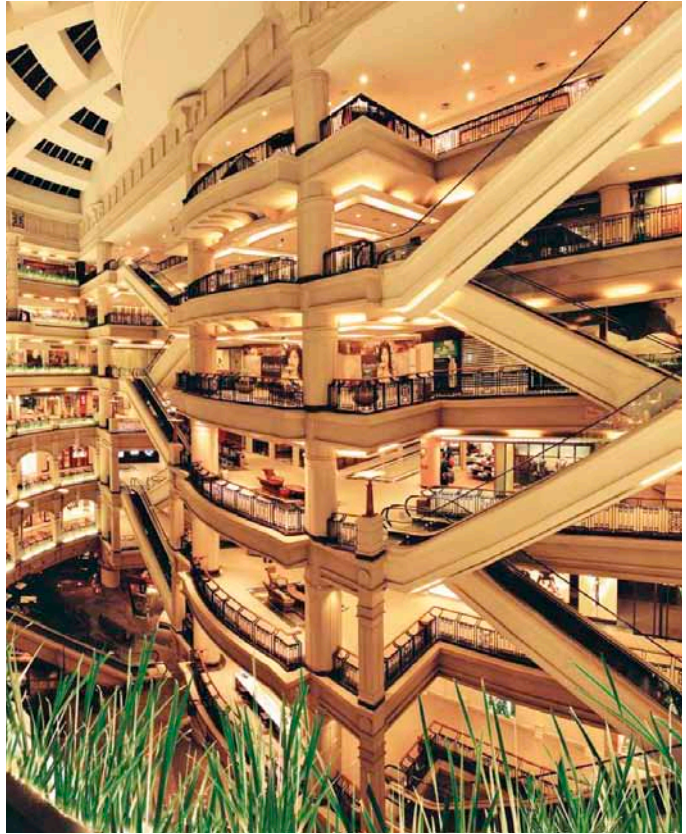
Starhill Gallery completed a RM25 million asset redevelopment in September 2011. With the asset redevelopment, an additional 8,100 sq ft of NLA was added to Starhill Gallery and a new iconic façade has been constructed to enhance the distinctive identity of Starhill Gallery as a destination for luxury shopping in Kuala Lumpur. New retail concepts within the newly created space include Jaeger-LeCoultre, Sincere Fine Watches and Hermès Horloger boutique.



Lot 10



Starhill Gallery interior, Dior



Starhill Gallery interior

Lot 10 Property sits on a 99-year leasehold site expiring on 29 July 2076 with a NLA of 256,811 sq ft. Lot 10 Property has been refurbished and repositioned to appeal to young urbanites with a “Forest in the City” concept, taking advantage of Lot 10’s distinct green façade and building on it by creating landscaped gardens and extensive greenery. Lot 10 Property’s notable tenants include Apple, Zara, National Geographic and Celebrity Fitness, and it is home to the Yes Mobile flagship store and Rootz Dance Club. The basement has also been revamped into Lot 10 Hutong, a heritage gourmet village where one can find a myriad of Malaysian gastronomic delights housed under one roof, making it a food lover’s dream come true.

A master lease with Katagreen Development Sdn Bhd, an indirect wholly owned subsidiary of YTL Corporation Berhad, is in place at both Starhill Gallery and Lot 10 Property. The leases have a fixed term of 3+3 years commencing on 28 June 2010 with a put and call option by the landlord and the master tenant respectively to extend the tenancy for the Malaysia Properties for a further three years upon expiry of the second term. The leases also have fixed step-up features, guaranteeing a fixed income while increasing the average lease expiry of the Portfolio. There is an additional master lease with Katagreen Development Sdn Bhd for the additional space created by the asset redevelopment. The additional master lease has substantially the same principal terms and conditions of the existing master leases. The annual rental income from the master leases of the Malaysia Properties till the end of the first three-year term is RM73.8 million.

China Property

Renhe Spring Zongbei Property

A prime shopping mall located in Chengdu's affluent district, Renhe Spring Zongbei Property features a wide range of luxury and quality international brands and has enjoyed full occupancy and high sales since acquisition in 2007.



Renhe Spring Zongbei Property

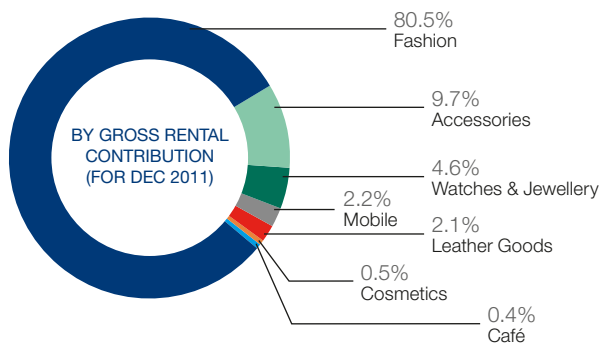
The Renhe Spring Zongbei Property, acquired in August 2007, is located in Chengdu, the capital of Sichuan province which is one of the most populous provinces in China. Chengdu's GDP growth for 2011 was 15.2%, higher than national GDP growth of 9.2% in the same year. With a population of approximately

14.0 million, the city benefits from its position as the centre of finance, commerce and trade, as well as transportation and communication for southwestern China. Chengdu was nominated as one of the top 10 tourist destinations of China for the year 2011.

The property is located close to consulates in a high-end commercial and high income area. The asset is positioned as a mid to high-end department store operating under the Renhe Spring Department Store brand name. Established in the property are luxury brands such as Ermenegildo Zegna, Hugo Boss, Montblanc, Vertu, Porsche Mobile, Givenchy, Dunhill, Bally, Rolex, Weekend Max Mara as well as popular international brands such as Max & Co., i BLUES, LIU JO and Armani Jeans. The property has a GFA of about 100,854 sq ft and comprises four levels of retail space and a café on the mezzanine floor. It is served by basement and road level open carparks and is close to Ni Jia Qiao station of Chengdu Metro Line 1.

The property has continuously enjoyed full occupancy since acquisition in 2007. During the year, Renhe Spring Zongbei Property completed a façade upgrade and refreshed the tenant mix to retain its competitiveness in the Chengdu market.

Retail Trade Mix



Monthly Sales yoy Comparison



Australia Property

David Jones Building

Centrally located in Perth's prime retail stretch along the bustling Murray Street and Hay Street, David Jones Building is anchored by the upmarket David Jones department store under a long term lease.



David Jones Building



David Jones Building interior

The David Jones Building sits on a freehold site of approximately 71,473 sq ft in the epicentre of the Perth CBD in Australia. It enjoys dual frontage to the bustling Murray Street and Hay Street, the only two retail pedestrian streets in the city. The property is a few minutes' walk from the Perth Central train station. The building is also linked seamlessly to another major department store via a covered walkway on the first floor.

The four-level property, which includes a heritage-listed building constructed circa 1910 that was

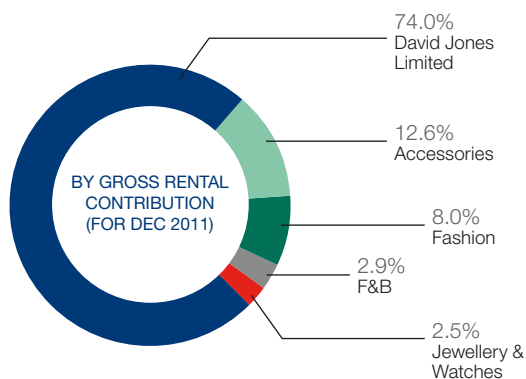
formerly the Savoy Hotel, is anchored by the popular David Jones department store and six other specialty tenancies. As at 31 December 2011, the property was fully occupied.

David Jones Limited, which has a long term lease in the building until October 2032, occupies approximately 246,528 sq ft or 95% of the total gross lettable area (GLA). It accounts for 74.0% of the annual gross rent for December 2011. David Jones Limited, colloquially known as DJs, is an upmarket Australian-listed operator of premium department stores across the country. David Jones Limited was founded in 1838 by David Jones, a Welsh immigrant, and is the oldest continuously operating department store in the world still trading under its original name.

Six specialty tenancies occupy the remaining GLA of about 12,626 sq ft. These well-established local brands include Jeanwest, Pandora, Zu and Betts.

The long term lease with David Jones Limited provides a resilient and stable income, with the benefit of an upward-only rent review every three years, the latest being in August 2011. The leases with the other well-established specialty tenants also incorporate an annual rent increase component.

Retail Trade Mix



Japan Properties

A portfolio of seven contemporary commercial buildings located within walking distance from major subway stations in prime Tokyo areas.



Ebisu Fort



Roppongi Primo

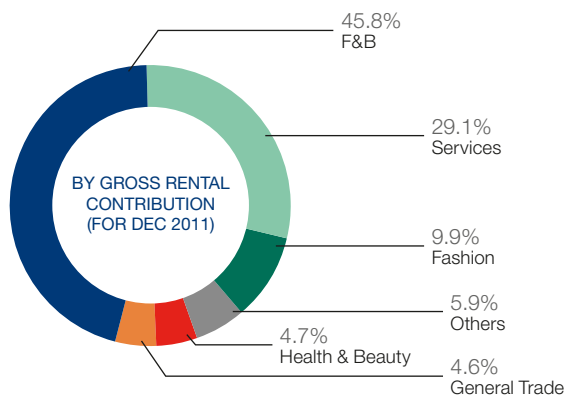
Acquired in 2007, Starhill Global REIT's portfolio of seven properties in Tokyo (Japan Properties) are all contemporarily designed commercial buildings located in the prime areas of Omotesando, Roppongi, Harajyuku, Meguro and Ebisu and within five minutes' walk from the nearest subway stations. The Japan Properties are targeted to appeal to fashionable teenagers and young trendy urbanites from the mid income segment.

As at 31 December 2011, the overall portfolio occupancy was over 95%, including five properties which were fully occupied.

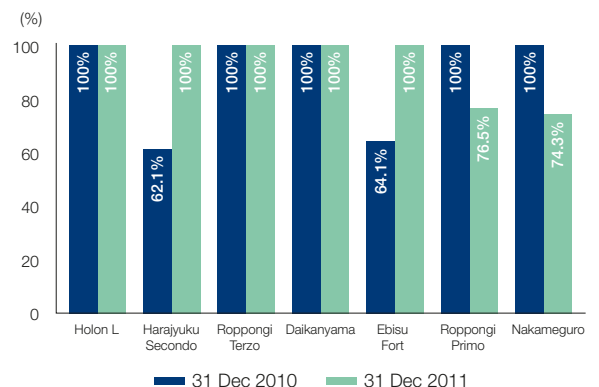
The Japanese retail environment remains challenging. The Manager is continuously optimising asset performance through active management of the leases.

The seven freehold properties, with a total NLA of approximately 57,248 sq ft, are managed by Savills Japan K.K., the local asset and property manager.

Retail Trade Mix



Occupancy Rate



Market Overview

Singapore Retail Property Market

According to Singapore's Ministry of Trade and Industry (MTI), Singapore's GDP expanded by 3.6% yoy in 4Q 2011. For the full year 2011, Singapore's GDP has grown by 4.9% yoy. Amidst subdued global economic conditions, the country's economy is expected to grow by 1.0% to 3.0% in 2012¹.

Tourist arrivals to Singapore for 2011 reached 13.2 million, a 13.1% yoy growth. In tandem, tourism receipts generated S\$22.2 billion or a 17% yoy growth, with shopping and F&B contributing a combined 30% share. Shopping spend alone grew 13.0%².

According to CBRE, the average prime Orchard Road retail rent was S\$31.60 psf pm, a 5% increase on a yoy basis³. It is estimated that 794,200 sq ft of retail space will come on stream in 2012, of which only 14% will be in Orchard Road. While prime Orchard Road rents are expected to hold in 1Q 2012, there may be downward pressure for the subsequent three quarters. However, this is mitigated by a limited supply of retail space on prime Orchard Road and continued growth expected in tourist arrivals³.

Singapore Office Property Market

In 4Q 2011, Singapore Grade A and B office rents grew to S\$11.00 psf pm and S\$7.30 psf pm respectively reflecting 11.1% and 6.0% increases yoy. However, as a result of weakening demand and increased supply throughout 2011, office vacancy increased to 6.7% in 4Q 2011³. For 2012, on the back of increased supply and a weakening global economy, the office rental market is expected to register a decline, though any rental correction is unlikely to be as volatile as the one experienced in the last global financial crisis³.

Malaysia Retail Property Market

Malaysia's GDP grew 5.1% in 2011⁴ and for 2012, growth is expected to be about 5.2%⁵. In 3Q 2011, retail sales and sentiment became conservative in comparison to the beginning of 2011. Tourist arrivals

to Malaysia reached 24.7 million in 2011, generating tourism receipts of RM58.3 billion⁶. Since January 2011, the Malaysian government has lifted the duty on luxury goods such as watches, handbags and leather products, and this is expected to give the luxury retail market a boost.

Retail occupancy rates in Kuala Lumpur increased in 4Q 2011, with average occupancy rates in the city centre and outside the city at 90.3% and 92.5% respectively⁷. The total supply of retail space in Kuala Lumpur for 2011 was 23.7 million sq ft, a 7.4% increase from 2010. Outside of the city, within the Klang Valley, there was 22.5 million sq ft of retail space, an increase of 3.7% from 2010⁸. Rent levels increased marginally in 4Q 2011 to an average of RM27.22 psf pm⁷.

Chengdu Retail Property Market

The GDP of Chengdu, Western China, increased 15.2% yoy⁹ to RMB685 billion in 2011, faster than China's national GDP growth of 9.2%¹⁰. The disposable income per capita of the city's residents continued to grow 14.9% yoy to about RMB24,000⁹. With a total of 96.7 million domestic and international tourist arrivals to Chengdu registered for 2011, tourist revenue generated in Chengdu grew to RMB80.5 billion, or an increase of 33% yoy¹¹, while retail sales grew 18.4% on a yoy basis⁹.

Demand for retail space remained strong, supported by expansion requirements of existing retailers as well as new-to-market brands. In 4Q 2011, the second Wangfujing in Chengdu and Ito Yokado's 5th store in Shihao Plaza were opened. A few landmark projects like MixC and Raffles City are expected to open in 2012 and increase competition in Chengdu¹².

Western Australia Retail Property Market

The Australian economy is expected to grow 2.0% in 2011¹³. Western Australia's economy continued to be driven by its export growth and mining activities, recording the strongest state final demand growth of

16.4% through the year to September 2011 compared to Australia's national growth of 4.6%¹⁴. International visitor arrivals to Western Australia reached 0.7 million for the 12 months ended September 2011, representing a growth of 8.2% compared to the previous year and higher than the growth of 1.0% nationally¹⁵.

While decline in consumer confidence and online shopping have undermined retail sales in Australia during the year, seasonally adjusted retail sales in Western Australia increased by 8.4% in 2011. This was the largest increase amongst the states and well above Australia's national average of 1.4%¹⁶. Retail rental growth in Western Australia was subdued, with rents in Perth's CBD remaining stable while super-prime rents increased by 0.5% in 2011¹⁷. Overall, the fundamentals driving retail business in Western Australia, such as population growth and increased disposable incomes, remained strong.

Japan Retail Property Market

Japan's GDP shrank 2.3% on an annualised basis for 4Q 2011, bringing the full year real GDP growth to a 0.9% contraction¹⁸. The sharp decline was mainly attributed to a 3.1% decrease in Japan exports in 4Q 2011¹⁸ following the slowdown in overseas economies and the Yen appreciation¹⁹. Another factor which affected growth during this period was a stagnant production of Japanese made cars and information technology products due to a shortage of parts after the unexpectedly severe floods in Thailand in October 2011¹⁸.

Driven by strengthening domestic demand the Japanese economy continued to recover from March's earthquake. However, the debt crisis in Europe and slowing Asia economies present downside risks to Japan's recovery²⁰.

Sources:

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2. Singapore Tourism Board, Tourism Sector Performance for 2011, 7 February 2012
3. CBRE Market View Singapore 4Q 2011
4. Department of Statistics, Malaysia
5. Bernama, Malaysian National News Agency, Strong Domestic Demand To Fuel Malaysia's 2012 Growth: Analysts, 29 December 2011
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7. Jones Lang LaSalle, Asia Pacific Property Digest, Fourth Quarter 2011
8. DTZ, Property Times Kuala Lumpur Q4 2011, REITs boost investment market
9. Chengdu Bureau of Statistics
10. Bureau of Statistics of China
11. China Daily, 6 January 2012
12. CBRE Chengdu Market Overview Q4 2011
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14. Department of Treasury, Government of Western Australia, Economic Notes, September Quarter 2011
15. Tourism Western Australia, Quarterly Visitor Snapshot, Year Ending September 2011
16. Australian Bureau of Statistics Cat. 8501.0, Retail Trends, Australia
17. Jones Lang LaSalle, On Point, 4Q 2011
18. The Daily Yomiuri, GDP drops annual 2.3% in Oct – Dec, 15 February 2012
19. Bank of Japan, Monthly Report of Recent Economic and Financial Developments, December 2011
20. DTZ, Property Times 4Q 2011, Japan

Financial Review

Revenue

Gross revenue for FY 2011 was S\$180.1 million, an increase of S\$14.4 million or 8.7% over FY 2010. The increase was mainly due to full year contributions from the Malaysia Properties and David Jones Building which were acquired in 2010, higher contribution from Renhe Spring Zongbei Property, but was partially offset by the decrease in contributions from the Singapore Properties and Japan Properties. Revenue from overseas properties accounted for approximately 39.2% (2010: 32.8%) of total gross revenue for FY 2011.

Property Expenses

Property expenses for FY 2011 were S\$36.5 million, an increase of S\$1.3 million or 3.7% over FY 2010. This was mainly due to full year property expenses from the Malaysia Properties and David Jones Building, and higher operating expenses for Renhe Spring Zongbei Property and Wisma Atria Property for FY 2011.

Net Property Income

As a result of the higher gross revenue, NPI grew by S\$13.1 million or 10.1% over the previous year to reach S\$143.6 million for FY 2011. Ngee Ann City Property contributed approximately 30.7% to the total

NPI for FY 2011, Wisma Atria Property contributed 28.6%, Malaysia Properties contributed 20.9%, David Jones Building contributed 8.5%, Renhe Spring Zongbei Property contributed 7.5% and Japan Properties contributed 3.8%.

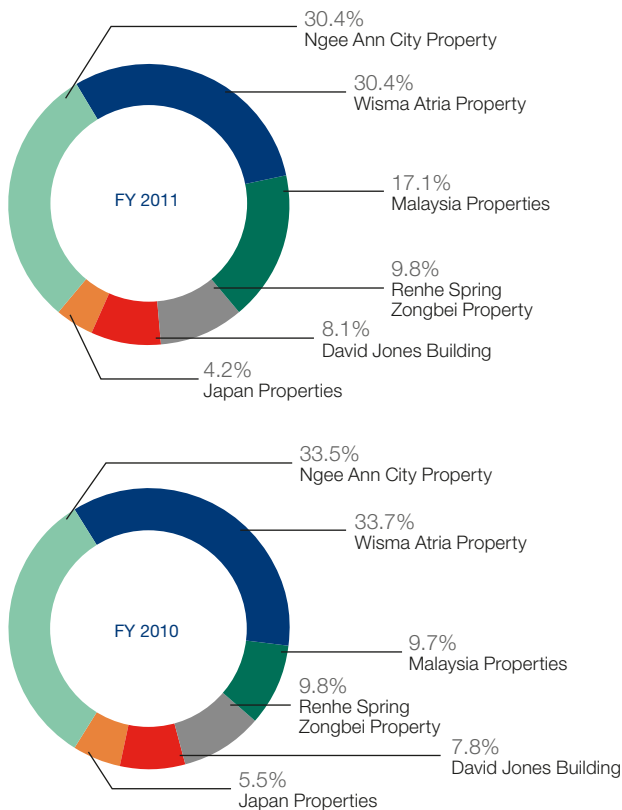
Non-Property Expenses

Finance expenses for FY 2011 were S\$34.3 million, an increase of S\$2.0 million or 6.2% over FY 2010. This was mainly due to the full year interest incurred on the term loan and Malaysia MTN taken up to finance the acquisition of David Jones Building and Malaysia Properties respectively, partially offset by the lower interest costs incurred on Starhill Global REIT's refinanced debt.

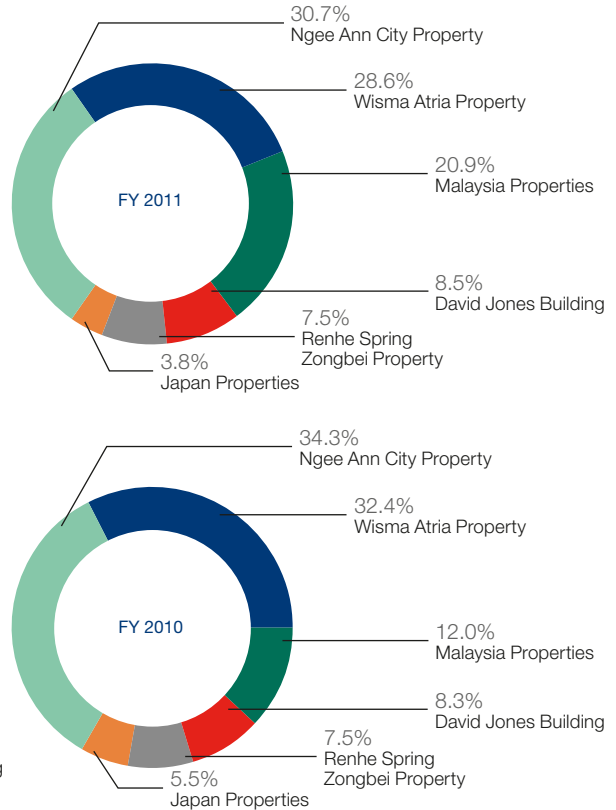
Management fees for FY 2011 were S\$13.9 million, an increase of S\$1.0 million or 7.5% over FY 2010. This was in line with the higher average value of the trust property for FY 2011.

Trust expenses for FY 2011 were S\$3.4 million, a decrease of S\$0.1 million or 1.2% from FY 2010. This was mainly due to lower professional fees and expenses incurred by overseas properties for FY 2011.

Revenue



Net Property Income



Income tax expenses for FY 2011 were S\$5.2 million, an increase of S\$1.9 million or 56.0% from FY 2010. This was mainly due to higher taxes provided for Renhe Spring Zongbei Property.

The change in fair value of derivative financial instruments of S\$11.2 million for FY 2011 represents mainly the change in fair value of cross currency swaps which were entered into in relation to the loans taken up for the acquisition of Japan Properties. The loss in fair value was partially offset by a foreign currency gain on the retranslation of the Japan Properties as a result of a stronger Yen relative to the SGD in 2011.

The change in fair value on investment properties of S\$28.3 million for FY 2011 represents the net revaluation gain on the Group's investment properties.

Distributions

Income available for distribution for FY 2011 was S\$90.8 million, an increase of S\$8.3 million or 10.1% over FY 2010. Income to be distributed to

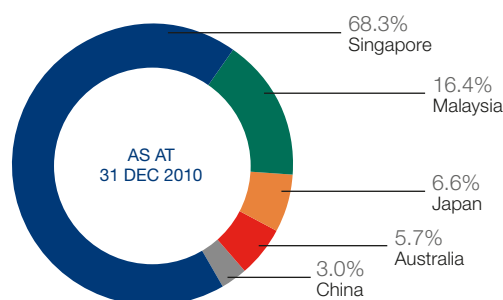
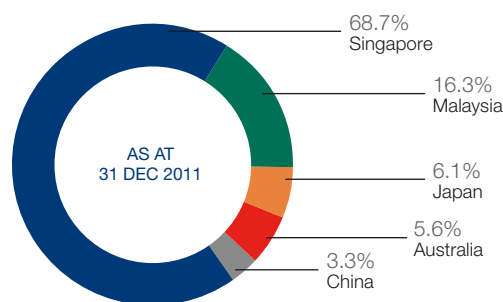
the Unitholders and holders of CPU for FY 2011 was S\$89.4 million, an increase of S\$8.8 million or 10.9% over FY 2010.

Total DPU for FY 2011 was 4.12 cents, representing an increase of 5.6% over FY 2010's DPU of 3.90 cents.

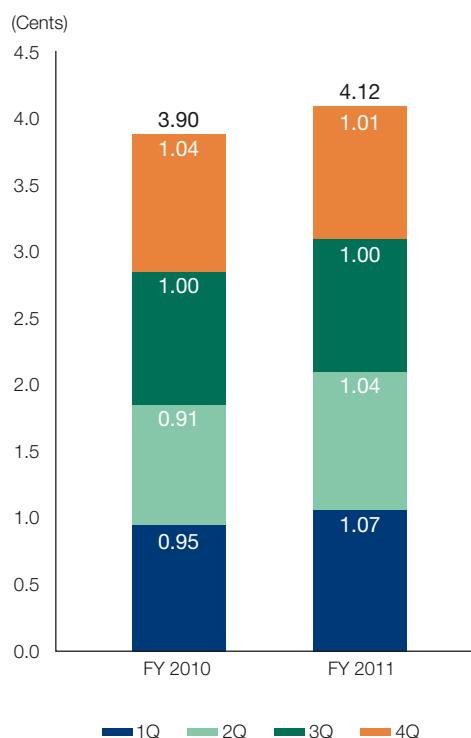
Assets

The Group's total assets as at 31 December 2011 were S\$2,839.1 million compared to S\$2,786.6 million as at 31 December 2010. The increase of S\$52.5 million or 1.9%, was mainly due to net revaluation gain of S\$28.3 million (excluding foreign exchange effects) on the Group's investment properties for FY 2011 and asset redevelopment costs capitalised in relation to Wisma Atria Property and Starhill Gallery. The Group's portfolio of 13 prime properties across five countries was independently revalued at approximately S\$2.7 billion as at 31 December 2011. The geographic breakdown of the portfolio by asset value as at 31 December 2011 was as follows: Singapore 68.7%, Malaysia 16.3%, Japan 6.1%, Australia 5.6%, and China 3.3%.

Asset Value by Country



Distribution Per Unit



Capital Management

Prudent Capital Management To Optimise Unitholders' Returns

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

In December 2011, the Group partially refinanced JPY1.5 billion (S\$25.1 million) of its JPY3.1 billion (S\$51.9 million) unsecured bond facility ahead of its maturity in May 2012, with proceeds from the issuance of new bonds maturing in November 2016. The remaining portion JPY1.6 billion (S\$26.8 million) bonds is expected to be redeemed in May 2012 using internal sources of funds. Apart from this, Starhill Global REIT has no major refinancing requirement for its existing debt portfolio until 2013. The Group has also recently obtained a S\$65 million unsecured revolving credit facility maturing in December 2013, further enhancing its financial flexibility.

As at 31 December 2011, Starhill Global REIT's outstanding debt stood at S\$873.9 million with a gearing ratio of 30.8%, and approximately S\$1.1 billion (41.8%) of the Group's investment properties are unencumbered. The Manager intends to continue with its prudent capital management.

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

Interest Rate Risk Management

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

As at 31 December 2011, Starhill Global REIT has fixed 87.2% of its debt through a combination of fixed

rate debt and interest rate derivatives. The weighted average interest rate was approximately 3.25% per annum as at 31 December 2011. The interest service coverage ratio was a robust 4.4 times for the year ended 31 December 2011. The Manager intends to continue to secure diversified funding sources from both financial institutions and capital markets when opportunities arise, while keeping Starhill Global REIT's ongoing cost of debt competitive.

Foreign Exchange Risk Management

As at 31 December 2011, Starhill Global REIT is exposed to foreign exchange risk arising from its investments in Malaysia, China, Australia and Japan. The income generated from these investments and net assets are denominated in foreign currencies. In managing its currency risks associated with its foreign investments, Starhill Global REIT has adopted the following income and capital hedging strategies.

Income Hedging

As at 31 December 2011, approximately 34% of the Group's net income is derived in foreign currencies. Starhill Global REIT actively monitors the exchange rates and assesses hedging on a case-by-case basis and may use foreign exchange forward contracts or other suitable financial derivatives to reduce the impact of exchange rate fluctuations on the distributions to Unitholders, where appropriate.

Capital Hedging

Starhill Global REIT intends to maximise the use of local currency denominated borrowings, whenever possible, to match the currency of the asset investment as a natural currency hedge. As at 31 December 2011, Starhill Global REIT has entered into a combination of foreign currency denominated loans, cross currency swap and foreign currency option such that a substantial portion of the Group's net assets is fixed in Singapore dollars.

In view that the investments in overseas assets are long-term in nature, Starhill Global REIT intends to assess hedging on a case-by-case basis and may hedge the foreign exchange risks of such investments, where appropriate and economical to do so.

DEBT GEARING AND HIGHLIGHTS

AS AT 31 DEC 2011

SGD term loan	S\$364m
JPY term loan	S\$111m
Singapore MTN	S\$124m
Malaysia MTN	S\$135m
Australia loan	S\$83m
Japan bonds	S\$54m
China loan	S\$3m
Total Debt	S\$874m
Gearing ratio ¹	30.8%
Fixed rate debt ²	87.2%
Interest cover for the year	4.4x
Weighted average interest rate per annum ³	3.25%
Starhill Global REIT corporate rating:	
– Standard & Poor's ⁴	BBB

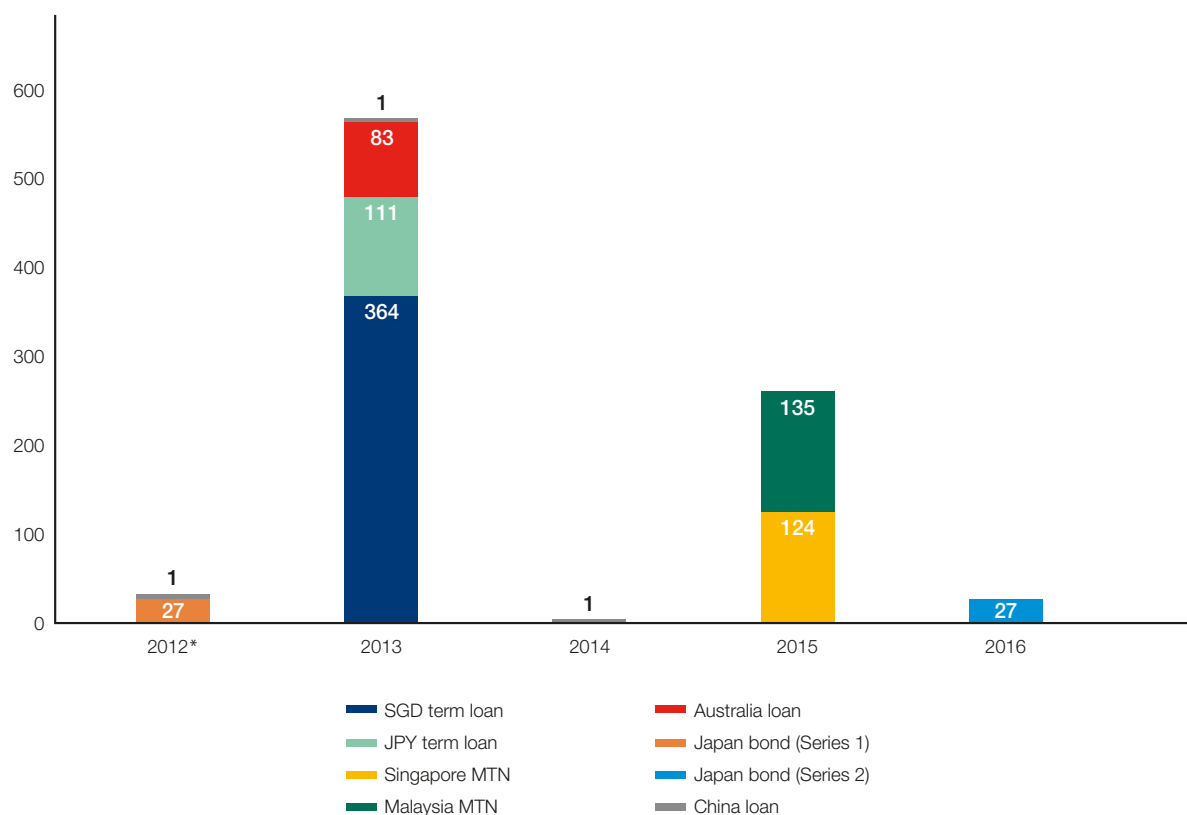
Notes:

- ¹ Based on consolidated deposited property.
- ² Including financial derivatives.
- ³ As at 31 December 2011.
- ⁴ Reaffirmed by Standard & Poor's in May 2011.

DEBT MATURITY PROFILE

AS AT 31 DEC 2011

(S\$ million)



* Obtained a S\$65 million unsecured revolving credit facility in January 2012.

Risk Management

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

Asset Acquisition Process

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

Asset Integration Process

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

Environmental, Health And Safety Protocol

The Manager has developed and implemented a robust EHS protocol since 2007. This EHS protocol complies with the local Workplace Safety and Health Act and, together with fire safety practices, has been put in place for the Singapore assets of Starhill Global REIT.

Financial Risk Management Policy

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

an appropriate balance between risk and control is achieved. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and Starhill Global REIT's activities.

The policies contain the parameters and processes for managing these risks, and define the roles and responsibilities of those who manage the process.

Business Continuity Planning

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

Operational Risk Self Assessments (ORSA)

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

Risk Reporting

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

Whistle Blowing Policy

The Board has established a whistle blowing policy, pursuant to which employees may, in confidence, raise concerns about potential or actual improprieties in financial or other operational matters, so as to facilitate independent investigations of such matters and ensure that appropriate remedial and follow-up action is taken. On an ongoing basis, the whistle blowing policy is covered during staff orientation to promote fraud awareness.

Human Resources



Golf try out



Lantern making contest



Ergonomic workshop



Inter-company badminton tournament

The Manager values the contributions of each of its team members. A key imperative is a conducive work environment and an engaged team. Their passion, talent and commitment are the cornerstones of our success.

To enhance organisational capability, the Manager continues to nurture and develop its people under a talent management initiative. The Group encourages its people to embrace continuous learning to achieve competencies and to stay relevant to meet business growth in keeping pace with the rapid changing business environment. Job and industry related training programmes are organised for staff across all business units. Overseas study trip opportunities are provided to enable staff to gain insights on property markets, new retail trends and overseas mall concepts. Employees in supervisory and leadership roles attend general management and leadership development programmes to sharpen their managerial and leadership competencies.

The Manager recognises the challenges of work-life faced by the workforce in today's fast paced business environment. As part of its staff engagement platform, the Manager continues to promote sustainable work-life harmony to enhance the quality of life for its people. Physical activities such as weekly yoga sessions, self-defence workshops, ergonomic exercises, brisk walking sessions and "Golf Try Out" were organised in FY 2011. A series of workshops and lunch talks covering health and wellness topics, such as back and neck care, and maintaining a healthy spine and nerve system were positively received by staff. The health and recreation activities promote cross-functional interactions and strengthen rapport and camaraderie amongst staff.

The Manager believes in a positive work environment that encourages people to achieve their full potential and deliver quality products and services.

Investor Relations and Communications

Starhill Global REIT is focused on cultivating relationships with investors by keeping Unitholders and the financial community abreast of its latest developments and strategic direction through equitable, timely and effective communication. The Manager employs communication channels such as announcements, press releases, briefing sessions, investor presentations, annual reports, Starhill Global REIT's corporate website and email blast to disseminate and share information on its financial and operational performance, business plans and latest developments.

The Manager is active in conducting regular meetings, property tours and conference calls with local and foreign investors and analysts throughout the year. In 2011, investment analysts were invited to the re-launch of Starhill Gallery in Kuala Lumpur. The Manager also participated in equity forums, conferences and investor roadshows in Singapore, Hong Kong, London, Amsterdam, Paris, and New York in 2011. As at 31 December 2011, Starhill Global REIT is covered by a total of 11 research houses.

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

Contact Us

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

The Manager

YTL Starhill Global REIT Management Limited
391B Orchard Road
#21-08 Ngee Ann City Tower B
Singapore 238874
Phone: +65 6835 8633
Fax: +65 6835 8644
Email: info@ytlstarhill.com
Website: www.starhillglobalreit.com

The Unit Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone: +65 6536 5355
Fax: +65 6536 1360
Website: www.boardroomlimited.com

Unitholder Depository

The Central Depository (Pte) Limited
4 Shenton Way
#02-01 SGX Centre 2
Singapore 068807
Phone: +65 6535 7511
Fax: +65 6535 0775
Email: cdp@sgx.com
Website: www.cdp.com.sg

Research Coverage

Bank of America Merrill Lynch
CIMB Research
Daiwa Securities Capital Markets
DBS Vickers Research
Macquarie Capital Securities
Nomura Securities
OCBC Securities
Religare Capital Markets
Standard Chartered Bank
UBS Investment Research
UOB Kay Hian Research

2011 Investor Relations Activities

1Q 2011

Release of FY 2010 financial results
Release of 2010 Annual Report
UBS Non Deal Roadshow, Europe

2Q 2011

Release of 1Q 2011 financial results
Annual General Meeting
CLSA Regional Property Day, Hong Kong
DBS Vickers Non Deal Roadshow, Hong Kong

3Q 2011

Release of 2Q 2011 financial results
UBS SGX Conference, Hong Kong
Macquarie Non Deal Roadshow, Hong Kong
Macquarie ASEAN Conference, Singapore
Bank of America Merrill Lynch Global Real Estate Conference, New York
DBS Vickers Non Deal Roadshow, New York

4Q 2011

Release of 3Q 2011 financial results
Investor briefing for the relaunch of Starhill Gallery, Kuala Lumpur, Malaysia

Corporate Social Responsibility



Outing to Universal Studios, Sentosa with children from Student Care Service



Models in 're-glammed' clothes at Fashion Reclaimed!

Community Engagement 2011

During the year, community outreach programmes and events were organised in collaboration with charitable and welfare organisations such as the Singapore Cancer Society, Singapore Heart Foundation and the Breast Cancer Foundation.

Student Care Service

24 June 2011

We partnered Student Care Service and invited 20 children from socio-economically disadvantaged families for a day out at Universal Studios Singapore, Sentosa during the school mid-term break. The outing was a fun-filled and memorable occasion for the young children (8 to 12 years old). Our staff volunteers interacted with the children and had a fulfilling experience.

Singapore Cancer Society

25 June 2011

A small fundraising campaign held at Wisma Atria to raise awareness for cancer patients.

Artitude Exhibition by Club Rainbow

13 – 25 August 2011

A showcase of the artistic talents of Club Rainbow's children and youths, featuring a string-art installation and a giant colour wheel at Wisma Atria.

Singapore Heart Foundation

29 August – 1 September 2011 &

19 – 23 September 2011

Singapore Heart Foundation held a mini fundraising cum health check campaign at Wisma Atria to reach out to women.

Pink Ribbon Run by Breast Cancer Foundation

24 – 25 September 2011

Wisma Atria was the official venue for the collection of the Pink Ribbon Run race pack.

Environmental Sustainability

Fashion Reclaimed!

25 March – 8 May 2011

Fashion competition to revamp past fashion clothings into new pieces of fashion statement was held at Wisma Atria indoor atrium.

Earth Hour

26 March 2011

Wisma Atria was the official venue for the inaugural Earth Hour @ Orchard 2011 countdown party. As one of the key participating malls along Orchard Road, Wisma Atria's façade lights were switched off for one hour from 8.30 p.m. to demonstrate the mall's commitment to the Earth Hour initiative. The slew of activities included star-gazing at the mall's rooftop



Shoppers at Artitude Exhibition by Club Rainbow



Earth Hour @ Orchard 2011 with Guest-of-Honour, Mr Baey Yam Keng (Member of Parliament)

garden and entertainment by a percussion band, hip hop dancers and fire acts. A pledge page on the Wisma Atria website and a physical pledge book were also set up for members of the public to pledge action against global warming. In addition, our staff volunteered in the donation drive held during the Earth Hour to canvass for contributions from the public for the Singapore Red Cross to help the much needed mercy relief efforts for March 2011 Japan earthquake.

A Decade of Biodiversity Conservation and Discoveries Exhibition

9 – 25 May 2011

To commemorate the United Nations Decade of Biodiversity, the National Parks Board and the National University of Singapore's Raffles Museum of Biodiversity Research jointly organised this exhibition at Wisma Atria to showcase the flora and fauna discoveries in Singapore over the last decade.

Save Our Sharks by World Wildlife Fund (WWF)

8 – 17 July 2011

An educational exhibition held at Wisma Atria showing the ecological imbalance if sharks were extinct was held to discourage the eating of shark fins.

WWF Giant Storybooks

7 – 20 October 2011

Conservation challenge held at Wisma Atria, educating communities to ensure sustained measures are implemented to reverse the population decline of endangered animals such as tigers and polar bears.

Save Our Forest

31 October – 13 November 2011

WWF held an awareness campaign at Wisma Atria to educate the public on ways to reduce deforestation and work with local communities to regenerate forests that have been degraded by fire, logging and clearing for agriculture.

Recycling Bins and Reserved Lots for Electric Cars

In line with Starhill Global REIT's continuous green efforts, recycling bins are now placed at the Wisma Atria office tower lobby. There are also reserved parking lots for electric cars within the carpark of Wisma Atria. Electric car owners will be able to charge their cars at these lots when they visit the mall.

Self-cleaning Coating on Starhill Gallery

A surface coating was installed on the new façade of Starhill Gallery in Kuala Lumpur. This self-cleaning coating will reduce the amount of water and strong detergent used under conventional cleaning methods.

Corporate Governance

MANAGER OF STARHILL GLOBAL REIT

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

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

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

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

The Trust Deed provides *inter alia* for the removal of the Manager in certain situations, including by way of resolution passed by a simple majority of Unitholders

present and voting at a general meeting duly convened, with no Unitholder being disenfranchised.

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

CORPORATE GOVERNANCE CULTURE

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

The Manager is committed to the highest standards of corporate governance and transparency in the management of Starhill Global REIT and operates in the spirit of the Code of Corporate Governance 2005 (“Code”) in the discharge of its responsibilities as Manager. The following sections describe the Manager’s primary corporate governance policies and practices with specific references to the Code, which incorporate measures for avoiding conflicts of interest, including prioritising the interests of Unitholders over those of the Manager. These policies and practices also ensure that applicable laws and regulations including the listing rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Code of Collective Investment Schemes (“CIS Code”) (including the Property Funds Appendix) issued by the MAS, the SFA and the tax ruling dated 20 May 2005 issued by the Inland Revenue Authority of Singapore are complied with, and that the Manager’s obligations in the Trust Deed are honoured.

(A) Board matters

The Board’s Conduct of Affairs

Principle 1:

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

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

Each Director must act honestly, with due care and diligence, and in the best interest of Unitholders. This obligation ties in with the Manager’s prime responsibility in managing the assets and liabilities of Starhill Global

REIT for the benefit of Unitholders. Decisions are taken objectively in the interests of Starhill Global REIT. The Manager has adopted guidelines, details of which are set out on pages 62 to 64 for related party transactions and dealing with conflicts of interests.

Board meetings are scheduled and held at least once every quarter. Four Board meetings were held in 2011. The Articles of Association of the Manager permit Board meetings to be held by way of teleconference and videoconference. Directors meet to discuss and review the strategies and policies of Starhill Global REIT, including any significant matters pertaining to acquisitions and disposals, the annual budget, and the financial performance of Starhill Global REIT measured against a previously approved budget. The Board also reviews and approves the release of Starhill Global REIT's quarterly, half-yearly and annual results. The Board will generally review matters which have an impact on the business risks and management of liability of Starhill Global REIT, and acts on comments and recommendations from the auditors of Starhill Global REIT.

In the discharge of its functions, the Board is supported by an Audit Committee that provides independent oversight of Management and which also serves to ensure that there are appropriate checks and balances. The Board has established a framework for the Management and Starhill Global REIT, including a system of internal controls and an enterprise risk management framework. The application of the policies and protocol under the framework is further described in the section "Risk Management" on page 52. The Board has adopted a set of internal controls with approval limits for capital expenditure, investments and divestments, bank borrowings and cheque signatories, amongst others. Apart from matters that specifically require Board approval, such as the issue of new units, income distributions and other returns to Unitholders, the Board approves transactions exceeding certain threshold limits, while delegating authority for matters below those limits to Management to facilitate operational efficiency.

Changes to regulations, policies and accounting standards are monitored closely. Where the changes have significant impact on Starhill Global REIT and its obligations of continuing disclosure, the Directors will be briefed during Board meetings or by circulation of Board papers. Further, Directors have access to programmes, courses or seminars organised by the Singapore Institute of Directors.

The size of the Board and core competencies of its members in various fields of accounting, finance, business management and legal, together with their relevant industry knowledge and strategic planning experience, effectively serve Starhill Global REIT and

the Manager. Management is able to benefit from their diverse and objective perspectives of issues that are brought before the Board with a healthy exchange of ideas and views between the Board and Management.

Newly appointed directors are briefed on their roles and responsibilities as Directors of the Manager, and of the business activities and strategic directions of Starhill Global REIT.

Board composition

Principle 2:

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

The Board comprises six members, three of whom are independent non-executive Directors. As such, there is a strong and independent element on the Board. A Director who has no relationship with the Manager, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of Starhill Global REIT is considered to be independent.

The composition of the Board as at 31 December 2011 is as follows:

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

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

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

Mr Keith Tay Ah Kee
Lead Independent Director (Non-executive) (Independent)

Dr Hong Hai
Non-executive Director (Independent)

Mr Michael Hwang
Non-executive Director (Independent)

Ms Tan Peck Mun Kemmy
Alternate Director to Dato' Yeoh Seok Kian

As Lead Independent Director, Mr Keith Tay has the discretion to hold meetings with the Independent Directors (without the presence of Management) as he deems appropriate or necessary. The non-executive Directors participate in setting and developing

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

The Board is of the view that its current composition comprises persons who, as a group, provide the necessary core competencies and that the current Board size is appropriate, taking into consideration the nature and scope of Starhill Global REIT's operations.

The profiles of the Directors are set out on pages 24 to 25 of this Annual Report.

Chairman and Chief Executive Officer

Principle 3:

There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The positions of Executive Chairman and Chief Executive Officer ("CEO") are held by two separate persons in order to maintain effective segregation of duties. There is a clear separation of the roles and responsibilities between the Executive Chairman and the CEO. The Executive Chairman and the CEO are not related.

The Executive Chairman charts the strategic direction and growth of Starhill Global REIT in consultation with the Board, monitors the translation of the Board's decisions into executive actions and is responsible for the overall management of Starhill Global REIT's business and operations. He also facilitates active Board discussion on matters concerning the business of Starhill Global REIT, and ensures that the Board satisfactorily oversees and evaluates the implementation of Starhill Global REIT's strategy, policies, business plans and Board decisions. In addition, the Executive Chairman encourages constructive relations between non-executive Directors and Management, ensures effective communication with Unitholders and promotes a high standard of corporate governance.

The CEO assists the Executive Chairman and the Board in formulating strategies for Starhill Global REIT and is responsible for implementing Starhill Global REIT's strategies and its day-to-day operations.

Board Membership and Board Performance

Principle 4:

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

Principle 5:

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

As the Manager is not itself a listed entity, the Manager does not consider it necessary for the Board to establish a nominating committee as it believes that the performance of the Manager, and the Board, is reflected in the long term success of Starhill Global REIT. The Board performs the functions that such a committee would otherwise perform. Directors of the Manager are not subject to periodic retirement by rotation.

The composition of the Board is reviewed regularly to ensure that it has the appropriate mix of expertise and experience. A Director with multiple board representations is expected to ensure that sufficient attention is given to the affairs of the Manager and Starhill Global REIT. The composition of the Board (including the selection of candidates for new appointments as part of the Board's renewal process) is determined in accordance with the following principles:

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

Reviews of Board performance are conducted once a year. Directors are required to complete a questionnaire evaluating the Board. The questionnaire covers areas such as Board composition, Board processes and any specific areas where improvements may be made.

Attendance at Board and Audit Committee meetings

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

	Board	Audit Committee
	No. of meetings held in 2011: 4	No. of meetings held in 2011: 4
	Attended	Attended
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	4	NA
Mr Ho Sing	4	NA
Dato' Yeoh Seok Kian	4	NA
Mr Keith Tay Ah Kee	4	4
Dr Hong Hai	4	4
Mr Michael Hwang	3	3
Ms Tan Peck Mun Kemmy ¹	0	NA

¹ Alternate Director to Dato' Yeoh Seok Kian.

Access to Information and Accountability

Principle 6:

In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

Principle 10:

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

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

Where necessary, senior members of Management participate in Board meetings to provide additional insights and to respond to any queries from Directors. The Board has unfettered access to senior members of Management and the company secretary at all times. The Board also has access to independent professional advice (legal, financial or otherwise) where appropriate or necessary. The company secretary of the Manager will render necessary assistance to the Board and will ensure that the Board procedures are followed and that applicable laws and regulations are complied with. Under the direction of the Executive Chairman, the company secretary's responsibilities include ensuring good information flow between the Board and its committees and between Management and

non-executive Directors. The company secretary attends all Board and Audit Committee meetings of the Manager to take minutes. The appointment and removal of the company secretary is a Board reserved matter.

The Board, with the support of Management, is responsible for providing a balanced and understandable assessment of Starhill Global REIT's performance, position and prospects, including interim and other price-sensitive public reports, and reports to regulators (if required). Financial reports and other material information are disseminated to Unitholders through announcements to SGX-ST via SGXNET, Starhill Global REIT's website and where applicable, press releases.

(B) Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 7:

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

Level and Mix of Remuneration

Principle 8:

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Disclosure of Remuneration

Principle 9:

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The remuneration of Directors and staff of the Manager is paid by the Manager from the fees it receives from Starhill Global REIT, and not by Starhill Global REIT itself. As Starhill Global REIT does not bear the remuneration of the Manager's Board and staff, the Manager does not consider it necessary to include a report on remuneration of its Directors and key executives.

(C) Internal Controls And Audit Committee

Principle 11:

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

The Audit Committee is established by the Board from amongst the Directors of the Manager and currently comprises three members, all of whom are independent non-executive Directors. The members of the Audit Committee are Mr Keith Tay Ah Kee (Chairman), Dr Hong Hai and Mr Michael Hwang. The members of the Audit Committee, collectively, have expertise or experience in accounting and financial management and are qualified to discharge the Audit Committee's responsibilities.

The Audit Committee assists the Board in overseeing the risk management framework and any matters of significance affecting financial reporting and internal controls of Starhill Global REIT. The terms of reference for the Audit Committee include:

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

The role of the Audit Committee is to monitor and evaluate the adequacy and effectiveness of the Manager's internal controls. The Audit Committee also reviews the quality and veracity of information prepared for inclusion in financial reports. The Audit Committee is responsible for the nomination of external auditors and internal auditors, and reviewing the adequacy of existing audits in respect of cost, scope and performance. The Audit Committee meets with the internal and external auditors at least once a year without the presence of Management, to discuss any matters which the Audit Committee or the auditors believe should be discussed privately without the presence of Management.

The Audit Committee is authorised to investigate any matters within its terms of reference. It has unfettered access to and cooperation from Management and to reasonable resources to enable it to discharge its functions. The Audit Committee has also reviewed all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Pursuant to Rule 1207(6)(c) of the listing manual of the SGX-ST, the Manager confirms that Starhill Global REIT has complied with Rules 712 and 715 of the listing manual in relation to the appointment of the external auditors.

The Audit Committee has reviewed the procedures in place to ensure that employees of the Manager are provided with well-defined and accessible channels to report on potential or actual improprieties in financial or other operational matters, in confidence, and for the independent investigation of any reports by employees and appropriate follow up action.

The Audit Committee generally meets at least once every quarter.

Internal Controls

Principle 12:

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Internal Audit

Principle 13:

The company should establish an internal audit function that is independent of the activities it audits.

The Manager has put in place a system of internal controls, compliance procedures and processes to safeguard Starhill Global REIT's assets and Unitholders' interests, manage risks and ensure compliance with high standards of corporate governance. Financial risk management is exercised in accordance with a robust policy. During the year, the Audit Committee, with the assistance of the internal and external auditors, has reviewed the adequacy of Starhill Global REIT's internal controls that address critical and significant risks of a financial, operational and compliance nature. No significant weaknesses were noted from the auditors' respective scope of reviews. The findings were discussed, followed up and where appropriate, rectifications were made by Management. On this basis, the Board (with the concurrence of the Audit Committee) is of the opinion that the internal controls are adequate.

The Audit Committee has appointed PricewaterhouseCoopers LLP to perform the internal audit functions. The internal auditor subscribes to, and is guided by the Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors, Inc ("IIA") and has incorporated

these standards into its audit practices and meets with the standards set by the IIA.

The internal auditor provides risk assessment services and controls assurance in order to ensure internal controls are aligned to business objectives and address related risks, and reports directly to the Audit Committee. Management is responsible for addressing issues identified by the internal auditor. The internal auditor will also audit and report on the appropriateness and effectiveness of processes for the management of Related Party Transactions twice a year. In addition, the Trustee also has a right to review the internal audit reports so as to ascertain that the Property Funds Appendix has been complied with.

(D) Communication With Unitholders

Principle 14:

Companies should engage in regular, effective and fair communication with shareholders.

Principle 15:

Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investing community. The Manager has developed a communications policy, the cornerstone of which is delivery of timely and full disclosure of all material information relating to Starhill Global REIT by way of announcements to the SGX-ST via SGXNET in the first instance and then including the announcements on Starhill Global REIT's website at www.starhillglobalreit.com. More details on the Manager's investor relations activities and efforts are set out on page 54.

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

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

All Unitholders are sent a copy of the Starhill Global REIT Annual Report prior to an Annual General Meeting. As and when an Extraordinary General Meeting of the Unitholders is to be held, each Unitholder is sent a copy of a circular which contains details of the matters to be proposed for Unitholders' consideration and approval.

Notices for the general meetings of Unitholders setting out all items of business to be transacted at the general meetings are also announced on SGXNET. Members of the Board, representatives of the Trustees, the Manager's senior Management and the external auditors of Starhill Global REIT are in attendance at such general meetings, and Unitholders are given the opportunity to air their views and ask questions regarding the matters to be tabled at the general meetings. Resolutions put to the general meeting are separate unless they are interdependent and linked, and the reasons and material implications are explained. A Unitholder is allowed to appoint one or two proxies to attend and vote at the general meetings in his/her stead.

(E) Additional Information

Dealing With Related Party Transactions

Review procedures for related party transactions

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

In addition, the following procedures are followed:

- (1) Transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) below 3.0% of Starhill Global REIT's latest audited net tangible assets will be subject to review by the Audit Committee;
- (2) Transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of Starhill Global REIT's latest audited net tangible assets will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and consistent with similar types of transactions made by the Trustee, as trustee for Starhill Global REIT, with third parties which are unrelated to the Manager; and
- (3) Transactions (either individually or as part of a series or if aggregated with other transactions

involving the same related party during the same financial year) equal to or exceeding 5.0% of Starhill Global REIT's latest audited net tangible assets will be subject to review and prior approval of the Audit Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including obtaining valuations from professional valuers. Further, under the listing manual of the SGX-ST and the Property Funds Appendix, such transactions would have to be approved by Unitholders at a meeting of Unitholders.

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

Internal control procedures

The Manager's internal control procedures are intended to ensure that Related Party Transactions are conducted on normal commercial terms and are not prejudicial to Unitholders. The Manager maintains a register to record all Related Party Transactions (and the basis, including, where practicable, the quotations obtained to support such basis, on which they are entered into) which are entered into by Starhill Global REIT. The Manager has incorporated into its internal audit plan a review of all Related Party Transactions entered into by Starhill Global REIT.

The Audit Committee reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Audit Committee periodically reviews all Related Party Transactions to ensure compliance with the internal control procedures and with the relevant provisions of the listing manual of

the SGX-ST and the Property Funds Appendix. The review includes the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee. If a member of the Audit Committee or any Director has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction. The Manager discloses in Starhill Global REIT's annual report the aggregate value of Related Party Transactions entered into during the relevant financial year.

Dealing With Conflicts Of Interest

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

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

The Directors of the Manager are under a fiduciary duty to Starhill Global REIT to act in its best interests in relation to decisions affecting Starhill Global REIT when they are voting as a member of the Board. In addition, the Directors and executive officers of the

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

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

Risk Assessment And Management

Effective risk management is a fundamental part of Starhill Global REIT's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests and value. The Manager has in place an enterprise risk management framework and policies that provide a structured approach to identifying and managing the risks that could arise in the course of managing Starhill Global REIT. The framework and policies are monitored and reviewed by the Board as and when appropriate, and major developments and significant revisions to the framework or policies will be submitted to the Board for approval. Risks at both the Manager and Starhill Global REIT levels are managed through this risk management framework, which include:

- (1) Regulatory and reporting risks;
- (2) Financial risks (such as liquidity, interest rate, currency and credit);
- (3) Legal risks (such as contract enforceability, covenants and litigation);
- (4) Operation risks (such as people, processes, infrastructure, technology and systems);
- (5) Environmental, health and safety risks;
- (6) Project risks;

- (7) Asset performance risks; and
- (8) Reputation risks (such as investor relations and media management).

The Audit Committee has also been tasked by the Board to include risk management within its oversight role. This includes the review, assessment and analysis of risks which could arise with respect to the business operations of the Manager, Starhill Global REIT and the assets of Starhill Global REIT. Guidelines and parameters within which such risks are recognised, identified, managed and mitigated are set by the Board. The primary objective is to protect the interests of Unitholders.

Application of the policies and protocol under the framework in respect of Starhill Global REIT assets and operations is further described in the section "Risk Management" on page 52.

Dealing In Starhill Global REIT Units

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

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

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

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

Financial Statements

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Report of the Trustee

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the year covered by these financial statements, set out on pages 69 to 115 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,

HSBC Institutional Trust Services (Singapore) Limited



Antony Wade Lewis

Director

Singapore

1 March 2012

Statement by the Manager

In the opinion of the directors of YTL Starhill Global REIT Management Limited (the “Manager”), the accompanying financial statements set out on pages 69 to 115, comprising the balance sheets, statements of total return, distribution statements and statements of movements in unitholders’ funds of the Group and of the Trust, the investment properties portfolio statement and cash flow statement of the Group and a summary of significant accounting policies and other explanatory information, are drawn up so as to give a true and fair view of the financial position of Starhill Global Real Estate Investment Trust (the “Trust”) and its subsidiaries (the “Group”) as at 31 December 2011, the total return, distributable income and movements in unitholders’ funds of the Group and the Trust, and the cash flows of the Group for the year then ended in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts”* issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet its financial obligations as and when they materialise.

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



Ho Sing
Director

Singapore
1 March 2012

Independent Auditors' Report

UNITHOLDERS OF STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST
(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 8 August 2005 (as amended))

Report on the financial statements

We have audited the accompanying financial statements of Starhill Global Real Estate Investment Trust (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Trust, the investment properties portfolio statement of the Group as at 31 December 2011, the statements of total return, distribution statements and statements of movements in unitholders' funds of the Group and the Trust and the cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 69 to 115.

The Manager's responsibility for the financial statements

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Certified Public Accountants of Singapore and for such internal control as the Manager of the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the financial statements of the Trust present fairly, in all material respects, the financial position of the Group and the Trust as at 31 December 2011, the total return, distributable income and movements in unitholders' funds of the Group and the Trust, and the cash flows of the Group for the year then ended in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Certified Public Accountants of Singapore.



Public Accountants and
Certified Public Accountants

Singapore
1 March 2012

Balance Sheets

AS AT 31 DECEMBER 2011

	Note	GROUP		TRUST	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-current assets					
Investment properties	4	2,709,726	2,654,465	1,860,000	1,812,600
Plant and equipment	5	1,905	563	–	186
Interests in subsidiaries	6	–	–	565,875	595,130
Intangible asset	7	10,782	10,662	–	–
Derivative financial instruments	8	154	1,176	24	666
Trade and other receivables	9	5,728	2,005	4,132	1,459
		2,728,295	2,668,871	2,430,031	2,410,041
Current assets					
Derivative financial instruments	8	291	–	291	–
Trade and other receivables	9	2,520	4,703	5,931	4,418
Cash and cash equivalents	10	107,973	113,040	55,279	67,886
		110,784	117,743	61,501	72,304
Total assets		2,839,079	2,786,614	2,491,532	2,482,345
Non-current liabilities					
Trade and other payables	11	25,053	20,997	18,689	15,472
Derivative financial instruments	8	3,642	25,033	3,642	25,033
Deferred tax liabilities	12	19,671	17,739	–	–
Borrowings	13	838,272	832,471	593,865	563,201
		886,638	896,240	616,196	603,706
Current liabilities					
Trade and other payables	11	42,937	33,530	21,107	17,882
Derivative financial instruments	8	28,381	24,436	28,381	24,436
Income tax payable		2,297	1,138	–	–
Borrowings	13	27,859	1,114	–	–
		101,474	60,218	49,488	42,318
Total liabilities		988,112	956,458	665,684	646,024
Net assets		1,850,967	1,830,156	1,825,848	1,836,321
Represented by:					
Unitholders' funds		1,677,522	1,656,711	1,652,403	1,662,876
Convertible preferred units ("CPU")	14	173,445	173,445	173,445	173,445
		1,850,967	1,830,156	1,825,848	1,836,321
Units in issue ('000)	15	1,943,023	1,943,023	1,943,023	1,943,023
Net asset value per unit (\$) based on:					
– Units issued at the end of the year		0.95	0.94	0.94	0.95
– Units issued at the end of the year, assuming full conversion of CPU		0.85	0.84	0.84	0.84

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

Statements of Total Return

YEAR ENDED 31 DECEMBER 2011

	Note	GROUP		TRUST	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Gross revenue	16	180,088	165,667	109,277	111,221
Property operating expenses	17	(36,503)	(35,209)	(24,286)	(24,088)
Net property income		143,585	130,458	84,991	87,133
Finance income	21	695	827	204	471
Realised foreign exchange gain		–	483	–	483
Dividend income from subsidiaries	18	–	–	15,775	7,274
Fair value adjustment on security deposits		(101)	1,283	56	(67)
Management fees	19	(13,946)	(12,973)	(12,736)	(12,260)
Performance fees	19	–	–	–	–
Trust expenses	20	(3,419)	(3,459)	(2,254)	(1,845)
Finance expense	21	(34,257)	(32,258)	(14,541)	(17,007)
		92,557	84,361	71,495	64,182
Change in fair value of derivative instruments		(11,236)	(7,440)	(11,447)	(7,128)
Unrealised foreign exchange gain		–	–	10,241	5,522
Change in fair value of investment properties	4	28,273	76,432	38,808	97,765
Impairment loss on interests in subsidiaries	6	–	–	(29,500)	(14,500)
Total return for the year before tax and distribution		109,594	153,353	79,597	145,841
Income tax expense	22	(5,187)	(3,326)	–	–
Total return for the year after tax, before distribution		104,407	150,027	79,597	145,841
Non-tax deductible/(chargeable) items		(13,630)	(67,562)	11,180	(63,376)
Income available for distribution		90,777	82,465	90,777	82,465
Earnings per unit (cents)					
Basic	23	4.89	7.48	3.61	7.27
Diluted	23	4.79	7.28	3.61	7.08

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

Distribution Statements

YEAR ENDED 31 DECEMBER 2011

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Income available for distribution at the beginning of the year	27,432	21,793	27,432	21,793
Total return after tax, before distribution	104,407	150,027	79,597	145,841
Net tax adjustments (Note A below)	(13,630)	(67,562)	11,180	(63,376)
Income available for distribution	118,209	104,258	118,209	104,258
Distributions for the period:				
Unitholders				
Distribution of 1.04 cents (2009: 0.97 cents) per unit for the period 1 October to 31 December	(20,207)	(18,771)	(20,207)	(18,771)
Distribution of 1.07 cents (2010: 0.95 cents) per unit for the period 1 January to 31 March	(20,790)	(18,384)	(20,790)	(18,384)
Distribution of 1.04 cents (2010: 0.91 cents) per unit for the period 1 April to 30 June	(20,207)	(17,682)	(20,207)	(17,682)
Distribution of 1.00 cent (2010: 1.00 cent) per unit for the period 1 July to 30 September	(19,430)	(19,430)	(19,430)	(19,430)
CPU holders				
Distribution of 1.3937 cents (2009: Nil) per CPU for the period 1 October to 31 December	(2,412)	–	(2,412)	–
Distribution of 1.3617 cents (2010: Nil) per CPU for the period 1 January to 31 March	(2,357)	–	(2,357)	–
Distribution of 1.3430 cents (28 June to 30 June 2010: 0.0465 cents) per CPU for the period 1 April to 30 June	(2,324)	(80)	(2,324)	(80)
Distribution of 1.3539 cents (2010: 1.4326 cents) per CPU for the period 1 July to 30 September	(2,343)	(2,479)	(2,343)	(2,479)
	(90,070)	(76,826)	(90,070)	(76,826)
Income available for distribution at the end of the year	28,139	27,432	28,139	27,432

Note A – Net tax adjustments

Non-tax deductible/(chargeable) items:

– Finance costs	1,977	1,367	3,485	2,938
– Sinking fund contribution	1,175	1,175	1,175	1,175
– Depreciation	186	204	186	204
– Change in fair value of derivative instruments	11,236	7,440	11,447	7,128
– Unrealised foreign exchange gain	–	–	(10,241)	(5,522)
– Change in fair value of investment properties	(28,273)	(76,432)	(38,808)	(97,765)
– Deferred tax	895	261	–	–
– Impairment loss on interests in subsidiaries	–	–	29,500	14,500
– Fair value adjustment on security deposits	101	(1,283)	(56)	67
– Other items	(927)	(294)	3,186	2,029
– Net overseas income not distributed to the Trust, net of amount received	–	–	11,306	11,870
Net tax adjustments	(13,630)	(67,562)	11,180	(63,376)

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

Statements of Movements in Unitholders' Funds

YEAR ENDED 31 DECEMBER 2011

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Unitholders' funds at the beginning of the year	1,656,711	1,586,528	1,662,876	1,589,418
Operations				
Change in unitholders' funds resulting from operations, before distributions	104,407	150,027	79,597	145,841
Increase in unitholders' funds resulting from operations	104,407	150,027	79,597	145,841
Foreign currency translation reserve				
Translation differences from financial statements of foreign entities	(3,767)	(12,983)	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	10,241	5,522	-	-
Net gain/(loss) recognised directly in unitholders' funds	6,474	(7,461)	-	-
Unitholders' transactions				
Creation of units:				
- Acquisition fee paid in units	-	4,443	-	4,443
Distributions to CPU holders	(9,436)	(2,559)	(9,436)	(2,559)
Distributions to unitholders	(80,634)	(74,267)	(80,634)	(74,267)
Decrease in unitholders' funds resulting from unitholders' transactions	(90,070)	(72,383)	(90,070)	(72,383)
Unitholders' funds at the end of the year	1,677,522	1,656,711	1,652,403	1,662,876

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

Investment Properties Portfolio Statement

AS AT 31 DECEMBER 2011

GROUP

Description of property	Tenure	Term of lease	Location	Existing use	Occupancy rate		At valuation		Percentage of total net assets	
					31/12/2011 %	31/12/2011 %	31/12/2011 \$'000	31/12/2010 \$'000	31/12/2011 %	31/12/2010 %
Wisma Atria Property	Leasehold	Leasehold estate of 99 years expiring on 31 March 2061	435 Orchard Road, Singapore 238877	Retail / Office	94.8 / 95.8		878,000 ⁽⁵⁾	847,500	47.4	46.3
Ngee Ann City Property	Leasehold	Leasehold estate of 69 years, 4 months expiring on 31 March 2072	391/391B Orchard Road, Singapore 238874	Retail / Office	100.0 / 94.9		982,000 ⁽⁵⁾	965,100	53.1	52.7
Starhill Gallery ⁽¹⁾	Freehold	Not applicable	181 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Retail / Office	100.0		275,531 ⁽⁶⁾	266,078	14.9	14.5
Lot 10 Property ⁽¹⁾	Leasehold	Leasehold estate of 99 years expiring on 29 July 2076	50 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	Retail / Office	100.0		166,382 ⁽⁶⁾	168,488	9.0	9.2
Renhe Spring Zongbei Property ⁽²⁾	Leasehold	Leasehold estate of 40 years expiring on 27 December 2035	No. 19, Renminnan Road, Chengdu, China	Retail	100.0		89,526 ⁽⁷⁾	80,540	4.8	4.4
David Jones Building ⁽³⁾	Freehold	Not applicable	622-646 Hay Street Mall, Perth, Western Australia	Retail	100.0		153,015 ⁽⁸⁾	151,360	8.3	8.3
Ebisu Fort ⁽⁴⁾	Freehold	Not applicable	1-24-2 Ebisu-Minami, Shibuya-ku, Tokyo, Japan	Retail / Office	100.0		56,280 ⁽⁹⁾	63,747	3.0	3.5
Roppongi Primo ⁽⁴⁾	Freehold	Not applicable	7-5-9 Roppongi, Minato-ku, Tokyo, Japan	Retail / Office	76.5		12,930 ⁽⁹⁾	14,738	0.7	0.8
Roppongi Terzo ⁽⁴⁾	Freehold	Not applicable	7-13-7 Roppongi, Minato-ku, Tokyo, Japan	F&B / Entertainment	100.0		45,895 ⁽⁹⁾	44,339	2.5	2.4
Holon L ⁽⁴⁾	Freehold	Not applicable	3-12-13 Kita Aoyama, Minato-ku, Tokyo, Japan	Retail	100.0		17,420 ⁽⁹⁾	18,146	0.9	0.9
Harajyuku Secondo ⁽⁴⁾	Freehold	Not applicable	1-19-1 Jingumae, Shibuya-ku, Tokyo, Japan	Retail	100.0		5,310 ⁽⁹⁾	6,611	0.3	0.4
Daikanyama ⁽⁴⁾	Freehold	Not applicable	1-31-12 Ebisu-Nishi, Shibuya-ku, Tokyo, Japan	Retail / F&B	100.0		20,100 ⁽⁹⁾	19,408	1.1	1.1
Nakameguro ⁽⁴⁾	Freehold	Not applicable	1-20-2 Aobadai, Meguro-ku, Tokyo, Japan	Retail	74.3		7,337 ⁽⁹⁾	8,410	0.4	0.5
Investment properties at valuation							2,709,726	2,654,465	146.4	145.0
Other assets and liabilities (net)							(858,759)	(824,309)	(46.4)	(45.0)
Net assets							1,850,967	1,830,156	100.0	100.0

Notes:

⁽¹⁾ Starhill Gallery and Lot 10 Property (the "Malaysia Properties") were acquired on 28 June 2010.

⁽²⁾ Renhe Spring Zongbei Property was acquired on 28 August 2007.

⁽³⁾ David Jones Building was acquired on 20 January 2010.

⁽⁴⁾ The Japan Properties comprise seven properties. Six of these properties (Roppongi Primo, Roppongi Terzo, Holon L, Harajyuku Secondo, Daikanyama and Nakameguro) were acquired on 30 May 2007, whilst the seventh property, Ebisu Fort, was acquired on 26 September 2007.

⁽⁵⁾ Based on the valuation performed by CBRE Pte. Ltd. as at 31 December 2011.

⁽⁶⁾ Based on the valuation performed by YY Property Solutions (Valuation) Sdn Bhd as at 31 December 2011 and translated at the exchange rate of RM2.45:\$1.00 (2010: RM2.40:\$1.00).

⁽⁷⁾ Based on the valuation performed by CBRE HK Limited as at 31 December 2011 and translated at the exchange rate of RMB4.85:\$1.00 (2010: RMB5.13:\$1.00).

⁽⁸⁾ Based on the valuation performed by CBRE (C) Pty Ltd as at 31 December 2011 and translated at the exchange rate of A\$0.76:\$1.00 (2010: A\$0.76:\$1.00).

⁽⁹⁾ Based on the valuation performed by Land Coordinating Research Inc. as at 31 December 2011 and translated at the exchange rate of JPY59.70:\$1.00 (2010: JPY63.38:\$1.00).

The Manager believes that the above independent valuers have appropriate professional qualifications and recent experience in the location and category of the Group's investment properties being valued.

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

Consolidated Cash Flow Statement

YEAR ENDED 31 DECEMBER 2011

	GROUP	
	2011 \$'000	2010 \$'000
Cash flows from operating activities		
Total return for the year before tax and distribution	109,594	153,353
Adjustments for:		
Finance income	(695)	(827)
Fair value adjustment on security deposits	101	(1,283)
Depreciation	339	326
Finance expense	34,257	32,258
Change in fair value of derivative instruments	11,236	7,440
Change in fair value of investment properties	(28,273)	(76,432)
Operating income before working capital changes	126,559	114,835
Trade and other receivables	(9,566)	(621)
Trade and other payables	17,323	6,696
Cash generated from operating activities	134,316	120,910
Income tax paid	(2,509)	(1,808)
Net cash from operating activities	131,807	119,102
Cash flows from investing activities		
Net cash outflows on purchase of investment properties ⁽¹⁾	-	(410,065)
Capital expenditure on investment properties ⁽²⁾	(16,156)	(605)
Purchase of plant and equipment	(1,629)	(269)
Interest received on deposits	695	917
Net cash used in investing activities	(17,090)	(410,022)
Cash flows from financing activities		
Borrowing costs paid	(31,650)	(37,469)
Proceeds from borrowings	167,593	793,495
Repayment of borrowings	(167,081)	(572,124)
Distributions paid to CPU holders	(9,436)	(2,559)
Distributions paid to unitholders	(80,634)	(74,267)
Net cash (used in)/from financing activities	(121,208)	107,076
Net decrease in cash and cash equivalents	(6,491)	(183,844)
Cash and cash equivalents at 1 January	113,040	297,937
Effects of exchange rate differences on cash	1,424	(1,053)
Cash and cash equivalents at 31 December	107,973	113,040

Notes:

⁽¹⁾ Net cash outflows in the comparative year were due to the acquisition of Malaysia Properties in June 2010 (including transaction costs paid, but excluding the CPU portion (non-cash) of the purchase consideration) and the acquisition of David Jones Building in January 2010 (including acquisition costs paid, but excluding a deposit of \$14.8 million which was paid in November 2009).

⁽²⁾ Including asset redevelopment costs paid in relation to Starhill Gallery in Malaysia and Wisma Atria Property in Singapore.

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 1 March 2012.

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 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.

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

(a) Property Manager’s fee and leasing commission

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

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

- (i) one month’s base rental for securing a tenancy of three years or more;
- (ii) two thirds of one month’s base rental for securing a tenancy of two years or more but less than three years;
- (iii) one third of one month’s base rental for securing a tenancy of one year or more but less than two years;
- (iv) one quarter of one month’s base rental for securing a renewal of tenancy of three years or more;
- (v) one eighth of one month’s base rental for securing a renewal of tenancy of two years or more but less than three years; and
- (vi) one twelfth of one month’s base rental for securing a renewal of tenancy of one year or more but less than two years.

Property management fees of 1.8% per annum of gross revenue of the Japan Properties and 0.8% per annum of gross sales of the Renhe Spring Zongbei Property in China, were paid to third parties on a monthly basis in arrears.

(b) Management fees

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

Base fee

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

The Value of Trust Property means:

- (i) the value of all authorised investments of the Group other than real estate related assets;
- (ii) the value of real estate related assets of any entity held by the Group if such holding is less than 30.0% of the equity of such entity; and
- (iii) where the Group invests in 30.0% or more of a real estate related asset of any entity, including any class of equity, equity-linked securities and/or securities issued in real estate securitisation, the Group's proportionate interest in the value of the underlying real estate of the entity issuing the equity which comprises the real estate related asset.

The Manager had elected to receive 100.0% of the Base Fee in cash for the years ended 31 December 2011 and 31 December 2010.

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

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

Performance fee

The Manager is entitled to a performance fee ("Performance Fee") where the accumulated return (comprising capital gains and accumulated distributions and assuming all distributions are re-invested in the Trust) of the units (expressed as the "Trust Index") in any six-month period ending 30 June or 31 December ("Half-Year") exceeds the accumulated return (comprising capital gains and accumulated distributions and assuming re-investment of all distributions) of a benchmark index.

The Performance Fee is calculated in two tiers as follows:

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

- a Tier 2 Performance Fee which is applicable only where the accumulated return of the Trust Index is in excess of 2.0% per annum (1.0% for each Half-Year) above the accumulated return of the benchmark index. This tier of the fee is calculated at 15.0% of the amount by which the accumulated return of the Trust Index is in excess of 2.0% per annum above the accumulated return of the benchmark index, multiplied by the equity market capitalisation of the Trust.

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

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

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

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

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

(c) Acquisition and divestment fees

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

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

(d) Trustee's fee

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

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

The Trustee's fee is subject to annual review between the Trustee and the Manager.

2. Basis of preparation

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 Certified Public Accountants of Singapore and 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 have been prepared on the historical cost basis, except as set out in the accounting policies below. These financial statements are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected.

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

- Note 4 – Valuation of investment properties
- Note 6 – Impairment on interests in subsidiaries
- Note 7 – Assumptions of recoverable amount relating to goodwill impairment
- Notes 8 and 25 – Valuation of financial instruments

From 1 January 2011, the Group has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties. There is no financial effect on the results and financial position of the Group for the current and previous financial year.

3. Significant accounting policies

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

(a) Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

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

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

Subsidiaries

Subsidiaries are entities controlled by the Group and include entities that are created to accomplish a narrow and well defined objective such as the execution of a specific transaction where the substance of the relationship is that the Group controls the entity. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

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

Accounting for subsidiaries by the Trust

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

(b) Foreign currency***Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency differences arising on retranslation are recognised in the statement of total return.

Foreign operations

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

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

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

(c) Plant and equipment***Recognition and measurement***

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and when the Group has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and is recognised in the statement of total return.

Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of plant and equipment are recognised in the statement of total return as incurred.

Depreciation

Depreciation on plant and equipment is recognised in the statement of total return on a straight-line basis over their estimated useful lives of 2 to 8 years.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

(d) Investment properties

Investment properties is property held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost on initial recognition, and subsequently at fair value with any changes therein recognised in the statement of total return. Fair value is determined in accordance with the Trust Deed, which requires investment properties to be valued by independent registered valuers in such manner and frequency required under Appendix 6 of the CIS Code ("Property Fund Appendix") issued by Monetary Authority of Singapore ("MAS").

Subsequent expenditure relating to investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

(e) Intangible asset

Goodwill

Goodwill and negative goodwill arise upon the acquisition of subsidiaries.

Goodwill represents the excess of the fair value of the consideration transferred over the Group's interest in the net fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Goodwill arising on the acquisition of subsidiaries is presented in intangible asset. Goodwill is measured at cost less accumulated impairment losses, and tested for impairment. Negative goodwill is recognised immediately in the statement of total return.

(f) Financial instruments

(i) *Non-derivative financial assets*

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through the statement of total return) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following category: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables. Cash and cash equivalents comprise cash at bank and fixed deposits.

(ii) *Non-derivative financial liabilities*

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through the statement of total return) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise borrowings and trade and other payables.

(iii) Unitholders' funds

Unitholders' funds represent the residual interest in the Group's net assets upon termination and are classified as equity. Expenses incurred in the issuance and placement of units (if any) in the Group are deducted directly against unitholders' funds.

(iv) Convertible preferred units

Convertible preferred units issued by the Trust are classified as equity based on the principal terms of the CPU as disclosed in Note 14. Any directly attributable transaction costs are recognised as a deduction from the fair value of the consideration received.

(v) Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures arising from operating, financing and investing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value. Attributable transaction costs are recognised in the statement of total return as incurred.

Subsequent to initial recognition, derivatives are measured at fair value. All changes in fair value is recognised immediately in the statement of total return. However, if derivatives qualify for hedge accounting, subsequent to initial recognition, changes in fair value therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect total return, the effective portion of changes in the fair value of the derivative is recognised and presented in the hedging reserve in unitholders' funds. The amount recognised in unitholders' funds is removed and included in the statement of total return in the same period as the hedged cash flows affect total return under the same line item in the statement of total return as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in total return.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in unitholders' funds remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in unitholders' funds is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in unitholders' funds is transferred to the statement of total return in the same period that the hedged item affects total return.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the statement of total return. The hedged item is also stated at fair value in respect of the risk being hedged. The gain or loss attributable to the hedged risk is recognised in the statement of total return with an adjustment to the carrying amount of the hedged item.

(g) Impairment

Non-derivative financial assets

A financial asset not carried at fair value through the statement of total return is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a tenant, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a tenant or issuer will enter bankruptcy. In addition, for an investment, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of total return.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of

other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (groups of CGUs) and then to reduce the carrying amount of the other assets in the CGU (groups of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(h) Employee benefits

Short-term employee benefit obligations, including contributions to defined contribution pension plans, if any, are measured on an undiscounted basis and are expensed as the related service is provided in the statement of total return.

A liability is recognised for the amount expected to be paid under short-term cash bonus where the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(i) Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a receipt basis. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Dividend income

Dividend income is recognised in the statement of total return on the date that the Trust's right to receive payment is established.

(j) Finance income and finance expense

Finance income comprises interest income on funds invested and derivative financial instruments. Interest income is recognised as it accrues in the statement of total return, using the effective interest method.

Finance expense comprises interest expense on borrowings and derivative financial instruments and amortisation of loan acquisition expenses. All borrowing costs are recognised in the statement of total return using the effective interest method.

(k) Expenses

(i) Property operating expenses

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are property tax, maintenance and sinking fund contributions, leasing and upkeep expenses, marketing expenses, administrative expenses and the property management fees and leasing commission which is based on the applicable formula stipulated in Note 1(a).

(ii) Management fees

Management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(b).

(iii) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is the Trustee's fee which is based on the applicable formula stipulated in Note 1(d).

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to a business combination, or items directly related to unitholders' funds, in which case it is recognised in unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences on initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling dated 20 May 2005 ("Tax Ruling") on the taxation of the Trust for income earned and expenditure incurred after its listing on the SGX-ST. Subject to meeting the terms and conditions of the Tax Ruling, the Trustee will not

be assessed to tax on the taxable income of the Trust. Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate from the distributions made to unitholders that are made out of the taxable income of the Trust. However, where the beneficial owners are individuals or qualifying unitholders, the Trustee and the Manager will make the distributions to such unitholders without deducting any income tax. Also, where the beneficial owners are foreign non-individual unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made during the period from the date of constitution to 31 March 2015.

A qualifying unitholder is a unitholder who is:

- (i) a Singapore-incorporated company which is a tax resident in Singapore;
- (ii) a body of persons, other than a company or a partnership, registered or constituted in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club and a trade and industry association); and
- (iii) a Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deduction at source in respect of distributions from the Trust.

A foreign non-individual unitholder is one who is not a resident of Singapore for income tax purposes and

- (i) which does not have a permanent establishment in Singapore; or
- (ii) which carries on any operation in Singapore through a permanent establishment in Singapore where the funds used to acquire the units are not obtained from that operation in Singapore.

The Trust is exempt from Singapore income tax under Section 13(12) of the Income Tax Act on the following income:

- (i) dividends;
- (ii) interest on shareholder's loans; and
- (iii) foreign-sourced trust distribution

payable by its subsidiaries out of underlying rental income derived from the overseas investment properties. This exemption is granted subject to certain conditions, including the condition that the Trustee is a tax resident of Singapore.

The Trust's distribution policy is to distribute at least 90% of its taxable income for the year ended 31 December 2011 (2010: 90%). For any remaining amount of taxable income not distributed, tax will be assessed on, and collected from, the Trustee on such remaining amount (referred to as retained taxable income). In the event where a distribution is subsequently made out of such retained taxable income, the Trustee and the Manager will not have to make a further deduction of income tax from the distribution.

The above Tax Ruling does not apply to gains from sale of real properties, if considered to be trading gains derived from a trade or business carried on by the Trust. Tax on such gains or profits will be assessed, in accordance with Section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

(m) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. Investment properties

	GROUP	TRUST
	\$'000	\$'000
At 1 January 2010	1,981,786	1,714,230
Additions and acquisition of investment properties	604,144	605
Change in fair value of investment properties	76,432	97,765
Translation differences	(7,897)	–
At 31 December 2010	2,654,465	1,812,600
Additions	18,766	8,592
Change in fair value of investment properties	28,273	38,808
Translation differences	8,222	–
At 31 December 2011	2,709,726	1,860,000

Investment properties are stated at fair value based on valuations performed by independent professional valuers. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The valuation reports are prepared in accordance with recognised appraisal and valuation standards. The estimates underlying the valuation techniques in the next financial year may differ from current estimates, which may result in valuations that may be materially different from the valuations as at balance sheet date.

The valuers have considered the capitalisation approach and/or discounted cash flows in arriving at the open market value as at the balance sheet date. The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates. The income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements.

At 31 December 2011, investment properties with a carrying value of approximately \$1,576.9 million (2010: \$1,551.0 million) are mortgaged to secure credit facilities for the Group and the Trust (Note 13).

5. Plant and equipment

	GROUP	TRUST
	\$'000	\$'000
Cost:		
At 1 January 2010	1,310	1,016
Additions	269	–
Disposals/write-off	(37)	–
Translation differences	(22)	–
At 31 December 2010	1,520	1,016
Additions	1,629	–
Translation differences	69	–
At 31 December 2011	3,218	1,016
Accumulated depreciation:		
At 1 January 2010	(672)	(626)
Depreciation charge	(326)	(204)
Disposals/write-off	37	–
Translation differences	4	–
At 31 December 2010	(957)	(830)
Depreciation charge	(339)	(186)
Translation differences	(17)	–
At 31 December 2011	(1,313)	(1,016)
Carrying amount:		
At 31 December 2010	563	186
At 31 December 2011	1,905	–

6. Interests in subsidiaries

	TRUST	
	2011	2010
	\$'000	\$'000
Equity investments at cost	424,179	434,214
Advances to subsidiaries ⁽¹⁾	201,696	191,416
	625,875	625,630
Less: allowance for impairment loss ⁽¹⁾	(60,000)	(30,500)
	565,875	595,130

⁽¹⁾ Advances to subsidiaries are unsecured and stated at cost less impairment loss. The advances form part of the Trust's interests in subsidiaries as settlement of these amounts is neither planned nor likely to occur in the foreseeable future.

The drop in valuation of the Japan Properties had caused the Manager to reassess the recoverable amount of its interests in subsidiaries in relation to the Group's investment in Japan. The recoverable amount of the cash generating unit was estimated based on its value in use, and using the discounted cash flow method. This involves the estimation and projection of an income stream over a period at a rental growth rate indicative of market, and discounting the income stream with an internal rate of return. The recoverable amount was estimated to be lower than the carrying amount of the Group's interest in these subsidiaries, and an impairment loss of \$29.5 million (2010: \$14.5 million) was recognised for the year ended 31 December 2011.

The movement in the allowance for impairment loss in respect of interests in subsidiaries during the year was as follows:

	TRUST	
	2011 \$'000	2010 \$'000
At 1 January	(30,500)	(16,000)
Impairment loss recognised	(29,500)	(14,500)
At 31 December	(60,000)	(30,500)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership interest	
		2011 %	2010 %
Starhill Global REIT Japan SPC One Pte Ltd ⁽²⁾	Singapore	100	100
Starhill Global REIT Japan SPC Two Pte Ltd ⁽²⁾	Singapore	100	100
Starhill Global REIT MTN Pte Ltd ⁽²⁾	Singapore	100	100
SG REIT (M) Pte Ltd ⁽²⁾	Singapore	100	100
SG REIT (WA) Pte Ltd ⁽²⁾	Singapore	100	100
Starhill Global REIT One TMK ⁽³⁾	Japan	100	100
Starhill Global ML K.K. ⁽⁴⁾	Japan	100	100
Starhill Global REIT Spring Ltd ⁽⁴⁾	British Virgin Islands	100	100
Top Sure Investment Limited ⁽⁵⁾	Hong Kong	100	100
Renhe Spring Department Store Co., Ltd ⁽³⁾	China	100	100
SG REIT (WA) Trust ⁽³⁾	Australia	100	100
Ara Bintang Berhad ⁽³⁾	Malaysia	100	100

⁽²⁾ Audited by KPMG LLP

⁽³⁾ Audited by other member firms of KPMG International

⁽⁴⁾ Not required to be audited by the laws of the country of incorporation

⁽⁵⁾ Audited by other auditors

7. Intangible asset

The intangible asset represents goodwill on acquisition of Top Sure Investment Limited ("Top Sure") in August 2007. Top Sure owns, through its wholly owned subsidiary, Renhe Spring Zongbei Property in China.

For the purpose of impairment testing, goodwill is allocated to the Group's operations in China which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount of the China cash-generating unit was based on its fair value less costs to sell. In determining the fair value, the Manager had used the valuation of the investment property (Note 4) determined by independent professional valuers. The movement during the year was due to the retranslation of goodwill at the exchange rate at the reporting date.

8. Derivative financial instruments

	2011		2010	
	Contract notional amount \$'000	Fair value \$'000	Contract notional amount \$'000	Fair value \$'000
Group				
Non-current assets				
Foreign exchange option	–	–	63,000	481
Interest rate swaps and caps	159,900	154	232,400	695
	159,900	154	295,400	1,176
Current assets				
Foreign exchange option	63,000	291	–	–
	63,000	291	–	–
	222,900	445	295,400	1,176
Non-current liabilities				
Cross currency swap	–	–	80,000	20,866
Interest rate swaps and caps	313,000	3,642	426,900	4,167
	313,000	3,642	506,900	25,033
Current liabilities				
Cross currency swap	80,000	26,909	82,000	24,436
Interest rate swap and caps	216,900	1,472	–	–
	296,900	28,381	82,000	24,436
	609,900	32,023	588,900	49,469
Trust				
Non-current assets				
Foreign exchange option	–	–	63,000	481
Interest rate swaps and cap	50,000	24	150,000	185
	50,000	24	213,000	666
Current assets				
Foreign exchange option	63,000	291	–	–
	63,000	291	–	–
	113,000	315	213,000	666
Non-current liabilities				
Cross currency swap	–	–	80,000	20,866
Interest rate swaps and caps	313,000	3,642	378,000	4,167
	313,000	3,642	458,000	25,033
Current liabilities				
Cross currency swap	80,000	26,909	82,000	24,436
Interest rate swap and caps	165,000	1,472	–	–
	245,000	28,381	82,000	24,436
	558,000	32,023	540,000	49,469

The net fair value of the derivative financial instruments represents 1.9% (2010: 2.9%) of the Group's unitholders' funds as at 31 December 2011.

The Group's and the Trust's contractual maturities analysis for derivative financial liabilities is disclosed in Note 13.

9. Trade and other receivables

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-current				
Lease incentives	5,728	2,005	4,132	1,459
	5,728	2,005	4,132	1,459
Current				
Trade receivables	447	549	108	323
Deposits	252	225	168	225
Prepayments	803	654	216	205
Lease incentives and other receivables	1,018	3,275	5,439	3,665
	2,520	4,703	5,931	4,418
	8,248	6,708	10,063	5,877

Concentration of credit risk relating to trade receivables is limited due to the Group's varied mix of tenants and credit policy of obtaining security deposits from tenants for leasing the Group's investment properties. As at 31 December 2011, the Group has security deposits received in cash of approximately \$30.3 million (2010: \$27.6 million) (Note 11).

The maximum exposure to credit risk for the loans and receivables at the reporting date by geographic region was:

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Singapore	367	697	6,960	3,107
Malaysia	21	4	-	-
China	79	321	-	-
Australia	2,018	1,525	-	-
Japan	331	303	-	-
	2,816	2,850	6,960	3,107

Impairment losses

The ageing of trade receivables at the reporting date is:

	Gross 2011 \$'000	Impairment losses 2011 \$'000	Gross 2010 \$'000	Impairment losses 2010 \$'000
Group				
Not past due	259	(113)	380	(57)
Past due 0 – 30 days	219	(51)	104	(15)
Past due 31 – 120 days	127	(25)	107	(3)
More than 120 days	94	(63)	210	(177)
	699	(252)	801	(252)
Trust				
Not past due	221	(113)	380	(57)
Past due 0 – 30 days	51	(51)	15	(15)
Past due 31 – 120 days	25	(25)	3	(3)
More than 120 days	63	(63)	177	(177)
	360	(252)	575	(252)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
At 1 January	(252)	(265)	(252)	(265)
Written off	–	162	–	13
Impairment loss recognised	–	(149)	–	–
At 31 December	(252)	(252)	(252)	(252)

The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, the Manager believes that, apart from the above, no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables as these are substantially covered by security deposits.

10. Cash and cash equivalents

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash at bank and in hand	102,339	107,966	55,279	67,886
Fixed deposits with a financial institution	5,634	5,074	-	-
	107,973	113,040	55,279	67,886

The weighted average effective interest rates per annum relating to fixed deposits with a financial institution at the balance sheet date for the Group is 3.3% (2010: 3.0%). Interest rates reprice at intervals of one to three months (2010: one to three months).

The Trust issued 963,724,106 new units pursuant to the rights issue in August 2009 and received total gross proceeds of \$337.3 million in consideration. Usage of the proceeds is as follows:

	GROUP AND TRUST \$'000
Gross proceeds from rights issue	337,303
Rights issue expenses and related costs	(9,427)
Net proceeds from rights issue	327,876
Repayment of revolving credit facilities	(50,900)
Payment for acquisition of investment properties	(211,408)
Balance as at 31 December 2010	65,568
Payment for asset redevelopment costs of Wisma Atria Property	(5,288)
Payment to subscribe for second junior MTNs issued by Ara Bintang Berhad ⁽¹⁾	(10,174)
Balance of net proceeds included in cash and cash equivalents as at 31 December 2011	50,106

⁽¹⁾ Proceeds from the issuance were used to fund the asset redevelopment of Starhill Gallery in Malaysia.

The above utilisations are in accordance with the intended use, and the percentage allocated for the use, of the proceeds of the rights issue as stated in the announcement dated 22 June 2009 in respect of the rights issue.

11. Trade and other payables

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-current				
Deferred income	14	256	14	256
Security deposits ⁽¹⁾	25,039	20,741	18,675	15,216
	25,053	20,997	18,689	15,472
Current				
Trade payables	20,114	11,031	4,447	1,595
Accrued expenses	2,966	3,118	2,020	1,474
Amounts due to:				
– the Manager ⁽²⁾	2,268	2,186	2,268	2,186
– the Property Manager ⁽²⁾	1,571	815	1,571	815
– the Trustee ⁽²⁾	73	108	73	108
Interest payable	2,427	2,333	2,268	2,198
Deferred income	1,342	787	1,342	787
Security deposits ⁽¹⁾	5,264	6,818	4,124	5,693
Other payables	6,912	6,334	2,994	3,026
	42,937	33,530	21,107	17,882
	67,990	54,527	39,796	33,354

⁽¹⁾ Security deposits represent cash deposits received in advance from tenants to secure leases of the Group's investment properties.

⁽²⁾ The amounts due to the Manager, Property Manager and Trustee are unsecured, interest free and repayable on demand.

The Group's and the Trust's exposure to currency and liquidity risk related to trade and other payables are disclosed in Notes 13 and 25.

12. Deferred tax liabilities

	GROUP	
	2011 \$'000	2010 \$'000
Deferred tax liabilities ⁽¹⁾	19,671	17,739

⁽¹⁾ The deferred tax liability is mainly in respect of Renhe Spring Zongbei Property in China and has been estimated on the basis of an asset sale at the current book value.

Movements in deferred tax liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January \$'000	Recognised in statement of total return (Note 22) \$'000	Translation differences \$'000	At 31 December \$'000
Group				
2011				
Deferred tax liabilities				
Investment properties	17,581	934	1,030	19,545
Borrowings	158	(39)	7	126
Total	17,739	895	1,037	19,671
Group				
2010				
Deferred tax liabilities				
Investment properties	18,223	310	(952)	17,581
Borrowings	217	(49)	(10)	158
Total	18,440	261	(962)	17,739

13. Borrowings

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-current				
Secured borrowings	693,132	666,009	475,125	446,000
Unsecured borrowings	152,764	175,627	124,000	124,000
Unamortised loan acquisition expenses	(7,624)	(9,165)	(5,260)	(6,799)
	838,272	832,471	593,865	563,201
Current				
Unsecured borrowings	27,979	1,114	-	-
Unamortised loan acquisition expenses	(120)	-	-	-
	27,859	1,114	-	-
Total borrowings (net of borrowing costs)	866,131	833,585	593,865	563,201

The contractual terms of the Group's and the Trust's borrowings, which are measured at amortised cost are disclosed below. The Group's and the Trust's exposure to interest rate, currency and liquidity risk, is disclosed in Note 25.

Terms and debt repayment schedule

Terms and conditions of the outstanding borrowings are as follows:

	Currency	Nominal interest rate per annum %	Year of maturity	2011	
				Face value \$'000	Carrying amount \$'000
Group					
JPY term loan facility ⁽¹⁾	JPY	0.75	2013	111,125	111,125
SGD term loan facility ⁽²⁾	SGD	1.40 – 1.79	2013	364,000	364,000
Singapore MTN ⁽³⁾	SGD	3.41	2015	124,000	124,000
Japan bonds ⁽⁴⁾	JPY	0.99 – 2.20	2012/2016	53,600	53,600
China loan ⁽⁵⁾	RMB	–	2014	3,536 ⁽⁵⁾	3,143
Australia loan ⁽⁶⁾	A\$	6.88 – 7.44	2013	83,103	83,103
Malaysia MTN ⁽⁷⁾	RM	5.35	2015	134,904	134,904
				874,268	873,875
Trust					
JPY term loan facility ⁽¹⁾	JPY	0.75	2013	111,125	111,125
SGD term loan facility ⁽²⁾	SGD	1.40 – 1.79	2013	364,000	364,000
Intercompany loan ⁽³⁾	SGD	3.41	2015	124,000	124,000
				599,125	599,125
	Currency	Nominal interest rate per annum %	Year of maturity	2010	
				Face value \$'000	Carrying amount \$'000
Group					
SGD term loan facility ⁽²⁾	SGD	1.50 – 1.57	2013	446,000	446,000
Singapore MTN ⁽³⁾	SGD	3.41	2015	124,000	124,000
Japan bonds ⁽⁴⁾	JPY	1.00 – 1.11	2012	48,915	48,915
China loan ⁽⁵⁾	RMB	–	2014	4,457 ⁽⁵⁾	3,826
Australia loan ⁽⁶⁾	A\$	6.56 – 7.44	2013	82,382	82,382
Malaysia MTN ⁽⁷⁾	RM	5.35	2015	137,627	137,627
				843,381	842,750
Trust					
SGD term loan facility ⁽²⁾	SGD	1.50 – 1.57	2013	446,000	446,000
Intercompany loan ⁽³⁾	SGD	3.41	2015	124,000	124,000
				570,000	570,000

- (1) The Group has entered into a facility agreement for the grant of secured term loan facilities of JPY13.0 billion (\$217.8 million) (maturing in September 2013) from a bank in October 2011, of which approximately JPY6.6 billion (\$111.1 million) was drawn as at 31 December 2011 to finance the JPY payments under a cross currency swap which matured during the year ended 31 December 2011.

The remaining JPY6.4 billion (\$106.4 million) is expected to be drawn to finance the JPY payments under the remaining cross currency swap maturing within the next 12 months. The facilities are secured over the Group's interest in Ngee Ann City Property on a pari passu basis with the facilities granted to the Group under the SGD term loan facility ⁽²⁾.

- (2) The \$496.0 million secured loan facilities from a syndicate of five banks were taken up in September 2010, which comprise three-year \$446.0 million term loans (maturing in September 2013) of which \$82.0 million was repaid during the year ended 31 December 2011, and a three-year revolving credit facility ("RCF") of \$50.0 million (maturing in September 2013). The interest rate on the term loans has been fixed using a combination of interest rate swaps and caps, and cross currency swap. There is no amount outstanding on the RCF as at 31 December 2011. The facilities are secured on the following:

- (i) A first legal mortgage on Ngee Ann City Property;
- (ii) A first fixed charge over Ngee Ann City Property's rental collection, operating and fixed deposit accounts;
- (iii) An assignment of the Trust's rights, title and interest in the property management agreements, tenancy documents, sale and purchase agreements and proceeds (if any) and insurance policies in relation to Ngee Ann City Property; and
- (iv) A fixed and floating charge over the assets of the Trust in relation to Ngee Ann City Property.

- (3) The \$124.0 million five-year Singapore medium term notes ("MTN") comprised in Series 001 (the "Series 001 Notes") were issued by Starhill Global REIT MTN Pte Ltd, a wholly owned subsidiary of the Group in July 2010 (maturing in July 2015) under its \$2.0 billion Multicurrency MTN Programme and the proceeds from the issuance were extended as an intercompany loan to the Trust at the same repayment terms. The Series 001 Notes are unsecured and have a fixed rate interest of 3.405% per annum payable semi-annually in arrears. The Series 001 Notes have been assigned a rating of "BBB-" by Standard & Poor's Rating Services.

- (4) The Group has redeemed JPY1.5 billion (\$25.1 million) of its JPY3.1 billion (\$51.9 million) (2010: JPY3.1 billion or \$48.9 million equivalent) five-year Japan bonds ("Series 1 Bonds") (maturing in May 2012) during the year ended 31 December 2011, using the proceeds from the issuance of JPY1.6 billion (\$26.8 million) Japan bonds in December 2011 ("Series 2 Bonds") (maturing in November 2016).

The remaining JPY1.6 billion (\$26.8 million) of the Series 1 Bonds maturing in May 2012 is expected to be redeemed using internal sources of funds. The interest rates for both Series 1 Bonds and Series 2 Bonds have been hedged via interest rate caps. Whilst no security has been pledged, the bondholders of both Series 1 Bonds and Series 2 Bonds have a statutory preferred right, under the Japan Asset Liquidation Law, to receive payment of all obligations under the Japan bonds prior to other creditors out of the assets of the issuer (Starhill Global REIT One TMK).

- (5) The carrying amount of \$3.1 million (2010: \$3.8 million) represents the discounted value of a RMB17.1 million (\$3.5 million) (2010: RMB22.9 million or \$4.5 million equivalent) loan payable to a third party and was assumed as part of the acquisition of the Renhe Spring Zongbei Property in China in August 2007. The loan is interest-free and repayable in equal and annual instalments, of which four annual instalments of approximately RMB5.7 million each have been repaid as at 31 December 2011. The final instalment is due in August 2014.
- (6) The A\$63.0 million (\$83.1 million) (2010: A\$63.0 million or \$82.4 million equivalent) three-year term loan was taken up to partially fund the acquisition of David Jones Building in January 2010 and the interest rate has been hedged via an interest rate cap. The loan is repayable in January 2013 and secured by a fixed and floating charge over all the assets of SG REIT (WA) Trust and a mortgage over David Jones Building.
- (7) The Group acquired the Malaysia Properties through an asset-backed securitisation structure in June 2010. Under the structure, the properties were acquired by Ara Bintang Berhad (a bankruptcy-remote special purpose vehicle) which issued RM330.0 million (\$134.9 million) (2010: RM330.0 million or \$137.6 million equivalent) of five-year fixed-rate Malaysia MTN to partially fund the acquisition of the Malaysia Properties. The Malaysia MTN have an expected maturity date of 5 years and legal maturity date of 6.5 years from the issuance date, and are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad.

The contractual maturities by type of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, are as follows:

	Note	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		After 5 years \$'000
				Within 1 year \$'000	Within 1 to 5 years \$'000	
Group						
2011						
Non-derivative financial liabilities						
JPY term loan facility	13	111,125	(112,743)	(884)	(111,859)	-
SGD term loan facility	13	364,000	(375,419)	(6,564)	(368,855)	-
Singapore MTN	13	124,000	(140,900)	(4,222)	(136,678)	-
Japan bonds	13	53,600	(56,629)	(27,522)	(29,107)	-
China loan	13	3,143	(3,536)	(1,179)	(2,357)	-
Australia loan	13	83,103	(89,073)	(5,674)	(83,399)	-
Malaysia MTN	13	134,904	(160,175)	(7,217)	(152,958)	-
Trade and other payables	11	67,990	(70,621)	(43,189)	(27,432)	-
Total financial liabilities measured at amortised cost		941,865	(1,009,096)	(96,451)	(912,645)	-
Derivative financial liabilities						
Cross currency swap						
- inflow		-	81,870	81,870	-	-
- outflow	8	26,909	(108,351)	(108,351)	-	-
Interest rate swaps and caps						
- inflow		-	2,544	1,303	1,241	-
- outflow	8	5,114	(7,705)	(3,573)	(4,132)	-
Total held for trading		32,023	(31,642)	(28,751)	(2,891)	-
		973,888	(1,040,738)	(125,202)	(915,536)	-

Group	Note	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		After 5 years \$'000
				Within 1 year \$'000	Within 1 to 5 years \$'000	
2010						
Non-derivative financial liabilities						
SGD term loan facility	13	446,000	(464,987)	(6,930)	(458,057)	–
Singapore MTN	13	124,000	(145,122)	(4,222)	(140,900)	–
Japan bond	13	48,915	(49,643)	(487)	(49,156)	–
China loan	13	3,826	(4,457)	(1,114)	(3,343)	–
Australia loan	13	82,382	(94,959)	(6,129)	(88,830)	–
Malaysia MTN	13	137,627	(170,750)	(7,363)	(163,387)	–
Trade and other payables	11	54,527	(57,349)	(33,968)	(23,381)	–
Total financial liabilities measured at amortised cost		897,277	(987,267)	(60,213)	(927,054)	–
Derivative financial liabilities						
Cross currency swaps						
– inflow		–	166,317	84,516	81,801	–
– outflow	8	45,302	(208,909)	(107,321)	(101,588)	–
Interest rate swaps and caps						
– inflow		–	1,575	579	996	–
– outflow	8	4,167	(8,646)	(3,036)	(5,610)	–
Total held for trading		49,469	(49,663)	(25,262)	(24,401)	–
		946,746	(1,036,930)	(85,475)	(951,455)	–
Trust						
2011						
Non-derivative financial liabilities						
JPY term loan facility	13	111,125	(112,743)	(884)	(111,859)	–
SGD term loan facility	13	364,000	(375,419)	(6,564)	(368,855)	–
Intercompany loan	13	124,000	(140,900)	(4,222)	(136,678)	–
Trade and other payables	11	39,796	(41,200)	(21,359)	(19,841)	–
Total financial liabilities measured at amortised cost		638,921	(670,262)	(33,029)	(637,233)	–
Derivative financial liabilities						
Cross currency swap						
– inflow		–	81,870	81,870	–	–
– outflow	8	26,909	(108,351)	(108,351)	–	–
Interest rate swaps and caps						
– inflow		–	2,544	1,303	1,241	–
– outflow	8	5,114	(7,705)	(3,573)	(4,132)	–
Total held for trading		32,023	(31,642)	(28,751)	(2,891)	–
		670,944	(701,904)	(61,780)	(640,124)	–

	Note	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
				Within 1 year \$'000	Within 1 to 5 years \$'000	After 5 years \$'000
Trust						
2010						
Non-derivative financial liabilities						
SGD term loan facility	13	446,000	(464,987)	(6,930)	(458,057)	–
Intercompany loan	13	124,000	(145,122)	(4,222)	(140,900)	–
Trade and other payables	11	33,354	(34,703)	(18,249)	(16,454)	–
Total financial liabilities measured at amortised cost		603,354	(644,812)	(29,401)	(615,411)	–
Derivative financial liabilities						
Cross currency swaps						
– inflow		–	166,317	84,516	81,801	–
– outflow	8	45,302	(208,909)	(107,321)	(101,588)	–
Interest rate swaps and caps						
– inflow		–	1,575	579	996	–
– outflow	8	4,167	(8,646)	(3,036)	(5,610)	–
Total held for trading		49,469	(49,663)	(25,262)	(24,401)	–
		652,823	(694,475)	(54,663)	(639,812)	–

The maturity analyses show the undiscounted cash flows of the Group and the Trust's financial liabilities on the basis of their earliest possible contractual maturity.

14. Convertible preferred units

On 28 June 2010, the Trust issued 173,062,575 convertible preferred units ("CPU") (valued at \$173.4 million, net of capitalised costs incurred directly attributable to the issue of CPU) at the issue price of \$1.00 per CPU, as part of the consideration for the acquisition of Malaysia Properties. The principal terms of the CPU are as follows:

- subject to the sole discretion of the Manager, the CPU holders are entitled to receive a discretionary, non-cumulative variable S\$ coupon distribution of up to RM0.1322 per CPU, which is equivalent to a distribution rate of 5.65% per annum assuming the CPU distribution is paid in full and based on the Ringgit Malaysia amount of the CPU determined on the date of issuance of the CPU;
- any CPU distribution or part thereof not due or payable shall not accumulate for the benefit of the CPU holders or entitle the CPU holders to any claim in respect thereof against the Trust, the Trustee and/or the Manager;
- the CPU rank senior to the units in the Trust in respect of the entitlement to participate in the distributions of the Trust and rank senior to the units in respect of the entitlement to receive out of the assets of the Trust in the event of the commencement of any dissolution or winding up of the Trust. Upon the dissolution of the Trust, CPU holders are entitled to receive an amount equivalent to the sum of (i) the number of CPU held by the CPU holders multiplied by the issue price and (ii) any outstanding CPU and special CPU distributions;

- the CPU holders have the right to convert the CPU into units after a period of three years commencing from the date of issuance of the CPU at a conversion price of \$0.7266 per unit determined at the date of issuance of the CPU. Any CPU remaining in existence after seven years from the date of issuance of the CPU shall be mandatorily converted into units at the conversion price;
- the CPU holders do not have a right to attend and vote at meetings of unitholders except during such period as the CPU or special CPU distribution remains in arrears and unpaid for at least 12 months, or in respect of any resolution which varies or abrogates any right, preference or privilege of the CPU, or in respect of any resolution for the dissolution or winding up of the Trust; and
- the Manager shall have the sole right to redeem any number of CPU on a pro rata basis at the issue price after a period of three years commencing from the date of issuance of the CPU.

15. Units in issue

	GROUP AND TRUST	
	2011 No. of units '000	2010 No. of units '000
At 1 January	1,943,023	1,932,418
Issue of units:		
– Management fees issued in units (base fee)	–	2,695
– Acquisition fee issued in units ⁽¹⁾	–	7,910
Total issued units at 31 December	1,943,023	1,943,023

⁽¹⁾ The Trust issued 7,909,654 units to the Manager on 12 July 2010 as payment of acquisition fees in connection with the acquisition of the Malaysia Properties.

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 unitholder meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 unitholders or one-tenth in number of the unitholders, whichever is the lesser) 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.

A unitholder's liability is limited to the amount paid or payable for any units in the Trust. The Trust Deed provides that no unitholders 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.

16. Gross revenue

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Property rental income	160,883	147,544	106,569	108,653
Turnover rental income	18,400	17,552	2,111	1,997
Other income	805	571	597	571
	180,088	165,667	109,277	111,221

17. Property operating expenses

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Maintenance and sinking fund contributions	5,937	5,915	5,659	5,660
Property management fees	4,366	4,499	3,247	3,312
Property tax	13,634	12,638	10,271	9,951
Depreciation expense	339	326	186	204
Leasing and upkeep expenses	5,614	4,923	2,867	2,267
Staff costs ⁽¹⁾	1,256	1,112	–	–
Marketing expenses	2,497	3,921	956	1,624
Impairment losses on trade receivables	–	149	–	–
Administrative expenses	2,860	1,726	1,100	1,070
	36,503	35,209	24,286	24,088

⁽¹⁾ Relates solely to staff costs of the Group's wholly owned subsidiary, Renhe Spring Department Store Co., Ltd, which operates Renhe Spring Zongbei Property in China.

18. Dividend income from subsidiaries

Represents dividend income from certain subsidiaries (Note 6).

19. Management fees and performance fees

Management fees include Base Fee payable to the Manager, asset management fees payable to the asset manager of the Japan Properties and fees payable to the servicer of the Malaysia Properties, which is a wholly owned subsidiary of the Manager. Base Fee paid and payable to the Manager for the year ended 31 December 2011 amounted to approximately \$12,736,000 (2010: \$12,260,000). Approximately \$143,000 (2010: \$154,000) and \$1,067,000 (2010: \$559,000) were paid to the asset manager of the Japan Properties and servicer of Malaysia Properties for the year ended 31 December 2011 respectively.

The Manager has elected to receive 100% of its base management fees in cash for the years ended 31 December 2011 and 31 December 2010.

No performance fee was earned by the Manager for the years ended 31 December 2011 and 31 December 2010.

20. Trust expenses

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Auditor's remuneration	488	442	213	190
Trustee's fees	431	407	431	407
Others ⁽¹⁾	2,500	2,610	1,610	1,248
	3,419	3,459	2,254	1,845

⁽¹⁾ Included in other trust expenses are non-audit fees of approximately \$120,000 (2010: \$92,000) paid to the auditors.

21. Finance income and expense

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Interest income	695	827	204	471
Finance income	695	827	204	471
Interest on borrowings	(25,034)	(25,076)	(6,897)	(11,191)
Interest on derivatives (net)	(5,526)	(4,096)	(4,796)	(3,419)
Amortisation of borrowing costs	(3,697)	(3,086)	(2,848)	(2,397)
Finance expense	(34,257)	(32,258)	(14,541)	(17,007)

22. Income tax expense

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current tax expense				
Current year	4,292	3,065	-	-
Deferred tax				
Origination and reversal of temporary differences	895	261	-	-
	5,187	3,326	-	-
<i>Reconciliation of effective tax rate</i>				
Total return before tax and distribution	109,594	153,353	79,597	145,841
Income tax using Singapore tax rate of 17%	18,631	26,070	13,531	24,793
Effect of different tax rates in other countries	(832)	459	-	-
Effect of income not subject to tax	(1,247)	(12,078)	(2,166)	(13,668)
Tax transparency	(11,365)	(11,125)	(11,365)	(11,125)
	5,187	3,326	-	-

23. Earnings per unit

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Total return for the year after tax, before distribution	104,407	150,027	79,597	145,841
Income distributed/distributable to CPU holders	(9,389)	(4,971)	(9,389)	(4,971)
Earnings attributable to unitholders	95,018	145,056	70,208	140,870
Basic earnings per unit (cents)	4.89	7.48	3.61	7.27
Earnings per unit on a fully diluted basis (cents) ⁽¹⁾	4.79	7.28	3.61	7.08

⁽¹⁾ In computing the fully diluted earnings per unit, the total return for the year after tax, before distribution and the weighted average number of units in issue is adjusted to take into account the conversion of the CPU into 238,181,358 ordinary units at the conversion price of \$0.7266 per unit, and have been calculated on a time-weighted basis.

	GROUP AND TRUST	
	2011 No. of units '000	2010 No. of units '000
Weighted average number of units		
Issued units at the beginning of the year	1,943,023	1,932,418
Effect of creation of new units:		
– issued and issuable as payment of management fees	–	2,496
– adjustment for effects of acquisition fee issued in units	–	4,052
	1,943,023	1,938,966

24. Operating segments

Segment information is presented in respect of the Group's portfolio of investment properties. The investment properties are managed separately because they require different operating and marketing strategies. This primary format is based on the Group's internal reporting structure for the purpose of allocating resources and assessing performance by the Group's Chief Operating Decision Maker ("CODM") at least on a quarterly basis. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

All of the Group's reportable segments are investment properties located in Singapore, Kuala Lumpur-Malaysia, Chengdu-China, Perth-Australia and Tokyo-Japan. The segments are as follows:

- Wisma Atria Property
- Ngee Ann City Property
- Malaysia Properties
- Renhe Spring Zongbei Property
- David Jones Building
- Japan Properties

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance income, non-property expenses, finance expense and income tax expense.

Performance is measured based on the net property income of each operating segment, which is the gross revenue less property operating expenses, as included in the internal management reports that are reviewed by the Group's CODM. Segment net property income is used to measure performance as such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. There are no transactions between reportable segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly cash and cash equivalents, derivative financial instruments, borrowings, income tax payable and deferred tax liabilities. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Information regarding the Group's reportable segments is presented in the tables below.

Information about reportable segments

Group	Wisma Atria Property (Singapore)		Ngee Ann City Property (Singapore)		Malaysia Properties (Malaysia)		Renhe Spring Zongbei Property (China)		David Jones Building (Australia)		Japan Properties (Japan)		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Revenue and expenses														
External revenue	54,584	55,819	54,693	55,402	30,827	16,060	17,706	16,275	14,674	12,946	7,604	9,165	180,088	165,667
Depreciation of plant and equipment	186	204	-	-	-	-	153	122	-	-	-	-	339	326
Reportable segment net property income	40,843	42,333	44,148	44,800	29,984	15,608	10,839	9,766	12,275	10,796	5,496	7,155	143,585	130,458
Other material non-cash items:														
Change in fair value of investment properties	21,908	35,065	16,900	62,700	5,723	709	4,332	390	330	(7,758)	(20,920)	(14,674)	28,273	76,432
Unallocated items:														
Finance income													695	827
Fair value adjustment on security deposits													(101)	1,283
Non-property expenses													(17,365)	(15,949)
Finance expense													(34,257)	(32,258)
Change in fair value of derivative instruments													(11,236)	(7,440)
Total return for the year before tax													109,594	153,353

Group	Wisma Atria Property (Singapore)		Ngee Ann City Property (Singapore)		Malaysia Properties (Malaysia)		Renhe Spring Zongbei Property (China)		David Jones Building (Australia)		Japan Properties (Japan)		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Assets and liabilities														
Reportable segment assets	880,767	850,686	982,557	965,604	443,639	435,218	102,293	91,963	155,532	153,164	165,758	175,800	2,730,546	2,672,435
Unallocated assets													108,533	114,179
Total assets													2,839,079	2,786,614
Reportable segment liabilities	(22,281)	(16,794)	(11,756)	(11,304)	(4,558)	(3,829)	(16,421)	(11,876)	(2,586)	(1,924)	(4,630)	(3,544)	(62,232)	(49,271)
Unallocated liabilities													(925,880)	(907,187)
Total liabilities													(988,112)	(956,458)
Other segmental information														
Capital expenditure	8,592	605	-	-	10,174	-	1,629	269	-	-	-	-	20,395	874
Non-current assets	881,751	848,641	982,380	965,604	443,509	435,113	102,213	91,578	153,016	151,360	165,272	175,399	2,728,141	2,667,695

Geographical segments

The Group's operations and its identifiable assets are located in Singapore (consisting of Wisma Atria Property and Ngee Ann City Property), Kuala Lumpur-Malaysia (consisting of Starhill Gallery and Lot 10 Property), Chengdu-China (consisting of Renhe Spring Zongbei Property), Perth-Australia (consisting of David Jones Building) and Tokyo-Japan (consisting of seven Japan Properties). Accordingly, no geographical segmental analysis is separately presented.

Major tenants

Revenue from two tenants located respectively at Ngee Ann City Property and Malaysia Properties represent 19.8% (2010: 21.5%) and 17.1% (2010: 9.7%) of the Group's total revenue for the year ended 31 December 2011.

25. Capital and financial risk management

Capital management

The Group's objective when managing capital is to optimise unitholders' return through a mix of available capital sources. The Group monitors capital on the basis of both the gearing ratio and interest service coverage ratio and maintains them within the approved limits. The Group assesses its capital management approach as a key part of the Group's overall strategy, and this is continuously reviewed by the Manager. The Group's gearing as at 31 December 2011 is 30.8% (2010: 30.2%) and the Manager intends to continue with its prudent capital management.

The Property Fund Appendix stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 35.0% of the fund's deposited property. The aggregate leverage of a property fund may exceed 35.0% of the fund's deposited property (up to a maximum of 60.0%) only if a credit rating from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its aggregate leverage exceeds 35.0% of the fund's deposited property.

The Trust has a corporate rating of BBB from Standard and Poor's as at 31 December 2011 and remained within the Aggregate Leverage limit of 60.0% during the year.

There were no changes in the Group's approach to capital management during the year.

Financial risk management

Overview

The Group's returns are primarily from net operating income and capital appreciation of its assets. However, these returns are exposed to financial risks including credit, liquidity, interest rate and foreign currency risks. Where appropriate, the Manager may hedge against the volatility of interest costs, foreign currency net income and foreign currency investments.

The Group has a system of controls in place to create an acceptable balance between the cost of the financial risks occurring and the cost of managing these risks. The Manager continuously monitors the Group's financial risk management process to ensure that an appropriate balance between risk and control is achieved. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The financial risk management policies contain the parameters and processes for managing these risks, and define the roles and responsibilities of those who manage the process. The policies are described in greater detail below.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a tenant or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Exposure to credit risk

The carrying amount of financial assets represents the Group's and Trust's respective maximum exposure to credit risk, before taking into account any collateral held. The maximum exposure to credit risk by type of financial assets at the reporting date was:

	Note	GROUP		TRUST	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Loans and receivables					
Trade and other receivables	9	2,816	2,850	6,960	3,107
Cash and cash equivalents	10	107,973	113,040	55,279	67,886
Total loans and receivables		110,789	115,890	62,239	70,993
Held for trading					
Derivative financial instruments	8	445	1,176	315	666
Total held for trading		445	1,176	315	666
		111,234	117,066	62,554	71,659

The Group has established credit limits for its tenants and monitors their balances on an ongoing basis. Credit evaluations are performed by the Group before lease agreements are entered into with tenants.

The tenant profile of the Group is generally well-diversified, except for two (2010: two) major tenants (Note 24), which accounted for 36.9% (2010: 31.2%) of the Group's revenue for the year ended 31 December 2011. There are no arrears owing from these major tenants as at 31 December 2011.

Cash and fixed deposits are placed with financial institutions which are regulated and have sound credit ratings. Given these sound credit ratings, the Group does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations. As at 31 December 2011, the Group has undrawn short-term revolving credit facilities of up to \$50.0 million (2010: \$50.0 million) and cash and cash equivalents of approximately \$108.0 million (2010: \$113.0 million).

In addition, the Group also monitors and observes the Property Fund Appendix issued by MAS concerning limits on total borrowings.

Foreign currency risk

The Group is exposed to foreign currency risk arising from its investments in Malaysia, China, Australia and Japan. The income generated from these investments and net assets are denominated in foreign currencies, mainly Ringgit Malaysia ("RM"), Chinese Renminbi ("RMB"), Australian Dollar ("A\$") and Japanese Yen ("JPY").

The Group's exposures to various foreign currencies (expressed in Singapore dollar equivalent), which relate primarily to its net foreign currency investments as at 31 December are as follows:

	RM \$'000	RMB \$'000	A\$ \$'000	JPY \$'000	Total \$'000
Group					
2011					
Net balance sheet exposure	316,880	88,217	74,146	7,220	486,463
2010					
Net balance sheet exposure	306,422	79,648	73,382	131,924	591,376

The Trust's exposures to various foreign currencies (expressed in Singapore dollar equivalent), which relates primarily to its use of financial instruments as at 31 December are as follows:

	RM \$'000	RMB \$'000	A\$ \$'000	JPY \$'000	Total \$'000
Trust					
2011					
Net balance sheet exposure	-	-	-	(111,749)	(111,749)
2010					
Net balance sheet exposure	-	-	-	(909)	(909)

Income hedging

Approximately 59.3% (2010: 66.8%) of the Group's net property income is derived in Singapore dollars for the year ended 31 December 2011. The Group has used local currency denominated loans and entered into a cross currency swap such that approximately 66.0% (2010: 65.0%) of the Group's net income as at 31 December 2011 is fixed in Singapore dollars.

The Group intends to actively monitor the exchange rates and assess hedging on a case-by-case basis, and may use foreign exchange forward contracts or other suitable financial derivatives to reduce the impact of exchange rate fluctuations on the distributions to unitholders, where appropriate.

Capital hedging

The Group intends to maximise the use of local currency denominated borrowings, whenever possible, to match the currency of the asset investment as a natural currency hedge. As at 31 December 2011, the Group has entered into a combination of foreign currency denominated loans, cross currency swap and foreign currency option such that a substantial portion of the Group's net assets is fixed in Singapore dollars.

In view that the investments in overseas assets are long term in nature, the Group intends to assess hedging on a case-by-case basis, and may hedge the foreign exchange risks of such investments, where appropriate and economical to do so.

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currencies at the reporting date would increase/(decrease) unitholders' funds and the statement of total return as at 31 December by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	GROUP		TRUST	
	Unitholders' funds \$'000	Statement of total return \$'000	Unitholders' funds \$'000	Statement of total return \$'000
2011				
RM	(31,688)	(2,772)	-	-
RMB	(8,822)	(717)	-	-
A\$	(7,415)	(483)	-	-
JPY	(722)	1,968	-	11,175
Derivative financial instruments	-	11,841	-	11,841
2010				
RM	(30,642)	(1,918)	-	-
RMB	(7,965)	(940)	-	-
A\$	(7,338)	540	-	-
JPY	(13,192)	1,065	-	91
Derivative financial instruments	-	23,940	-	23,940

A 10% weakening of the Singapore dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

In order to protect the Group's earnings from the volatility in interest rates and provide stability to unitholders' returns, the Group may hedge a portion of its interest rate exposure within the short to medium term by using fixed rate debt and interest rate derivatives.

The Group has fixed approximately 87.2% (2010: 100.0%) of its debt as at 31 December 2011 using a combination of derivative financial instruments and fixed rate debt. The weighted average interest rate was approximately 3.25% (2010: 3.51%) per annum as at 31 December 2011.

As at 31 December 2011, the Group has hedged its exposure to changes in interest rates on its variable rate borrowings by entering into the following contracts:

- (i) Interest rate swaps, with a notional contract amount of \$230 million whereby it receives a variable rate equal to the Singapore swap offer rate ("SOR") on the notional amount until September 2013, and pays a fixed interest rate ranging from 1.08% to 3.60% per annum up to September 2013.
- (ii) Interest rate caps, with a notional contract amount of \$133 million, JPY4.7 billion and A\$63 million, whereby the benchmark interest rates are capped ranging from 1.2% to 5.5% per annum.
- (iii) Cross currency swap with a notional contract amount of \$80 million, equivalent to approximately JPY6.4 billion. The cross currency swap is denominated in Japanese Yen, maturing within the next 12 months and has fixed interest rate of 1.93% per annum.

Sensitivity analysis

For the interest rate swaps, interest rate caps, cross currency swap and variable rate instruments, a change of 1% in interest rate at the reporting date would increase/(decrease) total return by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Total Return	
	1% increase \$'000	1% decrease \$'000
Group		
2011		
Variable rate instruments	(6,118)	3,167
Financial derivatives	4,180	(2,887)
	(1,938)	280
2010		
Variable rate instruments	(5,773)	2,245
Financial derivatives	6,961	(5,632)
	1,188	(3,387)
Trust		
2011		
Variable rate instruments	(4,751)	2,231
Financial derivatives	3,799	(2,861)
	(952)	(630)
2010		
Variable rate instruments	(4,460)	1,329
Financial derivatives	6,062	(5,195)
	1,602	(3,866)

Fair values versus carrying amounts

The carrying amount of all financial assets and liabilities of the Group and Trust approximate their respective fair values.

Estimation of fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Trust.

Financial derivatives

The fair value of foreign exchange forwards is based on brokers' quotes. These quotes are tested for reasonableness by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract using a risk-free interest rate (based on government bonds).

The fair values of interest rate swaps, cross currency swap and interest rate caps are based on brokers' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The Group's foreign exchange contracts, interest rate swaps, cross currency swap and interest rate caps have been recognised as derivative financial instruments in the balance sheet and are stated at their fair values, as disclosed in Note 8.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate its fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine its fair values.

Fair value hierarchy

The Group's derivative financial instruments (Note 8), which are carried at fair value as at 31 December 2011 and 31 December 2010, are classified in Level 2 of the fair value hierarchy. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

26. Operating leases

The Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Within one year	163,776	147,991	109,367	98,697
Between one and five years	307,266	293,956	142,197	110,708
More than five years	185,652	205,856	3,889	–
	656,694	647,803	255,453	209,405

Except for one long-term lease in David Jones Building and the master lease arrangements in the Malaysia Properties and Ngee Ann City Property respectively, the Group's leases generally range from one to five years.

27. Capital commitments

	GROUP	
	2011 \$'000	2010 \$'000
Capital commitments:		
– contracted but not provided	22,405	1,160
– authorised but not contracted for	2,273	32,002
	24,678	33,162

Capital commitments as at 31 December 2011 represent mainly the remaining cost of the Group's asset redevelopment works on Wisma Atria Property of approximately \$22.3 million which will be funded from the remaining proceeds of the rights issue and/or working capital.

28. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities.

Other than related party information shown elsewhere in the financial statements, the following were significant related party transactions carried out in the normal course of business:

	GROUP		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Property rental income from the Manager and Property Manager	1,277	1,447	1,277	1,447
Property rental income from related parties of the Manager	32,161	17,313	1,334	1,252
Leasing commission fees paid to the Property Manager	(1,478)	(794)	(1,478)	(794)
Property management fees paid to the Property Manager ⁽¹⁾	(3,247)	(3,312)	(3,247)	(3,312)
Management fees paid to the Manager	(12,736)	(12,260)	(12,736)	(12,260)
Trustee fees paid to the Trustee	(431)	(407)	(431)	(407)
Reimbursements paid to the Property Manager	(979)	(1,040)	(979)	(1,040)
Asset redevelopment fees paid/payable to related party of the Manager ⁽²⁾	(10,174)	–	–	–
Purchase of Malaysia Properties from a related party of the Manager ⁽³⁾	–	(444,285)	–	–
Servicer fees paid to a wholly owned subsidiary of the Manager	(1,067)	(559)	–	–
Acquisition fees paid to the Manager ⁽⁴⁾	–	(5,904)	–	(5,904)

⁽¹⁾ Includes project management fees paid in relation to the asset redevelopment works at Wisma Atria Property during the year ended 31 December 2011.

⁽²⁾ Comprises fees paid/payable to related party of the Manager for acting as turnkey contractor to carry out the asset redevelopment works at Starhill Gallery during the year ended 31 December 2011.

⁽³⁾ The purchase was partially funded by the issuance of 173,062,575 CPU (Note 14) by the Trust at the issue price of \$1.00 per CPU during the year ended 31 December 2010.

⁽⁴⁾ Includes 7,909,654 units in the Trust issued in payment of the acquisition fees to the Manager in connection with the acquisition of the Malaysia Properties during the year ended 31 December 2010.

29. Subsequent events

Subsequent to the year ended 31 December 2011:

- (a) the Manager declared a distribution of 1.01 cents per unit in respect of the period from 1 October 2011 to 31 December 2011, which was paid on 29 February 2012.
- (b) the Manager declared a distribution of 1.3667 cents per CPU in respect of the period from 1 October 2011 to 31 December 2011, which was paid on 29 February 2012.

30. Financial ratios

	GROUP	
	2011 %	2010 %
Ratio of expenses to weighted average net assets ⁽¹⁾	0.92	0.82
Portfolio turnover rate ⁽²⁾	–	–

⁽¹⁾ The 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 expense and the performance component of the Manager's fees.

⁽²⁾ The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

31. New accounting standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations that have been issued as of the balance sheet date but are not yet effective for the year ended 31 December 2011 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Trust.

Statistics of Unitholders

AS AT 1 MARCH 2012

DISTRIBUTION OF UNITHOLDINGS

Size of Holdings	No. of Unitholders	%	No. of Units	%
1 – 999	33	0.29	4,691	0.00
1,000 – 10,000	6,662	57.59	36,693,676	1.89
10,001 – 1,000,000	4,825	41.71	286,498,404	14.74
1,000,001 and above	47	0.41	1,619,826,307	83.37
Total	11,567	100.00	1,943,023,078	100.00

LOCATION OF UNITHOLDERS

Country	No. of Unitholders	%	No. of Units	%
Singapore	11,074	95.74	1,917,275,884	98.67
Malaysia	352	3.04	21,356,194	1.10
Others	141	1.22	4,391,000	0.23
Total	11,567	100.00	1,943,023,078	100.00

TWENTY LARGEST UNITHOLDERS

Name	No. of Units	%
1 DBS Nominees Pte Ltd	516,790,884	26.60
2 Citibank Nominees Singapore Pte Ltd	367,998,374	18.94
3 HSBC (Singapore) Nominees Pte Ltd	346,591,963	17.84
4 United Overseas Bank Nominees Pte Ltd	122,640,500	6.31
5 DB Nominees (S) Pte Ltd	38,261,960	1.97
6 Raffles Nominees Pte Ltd	34,664,892	1.78
7 DBSN Services Pte Ltd	25,396,857	1.31
8 Royal Bank of Canada (Asia) Ltd	16,951,000	0.87
9 YTL Starhill Global REIT Management Limited	12,937,885	0.67
10 CIMB Securities (Singapore) Pte Ltd	10,283,032	0.53
11 DBS Vickers Securities (S) Pte Ltd	10,252,000	0.53
12 Bank of Singapore Nominees Pte Ltd	10,108,000	0.52
13 Merrill Lynch (Singapore) Pte Ltd	9,099,778	0.47
14 BNP Paribas Nominees Singapore Pte Ltd	8,311,005	0.43
15 UOB Kay Hian Pte Ltd	8,094,000	0.42
16 OCBC Securities Private Ltd	7,970,000	0.41
17 Maybank Kim Eng Securities Pte Ltd	6,577,977	0.34
18 Philip Securities Pte Ltd	6,062,000	0.31
19 Oscar Oliverio Joseph, Othman Bin Haron Eusoff & Lim Boon Heng	5,050,000	0.26
20 BNP Paribas Securities Services Singapore	4,579,000	0.24
Total	1,568,621,107	80.73

SUBSTANTIAL UNITHOLDINGS

As at 1 March 2012

Name	Direct Interest		Deemed Interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾
Starhill Global REIT Investments Limited	–	–	539,840,000 ⁽²⁾	27.78 ⁽²⁾
YTL Cayman Limited	–	–	570,777,885 ⁽³⁾	29.38 ⁽³⁾
YTL Corporation Berhad ⁽⁵⁾	–	–	570,777,885 ⁽⁴⁾	29.38 ⁽⁴⁾
Yeoh Tiong Lay & Sons Holdings Sdn Bhd ⁽⁵⁾	–	–	570,777,885 ⁽⁴⁾	29.38 ⁽⁴⁾
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay ⁽⁵⁾	–	–	570,777,885 ⁽⁴⁾	29.38 ⁽⁴⁾
AIA Singapore Private Limited	177,032,000	9.11	–	–
American International Assurance Company, Limited	11,180,000 ⁽⁶⁾	0.58 ⁽⁶⁾	178,529,000 ⁽⁷⁾	9.19 ⁽⁷⁾
AIA Group Limited	–	–	189,709,000 ⁽⁸⁾	9.76 ⁽⁸⁾
AIA Aurora LLC	–	–	189,709,000 ⁽⁸⁾	9.76 ⁽⁸⁾
American International Group, Inc.	–	–	189,709,000 ⁽⁸⁾	9.76 ⁽⁸⁾

Notes:

- ⁽¹⁾ The percentage interest is based on total issued Units of 1,943,023,078 as at 1 March 2012.
- ⁽²⁾ Deemed interest by virtue of 139,840,000 Units held through nominee, HSBC (Singapore) Nominees Pte Ltd, and 400,000,000 Units held through nominee, DBS Nominees Pte Ltd.
- ⁽³⁾ Deemed interest by virtue of 18,000,000 Units held through nominee, HSBC (Singapore) Nominees Pte Ltd, 539,840,000 Units held by Starhill Global REIT Investments Limited ("SGRIL") and 12,937,885 Units held by YTL Starhill Global REIT Management Limited ("YSGRM").
- ⁽⁴⁾ Deemed interest by virtue of 539,840,000 Units held by SGRIL, 18,000,000 Units held by YTL Cayman Limited and 12,937,885 Units held by YSGRM.
- ⁽⁵⁾ Each of these entities also has a deemed interest in the CPU as set out in the section "Disclosure Note" on page 119.
- ⁽⁶⁾ This relates to 9,000,000 Units held by American International Assurance Company, Limited, Brunei Branch and 2,180,000 Units held by American International Assurance Company, Limited.
- ⁽⁷⁾ Deemed interest by virtue of 177,032,000 Units held by AIA Singapore Private Limited and 1,497,000 Units held by American International Assurance Company (Bermuda) Limited.
- ⁽⁸⁾ Deemed interest by virtue of 9,000,000 Units held by American International Assurance Company, Limited, Brunei Branch, 2,180,000 Units held by American International Assurance Company, Limited, 177,032,000 Units held by AIA Singapore Private Limited and 1,497,000 Units held by American International Assurance Company (Bermuda) Limited.

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER

As at 21 January 2012

Name of Director	Direct Interest		Deemed Interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	–	–	–	–
Ho Sing	100,000	– ⁽²⁾	–	–
Dato' Yeoh Seok Kian	–	–	–	–
Keith Tay Ah Kee	1,000,000	0.05	–	–
Hong Hai	600,000	0.03	–	–
Michael Hwang ⁽³⁾	–	–	100,000	– ⁽²⁾
Tan Peck Mun Kemmy (Alternate director to Dato' Yeoh Seok Kian)	–	–	–	–

Notes:

- ⁽¹⁾ The percentage interest is based on total issued Units of 1,943,023,078 as at 21 January 2012.
- ⁽²⁾ Less than 0.01%.
- ⁽³⁾ Deemed interest held through nominee, UBS AG.

FREE FLOAT

Under Rule 723 of the listing manual of SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public. Based on information made available to the Manager as at 1 March 2012, approximately 60% of the Units were held in the hands of the public.

Additional Information

RELATED PARTY TRANSACTIONS BETWEEN STARHILL GLOBAL REIT AND RELATED PARTIES

Name of related party	Aggregate value of related party transactions during the financial year under review (excluding transactions less than S\$100,000)
	2011 S\$'000
HSBC Institutional Trust Services (Singapore) Limited	
Trustee fees	431
YTL Corporation Berhad and its subsidiaries and associates	
Management fees ⁽¹⁾ and reimbursements ⁽²⁾	12,829
Property management fees ⁽³⁾ and reimbursements	4,407
Leasing commission fees	1,478
Asset redevelopment fees ⁽⁴⁾	10,174
Rental income ⁽⁵⁾	11,990

Notes:

⁽¹⁾ The Manager has elected to receive 100% of its base management fees in cash during the year ended 31 December 2011.

⁽²⁾ Relates to the non-deal roadshow expenses of approximately S\$0.1 million paid to the Manager during the year ended 31 December 2011.

⁽³⁾ Includes project management fees paid/payable to YTL Starhill Global Property Management Pte. Ltd. in relation to the asset redevelopment works at Wisma Atria Property.

⁽⁴⁾ Comprises fees paid/payable to YTL Land Sdn. Bhd. for acting as turnkey contractor to carry out the asset redevelopment works at Starhill Gallery.

⁽⁵⁾ Rental income is for the entire period of the lease.

Disclosure Note

Issue of convertible preferred units in Starhill Global REIT and compliance with the disclosure requirements in Note 2 of Section 2 of Appendix 1 of the Singapore Code on Take-overs and Mergers

In an Extraordinary General Meeting held on 4 June 2010, the holders of units of Starhill Global REIT (“Units”, and the holders of Units, “Unitholders”) approved, *inter alia*, (i) the acquisitions by Starhill Global REIT of Starhill Gallery and Lot 10 Property from Mayban Trustees Berhad, as trustee of Starhill Real Estate Investment Trust (“Starhill REIT” and the trustee of Starhill REIT, the “Vendor”) (the “Acquisitions”) and (ii) a Whitewash Resolution (as defined below).

In connection with the Whitewash Resolution, the disclosures required under Note 2 of Section 2 of Appendix 1 of the Singapore Code on Take-overs and Mergers (the “Code”), are set out below:

- a) the Unitholders approved a whitewash resolution waiving their rights to receive a mandatory offer made pursuant to Rule 14 of the Code from YTL Corporation Berhad (“YTL Corp”) and parties acting in concert with YTL Corp (the “Concert Parties”) for all the remaining issued Units not already owned or controlled by them, in the event that any of them incur a mandatory bid obligation under the Code as a result of:
 - (i) the Vendor and/or any one or more subsidiaries of Starhill REIT or other entities within the YTL Group (YTL Corp and its subsidiaries) acquiring such number of Units issued pursuant to the conversion of convertible preferred units (“CPUs” and the Units issued pursuant to the conversion of CPUs, the “Conversion Units”); and
 - (ii) the receipt in Units of the acquisition fee (“Acquisition Fee Units”) in relation to the Acquisitions by YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT (the “Manager”), in its own capacity,

(the “Whitewash Resolution”).

The Whitewash Resolution is subject to the acquisition of the CPUs and the payment of the Acquisition Fee Units being completed within 3 months of the date of approval of the Whitewash Resolution being 4 June 2010 and the acquisition of the Conversion Units upon the conversion of the CPUs being completed within five years of the date of the issue of the CPUs being 28 June 2010;

- b) as at 1 March 2012 (the “Latest Practicable Date”), YTL Corp and the Concert Parties hold in aggregate:
 - (i) 570,777,885 Units representing 29.38% of voting rights in Starhill Global REIT ⁽¹⁾; and
 - (ii) 173,062,575 CPUs;
- c) the maximum potential voting rights of YTL Corp and the Concert Parties in Starhill Global REIT, assuming that they exercise their CPUs in full is 37.09% of the total number of Units in issue as at the Latest Practicable Date (including all Units converted from the CPUs);
- d) having approved the Whitewash Resolution on 4 June 2010, Unitholders have waived their rights to a mandatory offer from YTL Corp and the Concert Parties at the highest price paid by YTL Corp and the Concert Parties for Units in the six months preceding the commencement of the offer; and
- e) having approved the Whitewash Resolution on 4 June 2010, Unitholders could be foregoing an opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the CPUs and the Acquisition Fee Units.

Note:

(1) The computation of percentage voting rights is based on the total number of Units in issue, as at the Latest Practicable Date, being 1,943,023,078.

Glossary

1Q, 2Q, 3Q, 4Q	Period for 1 January to 31 March, 1 April to 30 June, 1 July to 30 September, and 1 October to 31 December, respectively
benchmark index	Provided by FTSE. Comprises all the REITs contained in the FTSE Allcap Singapore universe
Board	Board of Directors of the Manager
CBD	Central Business District
CDP	The Central Depository (Pte) Limited
CIS Code	Code on Collective Investment Schemes issued by MAS pursuant to Section 321 of the Securities and Future Act (Cap. 289)
CPF	Central Provident Fund
CPU	Convertible preferred units in Starhill Global REIT
David Jones Building	A four-level property known as David Jones Building which includes a heritage-listed building that was formerly known as Savoy Hotel
DPU	Distribution per unit
F&B	Food and beverage
FTSE	FTSE International Limited
FY	Financial year for the period from 1 January to 31 December
GDP	Gross domestic product
GFA	Gross floor area
GLA	Gross lettable area
Group	Starhill Global REIT and its subsidiaries
GST	Goods and services tax
IPO	Initial public offering
IRAS	Inland Revenue Authority of Singapore
Japan Properties	Ebisu Fort, Roppongi Primo, Roppongi Terzo, Holon L, Harajyuku Secondo, Daikanyama and Nakameguro
Lot 10 Property	137 strata parcels and two accessory parcels within Lot 10 shopping centre
Malaysia Properties	Starhill Gallery and Lot 10 Property
Manager	YTL Starhill Global REIT Management Limited
MAS	Monetary Authority of Singapore
Moody's	Moody's Investors Service
MRT	Mass Rapid Transit
MTN	Medium term notes
NA	Not applicable
NAV	Net asset value
Ngee Ann City	The building known as 'Ngee Ann City' comprising a commercial complex with 18 levels of office space in the twin office tower blocks (Towers A and B) and a seven-storey podium with three basement levels comprising retail and car parking space
Ngee Ann City Property or NAC	Four strata lots in Ngee Ann City located on: a) Part of Basement 1, Basement 2 and Level 1 to Level 5 of the retail podium block; b) Part of Level 13 and the whole of Level 14 to Level 19 of Tower B (office); and c) Whole of Level 21 to Level 24 of Tower B (office)
NLA	Net lettable area
NM	Not meaningful

NPI	Net property income
pm	Per month
Portfolio	Singapore Properties, Malaysia Properties, Renhe Spring Zongbei Property, David Jones Building and Japan Properties
PRC	People's Republic of China
Property Funds Appendix	Appendix 6 of the CIS Code issued by the MAS in relation to real estate investment trusts
Property Manager	YTL Starhill Global Property Management Pte. Ltd.
psf	Per square foot
qoq	Quarter on quarter
RCF	Revolving credit facility
REIT	Real estate investment trust
Renhe Spring Zongbei Property	A four-level retail podium (plus a mezzanine floor) forming part of a mixed-use commercial complex comprising retail and office
SGX-ST	Singapore Exchange Securities Trading Limited
Singapore Properties	Wisma Atria Property and Ngee Ann City Property
Standard & Poor's	Standard & Poor's Rating Services
Starhill Gallery	Shopping centre comprising part of a seven-storey building with five basements and a 12-storey annex building with three basements
Starhill Global REIT	Starhill Global Real Estate Investment Trust
sq ft	Square feet
Toshin	Toshin Development Singapore Pte. Ltd.
Trustee	Unless the context otherwise requires, HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Starhill Global REIT
Unit	A unit representing an undivided interest in Starhill Global REIT. Where the context so requires, the definition includes a Unit of a class of Units, but shall exclude the CPU
Unitholders	The registered holder for the time being of a Unit, including persons so registered as joint holders, except where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose securities account with CDP is credited with Units
Wisma Atria	The building known as 'Wisma Atria' comprising a podium block with four levels and one basement level of retail space, three levels of car parking space and 13 levels of office space in the office block
Wisma Atria Property or WA	257 strata lots in Wisma Atria
yoy	Year on year
YTL Corp	YTL Corporation Berhad
YTL Group	YTL Corp and its subsidiaries
A\$	Australian dollars, the official currency of Australia
JPY or Yen	Japanese Yen, the official currency of Japan
RM or Ringgit	Malaysian Ringgit, the official currency of Malaysia
RMB or Renminbi	Chinese Renminbi, the official currency of the PRC
S\$, SGD and cents	Singapore dollars and cents, the official currency of Singapore

All values are expressed in Singapore currency unless otherwise stated.

Corporate Directory

MANAGER

YTL Starhill Global REIT Management Limited
391B Orchard Road
#21-08 Ngee Ann City Tower B
Singapore 238874
Phone: +65 6835 8633
Fax: +65 6835 8644
Email: info@ytlstarhill.com

DIRECTORS

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
(Executive Chairman)
Mr Ho Sing (Chief Executive Officer and Executive Director)
Dato' Yeoh Seok Kian (Non-Executive Director)
Mr Keith Tay Ah Kee (Lead Independent Director)
Dr Hong Hai (Independent Director)
Mr Michael Hwang (Independent Director)
Ms Tan Peck Mun Kemmy (Alternate Director to
Dato' Yeoh Seok Kian)

AUDIT COMMITTEE

Mr Keith Tay Ah Kee (Chairman)
Dr Hong Hai (Member)
Mr Michael Hwang (Member)

JOINT COMPANY SECRETARIES

Mr Lam Chee Kin
Mr Abdul Jabbar Bin Karam Din
Ms Chan Hooi Tze

TRUSTEE

Registered Address

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#14-01 HSBC Building
Singapore 049320
Phone: +65 6534 1900
Fax: +65 6533 1700

Correspondence Address

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#03-01 HSBC Building
Singapore 049320
Phone: +65 6658 0458
Fax: +65 6534 5526

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone: +65 6536 5355
Fax: +65 6536 1360

AUDITORS OF STARHILL GLOBAL REIT

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Phone: +65 6213 3388
Fax: +65 6225 6157
Partner in charge: Mr Lim Jek
(With effect from financial year
ended 31 December 2010)

SGX CODE

Starhill Gbl

WEBSITE

www.starhillglobalreit.com

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of the unitholders (“Unitholders”) of Starhill Global Real Estate Investment Trust (“SGR”) will be held at Ballroom 1, Level 3, Hilton Singapore, 581 Orchard Road, Singapore 238883 on Thursday, 26 April 2012 at 10.00 a.m. to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of SGR (the “Trustee”), the Statement by YTL Starhill Global REIT Management Limited, as manager of SGR (the “Manager”) and the Audited Financial Statements of SGR for the year ended 31 December 2011 and the Auditors’ Report thereon. *(Ordinary Resolution 1)*

2. To re-appoint Messrs KPMG LLP as the Auditors of SGR and to hold office until the conclusion of the next AGM of SGR, and to authorise the Manager to fix their remuneration. *(Ordinary Resolution 2)*

(B) AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolutions as Ordinary Resolutions:

3. That authority be and is hereby given to the Manager, to *(Ordinary Resolution 3)*
 - (a) (i) issue units in SGR (“Units”) whether by way of rights, bonus or otherwise; and/or

 - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

 - (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

- (2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“SGX-ST”) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting SGR (as amended) (the “Trust Deed”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of SGR or (ii) the date by which the next AGM of SGR is required by law to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments and/or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of SGR to give effect to the authority conferred by this Resolution.

(Please see Explanatory Notes)

(C) AS OTHER BUSINESS

4. To transact such other business as may be transacted at an AGM.

BY ORDER OF THE BOARD
YTL Starhill Global REIT Management Limited
(Company Registration No. 200502123C)
As Manager of Starhill Global Real Estate Investment Trust

Lam Chee Kin
Joint Company Secretary
Singapore
26 March 2012

Explanatory Notes:

Ordinary Resolution 3

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the date of the next AGM of SGR, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any), of which up to 20% may be issued other than on a pro rata basis to Unitholders.

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the date of the next AGM of SGR, to issue Units as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fundraising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Notes:

1. A Unitholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his stead. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his unitholdings to be represented by each proxy. A proxy need not be a Unitholder.
2. The proxy form must be deposited at the office of SGR's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the AGM.

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STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 8 August 2005 (as amended))

IMPORTANT

1. For investors who have used their CPF monies to buy units in Starhill Global Real Estate Investment Trust, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.
4. PLEASE READ THE NOTES TO THE PROXY FORM.

**PROXY FORM
ANNUAL GENERAL MEETING**

(Before completing this form, please read the notes behind)

I/We, _____ (Name(s) and NRIC Number(s))

/Passport Numbers(s)/Company Regn. No.) of _____ (Address)

being a unitholder/unitholders of Starhill Global Real Estate Investment Trust ("SGR"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

or, both of whom failing, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the AGM of SGR to be held at Ballroom 1, Level 3, Hilton Singapore, 581 Orchard Road, Singapore 238883 on Thursday, 26 April 2012 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Ordinary Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	No. of Votes For **	No. of Votes Against **
ORDINARY BUSINESS					
1	Adoption of the Trustee's Report, the Manager's Statement, the Audited Financial Statements of SGR for the year ended 31 December 2011 and the Auditors' Report thereon.				
2	Re-appointment of Auditors and authorisation of the Manager to fix the Auditors' remuneration.				
SPECIAL BUSINESS					
3	Authority to issue Units and to make or grant convertible instruments.				
OTHER BUSINESS					
4	To transact such other business as may be transacted at an AGM.				

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2012

Signature(s) of Unitholder(s)/Common Seal

Total Number of Units Held

--

Affix
postage
stamp

**STARHILL GLOBAL REAL ESTATE
INVESTMENT TRUST**

c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW
Notes to Proxy Form

1. A Unitholder of Starhill Global REIT ("Unitholder") entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of Starhill Global REIT, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the Unit Registrar's registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the Annual General Meeting.
6. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with YTL Starhill Global REIT Management Limited, as manager of Starhill Global REIT, (the "Manager")) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by CDP to the Manager.
9. All Unitholders will be bound by the outcome of the Annual General Meeting regardless of whether they have attended or voted at the Annual General Meeting.
10. At any meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by five or more Unitholders present in person or by proxy, or holding or representing one-tenth in value of the Units represented at the meeting. Unless a poll is so demanded, a declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
11. On a show of hands, every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.

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Starhill Global REIT

This Annual Report for the year ended 31 December 2011 has been prepared by YTL Starhill Global REIT Management Limited (Company Registration No. 200502123C) as the Manager of Starhill Global REIT. This report does not contain investment advice nor is it an offer to invest in units of Starhill Global REIT.

Whilst every care has been taken in relation to the accuracy of this report, no warranty is given or implied. This report has been prepared without taking into account the personal objectives, financial situation or needs of particular individuals. Before acting, we recommend that potential investors speak with their financial and/or other professional advisers.

The value of Starhill Global REIT units ("Units") and the income derived from them may fall or rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risk, including possible delays in repayment, or loss of income or principal invested. The Manager and its affiliates do not guarantee the performance of Starhill Global REIT or the repayment of capital from Starhill Global REIT or any particular rate of return. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of Starhill Global REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Starhill Global REIT is not necessarily indicative of the future performance of Starhill Global REIT.

This document may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and government and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.

