STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

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INTRODUCTION

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

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

These financial statements for the quarter from 1 July 2018 to 30 September 2018 have not been audited or reviewed by our auditors. The current figures presented in these financial statements are in relation to the period from 1 July 2018 to 30 September 2018 ("1Q FY18/19") and the comparative figures are in relation to the period from 1 July 2017 to 30 September 2017 ("1Q FY17/18").

As at 30 September 2018, the property portfolio of Starhill Global REIT consists of:

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

SUMMARY OF STARHILL GLOBAL REIT'S RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

	Group 01/07/18 to 30/09/18 S$'000	Group 01/07/17 to 30/09/17 S$'000	Increase / (Decrease) %
Gross revenue	52,022	52,981	(1.8%)
Net property income	40,436	41,370	(2.3%)
Income available for distribution	26,213	26,722	(1.9%)
Income to be distributed to Unitholders	25,084	26,174	(4.2%)

	Group 01/07/18 to 30/09/18	Group 01/07/17 to 30/09/17	Increase / (Decrease)
	Cents per unit		%
Distribution per unit ("DPU")			
For the quarter from 1 July to 30 September [1]	1.15	1.20	(4.2%)
Annualised (based on the three months ended 30 September)	4.56	4.76	(4.2%)

Footnote:

(1) The computation of DPU for the quarter ended 30 September 2018 is based on total number of units entitled to the distributable income for the period from 1 July 2018 to 30 September 2018 of 2,181,204,435.

DISTRIBUTION DETAILS

Distribution period	1 July 2018 to 30 September 2018
Distribution amount to Unitholders	1.15 cents per unit
Books closure date	8 November 2018
Payment date	29 November 2018

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

Statement of Total Return and Distribution (1Q FY18/19 vs 1Q FY17/18)

	Notes	Group 01/07/18 to 30/09/18 S$'000	Group 01/07/17 to 30/09/17 S$'000	Increase / (Decrease) %	Trust 01/07/18 to 30/09/18 S$'000	Trust 01/07/17 to 30/09/17 S$'000	Increase / (Decrease) %
Gross revenue	(a)	**52,022**	**52,981**	**(1.8%)**	**31,918**	**32,391**	**(1.5%)**
Maintenance and sinking fund contributions		(1,749)	(1,755)	(0.3%)	(1,732)	(1,732)	-
Property management fees	(b)	(1,369)	(1,438)	(4.8%)	(966)	(981)	(1.5%)
Property tax	(c)	(5,028)	(4,944)	1.7%	(3,125)	(2,931)	6.6%
Other property expenses	(d)	(3,440)	(3,474)	(1.0%)	(877)	(684)	28.2%
Property expenses		**(11,586)**	**(11,611)**	**(0.2%)**	**(6,700)**	**(6,328)**	**5.9%**
Net property income		**40,436**	**41,370**	**(2.3%)**	**25,218**	**26,063**	**(3.2%)**
Finance income	(e)	215	236	(8.9%)	35	43	(18.6%)
Interest income from subsidiaries		-	-	-	1,461	1,556	(6.1%)
Dividend income from subsidiaries		-	-	-	2,224	6,858	(67.6%)
Management fees	(f)	(4,008)	(4,064)	(1.4%)	(3,779)	(3,839)	(1.6%)
Trust expenses	(g)	(972)	(1,191)	(18.4%)	(671)	(753)	(10.9%)
Finance expenses	(h)	(9,487)	(10,537)	(10.0%)	(6,011)	(7,000)	(14.1%)
Non property expenses		**(14,252)**	**(15,556)**	**(8.4%)**	**(6,741)**	**(3,135)**	**115.0%**
Net income before tax		**26,184**	**25,814**	**1.4%**	**18,477**	**22,928**	**(19.4%)**
Change in fair value of derivative instruments	(i)	(201)	1,425	NM	(150)	1,069	NM
Foreign exchange loss	(j)	(392)	(167)	134.7%	(3,658)	(1,598)	128.9%
Total return for the period before tax and distribution		**25,591**	**27,072**	**(5.5%)**	**14,669**	**22,399**	**(34.5%)**
Income tax	(k)	(869)	(907)	(4.2%)	(216)	(238)	(9.2%)
Total return for the period after tax, before distribution		**24,722**	**26,165**	**(5.5%)**	**14,453**	**22,161**	**(34.8%)**
Non-tax deductible/(chargeable) items and other adjustments	(l)	1,491	557	167.7%	11,760	4,561	157.8%
Income available for distribution		**26,213**	**26,722**	**(1.9%)**	**26,213**	**26,722**	**(1.9%)**

Footnotes:

(a) Gross revenue comprises mainly gross rent and other revenue earned from investment properties, including turnover rent. The decrease in gross revenue for the Group was mainly due to lower contributions from Wisma Atria Property and Australia Properties as a whole largely due to the depreciation of A$ against S$. Approximately 39% (1Q FY17/18: 39%) of total gross revenue for the three months ended 30 September 2018 were contributed by the overseas properties.

(b) Property management fees comprise mainly 3.0% per annum of the gross revenue from Singapore Properties and fees paid to external property managers for Australia Properties and Japan Properties. The decrease was mainly due to lower fees for Australia Properties during the current quarter.

(c) Property tax expenses were higher for the current quarter mainly due to property tax refunds for Wisma Atria Property in the corresponding quarter and higher property tax expenses for China Property during the current quarter.

(d) Other property expenses were lower for the current quarter mainly due to lower operating expenses for Australia Properties, partially offset by higher operating expenses mainly for Wisma Atria Property (Retail) and Ngee Ann City Property (Office).

(e) Represents interest income from bank deposits and current accounts for the three months ended 30 September 2018.

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

(g) The decrease in trust expenses for the Group was mainly due to lower expenses incurred by the Trust and Japan Properties.

(h) Finance expenses were lower for the current quarter mainly due to the write-off of upfront borrowing costs following the refinancing of the S$ term loans in the corresponding quarter.

(i) Represents mainly the change in the fair value of interest rate swaps, as well as foreign exchange forward contracts for the three months ended 30 September 2018.

(j) Represents mainly the foreign exchange differences on translation of foreign currency denominated transactions and monetary items, as well as realised foreign exchange differences from the settlement of forward contracts for the Group for the three months ended 30 September 2018.

(k) Income tax includes withholding tax, corporate tax and deferred tax provided for the overseas properties. The decrease was mainly attributed to lower withholding tax for Australia Properties for the three months ended 30 September 2018.

(l) See details in the distribution statement below.

Distribution Statement (1Q FY18/19 vs 1Q FY17/18)

	Notes	Group 01/07/18 to 30/09/18 S$'000	Group 01/07/17 to 30/09/17 S$'000	Increase / (Decrease) %	Trust 01/07/18 to 30/09/18 S$'000	Trust 01/07/17 to 30/09/17 S$'000	Increase / (Decrease) %
Total return after tax, before distribution		**24,722**	**26,165**	**(5.5%)**	**14,453**	**22,161**	**(34.8%)**
Non-tax deductible/(chargeable) items and other adjustments:		1,491	557	167.7%	11,760	4,561	157.8%
Finance costs	(m)	140	910	(84.6%)	213	1,263	(83.1%)
Sinking fund contribution		452	452	-	452	452	-
Change in fair value of derivative instruments		301	(1,425)	NM	170	(1,069)	NM
Deferred income tax		39	40	(2.5%)	-	-	-
Foreign exchange loss		463	193	139.9%	3,707	1,399	165.0%
Other items	(n)	96	387	(75.2%)	1,008	1,146	(12.0%)
Net overseas income not distributed to the Trust, net of amount received		-	-	-	6,210	1,370	353.3%
Income available for distribution		**26,213**	**26,722**	**(1.9%)**	**26,213**	**26,722**	**(1.9%)**
Income to be distributed to Unitholders	(o)	**25,084**	**26,174**	**(4.2%)**	**25,084**	**26,174**	**(4.2%)**

Footnotes:

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

(n) Other items include mainly trustee's fee, straight-line rental adjustments, fair value adjustment on security deposits, commitment fees and other non-tax deductible/chargeable costs.

(o) Approximately S$1.1 million of income available for distribution for the three months ended 30 September 2018 has been retained for working capital requirements.

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

Balance Sheet as at 30 September 2018

	Notes	Group 30/09/18 S$'000	Group 30/06/18 S$'000	Trust 30/09/18 S$'000	Trust 30/06/18 S$'000
Non-current assets					
Investment properties	(a)	3,098,157	3,118,338	2,146,782	2,147,000
Plant and equipment		37	42	-	-
Interests in subsidiaries	(b)	-	-	583,115	590,224
Derivative financial instruments	(c)	1,886	1,964	1,886	1,964
		3,100,080	**3,120,344**	**2,731,783**	**2,739,188**
Current assets					
Derivative financial instruments	(c)	149	244	102	242
Trade and other receivables	(d)	5,017	4,191	3,365	2,929
Cash and cash equivalents	(e)	62,397	66,730	14,163	20,420
		67,563	**71,165**	**17,630**	**23,591**
Total assets		**3,167,643**	**3,191,509**	**2,749,413**	**2,762,779**
Non-current liabilities					
Trade and other payables	(f)	21,790	22,460	19,756	20,549
Derivative financial instruments	(c)	1,387	1,242	516	453
Deferred tax liabilities	(g)	6,154	6,336	-	-
Borrowings	(h)	1,009,224	1,066,931	796,631	801,954
		1,038,555	**1,096,969**	**816,903**	**822,956**
Current liabilities					
Trade and other payables	(f)	40,345	38,633	26,398	24,307
Derivative financial instruments	(c)	106	199	3	85
Income tax payable		1,976	2,014	-	-
Borrowings	(h)	108,696	63,398	-	-
		151,123	**104,244**	**26,401**	**24,392**
Total liabilities		**1,189,678**	**1,201,213**	**843,304**	**847,348**
Net assets		**1,977,965**	**1,990,296**	**1,906,109**	**1,915,431**
Represented by:					
Unitholders' funds		1,977,965	1,990,296	1,906,109	1,915,431
		1,977,965	**1,990,296**	**1,906,109**	**1,915,431**

Footnotes:

(a) Investment properties decreased mainly due to net movement in foreign currencies in relation to overseas properties, partially offset by capital expenditure incurred and straight-line rental adjustments during the current quarter.

(b) The decrease in the Trust's interests in subsidiaries was mainly due to capital redemption and net movement in foreign currencies during the current quarter.

(c) Derivative financial instruments as at 30 September 2018 include mainly the fair value of the interest rate swaps and caps entered into to hedge the interest rate exposure on borrowings and foreign exchange forward contracts. The net decrease in derivative values was mainly due to the change in fair value of the existing interest rate swaps, partially offset by the net fair value gain on the foreign exchange forward contracts during the current quarter.

(d) The increase in trade and other receivables was mainly due to increase in prepaid expenses for Australia and Malaysia Properties, and increase in other receivables for Malaysia Properties, partially offset by decrease in net rent arrears and other receivables for Australia Properties.

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

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

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

(h) Borrowings include S$460 million term loans, JPY3.7 billion (S$44.6 million) term loan, S$295 million Singapore MTNs, JPY678 million (S$8.2 million) Japan bond, A$208 million (S$205.2 million) term loans and RM329.1 million (S$108.7 million) Malaysia MTN. The net decrease in total borrowings was mainly due to the net movement in foreign currencies and prepayment of S$4.3 million (JPY350 million) of JPY term loan during the current quarter. In July 2018, the Group has refinanced its A$63 million (S$62.2 million) secured loan for five years with the same bank ahead of its maturity in June 2019. As at 30 September 2018, the RM329.1 million (S$108.7 million) secured Malaysia MTN maturing in September 2019 was classified as current liabilities. Please refer to Note 1(b)(ii) for details of the borrowings.

As at 30 September 2018, the Group has available undrawn long-term committed revolving credit facilities ("RCF") to cover the net current liabilities of the Trust and the Group.

1(b) (ii) Aggregate amount of borrowings

	Notes	Group 30/09/18 S$'000	Group 30/06/18 S$'000	Trust 30/09/18 S$'000	Trust 30/06/18 S$'000
Secured borrowings	(a)				
Amount repayable within one year		108,745	63,479	-	-
Amount repayable after one year		205,233	257,255	-	-
		313,978	**320,734**	**-**	**-**
Unsecured borrowings	(b)				
Amount repayable within one year		-	-	-	-
Amount repayable after one year		807,777	813,292	799,604	804,933
Total borrowings		**1,121,755**	**1,134,026**	**799,604**	**804,933**
Less: Unamortised loan acquisition expenses		(3,835)	(3,697)	(2,973)	(2,979)
Total borrowings		**1,117,920**	**1,130,329**	**796,631**	**801,954**

Footnotes:

(a) Secured
The Group has outstanding five-year fixed-rate senior medium term notes of a nominal value of RM330 million ("Second Senior MTN") issued at a discounted cash consideration of approximately RM325 million. The Second Senior MTN bear a fixed coupon rate of 4.48% per annum and have a carrying amount of approximately RM329.1 million (S$108.7 million) as at 30 September 2018. The notes have an expected maturity in September 2019 and legal maturity in March 2021, and are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad.

The Group has outstanding term loans of A$208 million (S$205.2 million) as at 30 September 2018, comprising:
(i) A$63 million (S$62.2 million) (maturing in July 2023) loan secured by a general security deed over all the assets of SG REIT (WA) Trust and a mortgage over David Jones Building. SG REIT (WA) Trust is wholly owned by the Group; and
(ii) A$145 million (S$143.1 million) (maturing in November 2021) loan secured by a general security deed over all the assets of SG REIT (SA) Sub-Trust2 and a mortgage over Myer Centre Adelaide. SG REIT (SA) Sub-Trust2 is wholly owned by the Group.

(b) Unsecured
As at 30 September 2018, the Group has outstanding medium term notes of S$295 million issued under its S$2 billion Multicurrency MTN Programme and rated at "BBB+" by Standard & Poor's Rating Services, comprising:
(i) S$100 million unsecured seven-year Singapore MTN (the "Series 002 Notes") (maturing in February 2021) which bear a fixed rate interest of 3.50% per annum payable semi-annually in arrear;
(ii) S$125 million unsecured eight-year Singapore MTN (the "Series 003 Notes") (maturing in May 2023) which bear a fixed rate interest of 3.40% per annum payable semi-annually in arrear; and
(iii) S$70 million unsecured 10-year Singapore MTN (the "Series 004 Notes") (maturing in October 2026) which bear a fixed rate interest of 3.14% per annum payable semi-annually in arrear.

As at 30 September 2018, the Group has in place:
(i) four-year and five-year unsecured loan facilities with a club of seven banks at inception, comprising (a) term loan of S$200 million (maturing in September 2021), (b) term loan of S$260 million (maturing September 2022) and (c) S$240 million RCF (maturing in September 2022) including a S$50 million uncommitted tranche at inception and subsequently fully converted to committed basis in July 2018. There is no amount outstanding on this RCF as at 30 September 2018.
(ii) five-year unsecured term loan facilities of balance JPY3.7 billion (S$44.6 million) (maturing in July 2020) with two banks.

The Group has JPY678 million (S$8.2 million) of Japan bond outstanding as at 30 September 2018, maturing in August 2021 ("Series 3 Bonds"). The bondholders of Series 3 Bonds have a statutory preferred right, under the Japan Asset Liquidation Law, to receive payment of all obligations under the bonds prior to other creditors out of the assets of Starhill Global REIT One TMK.

1(c) Consolidated cash flow statement (1Q FY18/19 vs 1Q FY17/18)

	Group 01/07/18 to 30/09/18 S$'000	Group 01/07/17 to 30/09/17 S$'000
Operating activities		
Total return for the period before tax and distribution	25,591	27,072
Adjustments for:		
Finance income	(215)	(236)
Depreciation	3	3
Finance expenses	9,487	10,537
Change in fair value of derivative instruments	201	(1,425)
Foreign exchange loss	392	167
Operating income before working capital changes	35,459	36,118
Changes in working capital:		
Trade and other receivables	(1,149)	(2,929)
Trade and other payables	663	(934)
Income tax paid	(825)	(859)
Cash generated from operating activities	**34,148**	**31,396**
Investing activities		
Capital expenditure on investment properties [(1)]	(755)	(2,857)
Interest received on deposits	221	237
Cash flows used in investing activities	**(534)**	**(2,620)**
Financing activities		
Borrowing costs paid	(8,743)	(11,803)
Proceeds from borrowings [(2)]	12,000	469,000
Repayment of borrowings [(2)]	(16,279)	(466,968)
Distributions paid to Unitholders	(23,775)	(25,738)
Cash flows used in financing activities	**(36,797)**	**(35,509)**
Net decrease in cash and cash equivalents	**(3,183)**	**(6,733)**
Cash and cash equivalents at the beginning of the period	66,730	76,603
Effects of exchange rate differences on cash	(1,150)	8
Cash and cash equivalents at the end of the period	**62,397**	**69,878**

Footnotes:

(1) Includes mainly capital expenditure works paid in relation to Myer Centre Adelaide during the current quarter.

(2) The movement during the three months ended 30 September 2018 relates mainly to the prepayment of S$4.3 million (JPY350 million) of JPY term loan as well as the drawdown and repayment of S$12.0 million RCF during the current quarter.

1(d) (i) Statement of movements in Unitholders' Funds (1Q FY18/19 vs 1Q FY17/18)

	Notes	Group 01/07/18 to 30/09/18 S$'000	Group 01/07/17 to 30/09/17 S$'000	Trust 01/07/18 to 30/09/18 S$'000	Trust 01/07/17 to 30/09/17 S$'000
Unitholders' funds at the beginning of the period		1,990,296	2,009,346	1,915,431	1,939,961
Operations					
Change in Unitholders' funds resulting from operations, before distributions	(a)	24,722	26,165	14,453	22,161
Increase in Unitholders' funds resulting from operations		**24,722**	**26,165**	**14,453**	**22,161**
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		(10,417)	4,998	-	-
Transfer of translation differences from total return arising from hedge accounting	(b)	1,014	871	-	-
Exchange differences on monetary items forming part of net investment in foreign operations		(3,875)	(2,358)	-	-
Net (loss)/gain recognised directly in Unitholders' funds	(c)	**(13,278)**	**3,511**	**-**	**-**
Unitholders' transactions					
Distributions to Unitholders		(23,775)	(25,738)	(23,775)	(25,738)
Decrease in Unitholders' funds resulting from Unitholders' transactions		**(23,775)**	**(25,738)**	**(23,775)**	**(25,738)**
Unitholders' funds at the end of the period		**1,977,965**	**2,013,284**	**1,906,109**	**1,936,384**

Footnotes:

(a) Change in Unitholders' funds resulting from operations for the Group for the three months ended 30 September 2018 includes a loss in the fair value of derivative instruments of S$0.2 million (1Q FY17/18: gain of S$1.4 million) and a net foreign exchange loss of S$0.4 million (1Q FY17/18: S$0.2 million).

(b) The Group designated its JPY loan as a net investment hedge for its Japan operations which qualify for hedge accounting. Correspondingly, the fair value changes of the JPY loan were reclassified to the Group's foreign currency translation reserve, offsetting the translation differences arising from its Japan exposure.

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

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

	Notes	Group and Trust 01/07/18 to 30/09/18 Units	Group and Trust 01/07/17 to 30/09/17 Units
Issued units at the beginning of the period		2,181,204,435	2,181,204,435
Management fees payable in units (base fee)	(a)	-	-
Management fees payable in units (performance fee)	(b)	-	-
Total issued units at the end of the period		**2,181,204,435**	**2,181,204,435**

Footnotes:

(a) The Manager has elected to receive 100% of its base management fees in cash. There are no base fees payable in units for the three months ended 30 September 2018.

(b) Performance fees are calculated annually as at 30 June. The performance of Starhill Global REIT's trust index is approximately 72% below the benchmark index as at 30 June 2018.

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

Starhill Global REIT did not hold any treasury units and subsidiary holdings as at 30 September 2018 and 30 June 2018. The total number of issued units as at the end of the current period, and as at the end of the immediately preceding year are disclosed in Section 1(d)(ii).

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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and method of computation in the preparation of the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the financial year ended 30 June 2018, except for the adoption of the new and revised Financial Reporting Standards which became effective for financial periods beginning on or after 1 July 2018.

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

The Group has adopted the following new Financial Reporting Standards in Singapore ("FRSs") and interpretations effective for the financial period beginning 1 July 2018:

(i) FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. There is no significant impact to the financial statements of the Group for the current and comparative financial period arising from the adoption of FRS 115.

(ii) FRS 109 Financial Instruments

FRS 109 introduces revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

There is no change in measurement basis arising from the adoption of the new classification and measurement model. In assessing for impairment losses on financial assets, the Group has adopted the simplified approach by applying lifetime expected credit losses on its loans and receivables (if applicable). There is no significant impact to the financial statements of the Group for the current and comparative financial period arising from the adoption of FRS 109.

The Group's existing net investment hedge for its Japan operations that are designated in effective hedging relationships continue to qualify for hedge accounting under FRS 109.

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

	Notes	Group 01/07/18 to 30/09/18 S$'000	Group 01/07/17 to 30/09/17 S$'000
Total return for the period after tax, before distribution		24,722	26,165
EPU - Basic and Diluted			
Weighted average number of units	(a)	2,181,204,435	2,181,204,435
Earnings per unit (cents)	(b)	1.13	1.20
DPU			
Number of units issued at end of period	(c)	2,181,204,435	2,181,204,435
DPU for the period based on the total number of units entitled to distribution (cents)		1.15	1.20

Footnotes:

(a) For the purpose of computing the EPU, the earnings attributable to Unitholders and the weighted average number of units during the three months ended 30 September 2018 are used and have been calculated on a time-weighted basis, where applicable.

(b) The earnings per unit for the three months ended 30 September 2018 includes a loss in the fair value of derivative instruments of S$0.2 million (1Q FY17/18: gain of S$1.4 million) and a net foreign exchange loss of S$0.4 million (1Q FY17/18: S$0.2 million). The diluted EPU is the same as basic EPU.

(c) The computation of DPU for the three months ended 30 September 2018 is based on number of units in issue as at 30 September 2018 of 2,181,204,435.

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

	Note	Group 30/09/18	Group 30/06/18	Trust 30/09/18	Trust 30/06/18
NAV/NTA per unit (S$) based on:					
- units issued at the end of the period	(a)	0.91	0.91	0.87	0.88

Footnote:

(a) The number of units used for computation of NAV and NTA per unit is 2,181,204,435 which represents the number of units in issue as at 30 September 2018 and 30 June 2018.

8 Review of the performance
Consolidated Statement of Total Return and Distribution
(1Q FY18/19 vs 1Q FY17/18)

	Group 01/07/18 to 30/09/18 S$'000	Group 01/07/17 to 30/09/17 S$'000	Increase / (Decrease) %
Gross revenue	**52,022**	**52,981**	**(1.8%)**
Property expenses	(11,586)	(11,611)	(0.2%)
Net property income	**40,436**	**41,370**	**(2.3%)**
Non property expenses	(14,252)	(15,556)	(8.4%)
Net income before tax	**26,184**	**25,814**	**1.4%**
Change in fair value of derivative instruments	(201)	1,425	NM
Foreign exchange loss	(392)	(167)	134.7%
Total return for the period before tax and distribution	**25,591**	**27,072**	**(5.5%)**
Income tax	(869)	(907)	(4.2%)
Total return for the period after tax, before distribution	**24,722**	**26,165**	**(5.5%)**
Non-tax deductible/(chargeable) items and other adjustments	1,491	557	167.7%
Income available for distribution	**26,213**	**26,722**	**(1.9%)**
Income to be distributed to Unitholders	**25,084**	**26,174**	**(4.2%)**

1Q FY18/19 vs 1Q FY17/18

Revenue for the Group in 1Q FY18/19 was S$52.0 million, representing a decrease of 1.8% over 1Q FY17/18. Net property income ("NPI") for the Group was S$40.4 million, representing a decrease of 2.3% over 1Q FY17/18. The decrease in NPI was largely due to lower contributions from retail portfolio in Singapore and the depreciation of the A$ against S$, offset by higher contributions from Ngee Ann City Property (Office) and Plaza Arcade following the completion of its asset redevelopment, as well as the appreciation of RM against S$.

Singapore Properties contributed 61.4% of total revenue, or S$31.9 million in 1Q FY18/19, 1.5% lower than in 1Q FY17/18. NPI for 1Q FY18/19 was S$25.2 million, 3.2% lower than in

1Q FY17/18, mainly due to lower contributions and higher operating expenses from Wisma Atria Property, partially offset by higher contributions from Ngee Ann City Property (Office).

Australia Properties contributed 23.0% of total revenue, or S$12.0 million in 1Q FY18/19, 4.7% lower than in 1Q FY17/18. NPI for 1Q FY18/19 was S$7.6 million, 2.5% lower than in 1Q FY17/18, mainly in line with the depreciation of A$ against S$.

Malaysia Properties contributed 13.4% of total revenue, or S$7.0 million in 1Q FY18/19, 3.6% higher than in 1Q FY17/18. NPI for 1Q FY18/19 was S$6.7 million, 3.7% higher than in 1Q FY17/18, mainly due to appreciation of RM against S$.

China and Japan Properties contributed 2.2% of total revenue, or S$1.2 million in 1Q FY18/19, 10.7% lower than in 1Q FY17/18. NPI for 1Q FY18/19 was S$0.9 million, 12.9% lower than in 1Q FY17/18, mainly due to one-off management fee income in relation to tenant's renovation works for the China Property recorded in the corresponding quarter.

Non property expenses were S$14.3 million in 1Q FY18/19, 8.4% lower than in 1Q FY17/18, mainly due to lower trust expenses during the current quarter, as well as the write-off of upfront borrowing costs following the refinancing of the S$ term loans in the corresponding quarter.

The change in fair value of derivative instruments in 1Q FY18/19 represents mainly the change in the fair value of interest rate swaps entered into for the Group's borrowings, as well as foreign exchange forward contracts.

The net foreign exchange loss in 1Q FY18/19 arose mainly from the foreign exchange differences on translation of foreign currency denominated transactions and monetary items, as well as realised foreign exchange differences from the settlement of forward contracts.

The decrease in income tax for 1Q FY18/19 was mainly attributed to lower withholding tax for the Australia Properties for the three months ended 30 September 2018.

Income available for distribution for 1Q FY18/19 was S$26.2 million, being 1.9% lower than the corresponding quarter. Income to be distributed to Unitholders was S$25.1 million, 4.2% lower than the corresponding quarter mainly due to lower NPI and higher distributable income retained. Approximately S$1.1 million of income available for distribution for the three months ended 30 September 2018 has been retained for working capital requirements.

9 Variance between forecast and the actual results

The Trust has not disclosed any forecast to the market.

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

Global growth for 2018-2019 is projected to remain steady at its 2017 level of 3.7%, a 0.2 percentage point lower for both years than forecast in April[1]. The downward revision reflects surprises that suppressed activity in early 2018 in some major advanced economies, the negative effects of trade measures implemented or approved between April and mid-September 2018, as well as a weaker outlook for some key emerging market and developing economies arising from country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil import bills[1].

Advance estimates showed that the Singapore economy grew by 2.6% year-on-year (y-o-y) in the third quarter of 2018, moderating from the 4.1% growth in 2Q 2018, as the manufacturing sector grew slower than the previous quarter[2]. Retail sales (excluding motor vehicles) registered a y-o-y growth of 2.4% in August 2018[3]. International visitor arrivals rose 7.5% y-o-y to 12.6 million for the first eight months of 2018[4]. The rental market has found stable footing with no significant movement in rents in the Orchard and suburban submarkets[5].

Ground-floor rents are expected to lead the gradual recovery, but overall retail rents should continue flattening out and stabilise over 2018-2022, as sector headwinds precipitated by e-commerce have not materially subsided[6]. Demand for prime retail space is expected to increase on the back of improving retail sales and increased tourist arrivals[5].

For the office sector, there is potential for rents to surprise on the upside over the next 12 months if tightening supply is exacerbated by withdrawals as ageing stock undergoes asset enhancement and redevelopment works[5]. The supply of Grade A office space this year is a drastic climbdown from the 2.25 million square feet recorded for 2017[7]. Islandwide offices recorded a total of 1,342 leases in 2Q 2018, 5.8% higher than a quarter ago and the highest quarterly number since 2013[7]. CBD rents remain on a firm upward trajectory where they are likely to remain over the second half[7].

In Australia, retail sales for South Australia grew by 3.5% y-o-y but eased by 0.5% for Western Australia for the 12 months to August 2018[8]. Rents across the Perth CBD declined by 0.7% over 2Q 2018, as a result of persistent vacancy in the CBD, and difficult trading conditions for retailers[9]. The Group has long-term leases in Australia, with upmarket departmental store Myer Pty Ltd in Adelaide and David Jones Limited in Perth, contributing approximately 7.0% and 4.7% of its portfolio gross rents respectively as at 30 September 2018. In Perth, Plaza Arcade's anchor tenant UNIQLO has opened its first store in Perth on 30 August 2018.

In Malaysia, retail research firm Retail Group Malaysia has revised its forecast for 2018 retail sales growth to 4.1%, down from its estimate of 5.3% in June 2018[10]. It was based on slower retail sales growth of 2.1% in 2Q 2018, compared to 4.9% in the corresponding period a year ago[10]. The retail market will remain subdued in view of retail supply overhang.

Starhill Global REIT has a portfolio of 10 mid- to high-end properties located at prime areas in six Asia-Pacific cities, where its core assets are mainly based in Singapore. Master leases and long-term leases contributed approximately 49% of the portfolio gross rent as at 30 September 2018. These include master leases for the Malaysia Properties which will expire in June 2019 and contributed approximately 14% of the portfolio gross rent as at 30 September 2018. The Manager is evaluating the master tenancy arrangements in Malaysia, including asset enhancement opportunities.

The impact of the volatility in the foreign currencies, mainly Australian Dollar and Malaysian Ringgit, on its distributions has been partially mitigated by having foreign currency denominated borrowings as a natural hedge, and short-term foreign currency forward contracts.

<u>Sources</u>

1. International Monetary Fund, World Economic Outlook, October 2018: Challenges to Steady Growth
2. Ministry of Trade and Industry Singapore, Singapore's GDP Grew by 2.6 Per Cent in the Third Quarter of 2018, 12 October 2018
3. Singapore Department of Statistics, Retail Sales Index, Food and Beverage Services Index August 2018, 12 October 2018
4. Singapore Tourism Board, International Visitor Arrivals Statistics, 28 September 2018
5. Jones Lang LaSalle, Asia Pacific Property Digest Q2 2018, 20 September 2018
6. Colliers International, Singapore Retail Market, H1 2018, 21 August 2018
7. Savills World Research, Singapore Office Sector Briefing, August 2018
8. Australian Bureau of Statistics, Retail Trade, Australia, August 2018
9. Jones Lang LaSalle, Australia Perth Retail Market Overview 2Q 2018
10. The Edge Markets, Malaysia's 2018 retail sales growth forecast lowered to 4.1%, says Retail Group Malaysia, 14 September 2018

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes
Name of distribution:	Distribution to Unitholders for the period from 1 July 2018 to 30 September 2018 ("Unitholders' Distribution")

Distribution rate:

	Unitholders' Distribution
	For the period from 1 July 2018 to 30 September 2018
	Cents
Taxable income component	0.8900
Tax-exempt income component	0.1700
Capital component	0.0900
Total	**1.1500**

Par value of units: Not applicable

Tax rate:

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

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

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

(b) Corresponding period of the immediately preceding financial period

Any distributions declared for the previous corresponding financial period:	Yes
Name of distribution:	Distribution to Unitholders for the period from 1 July 2017 to 30 September 2017 ("Unitholders' Distribution")

Distribution rate:

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

Par value of units: Not applicable

Tax rate:

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

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

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

(c) Date payable: 29 November 2018

(d) Books Closure Date: 8 November 2018

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

Not applicable.

13 General mandate for interested person transactions

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

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

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

15 Certification pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Starhill Global REIT for the quarter ended 30 September 2018:

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

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

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

16 Directors' confirmation

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and Trust as at 30 September 2018 (comprising the balance sheets as at 30 September 2018, the statements of total return and distribution, the cash flow statements and statements of changes in Unitholders' funds for the three months ended on that date, together with their accompanying notes) to be false or misleading in any material respect.

On behalf of the Board

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

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

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

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

Lam Chee Kin
Joint Company Secretary
30 October 2018