**STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST**
**FINANCIAL STATEMENTS ANNOUNCEMENT**
**FOR THE THIRD QUARTER ENDED 31 MARCH 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 January 2018 to 31 March 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 January 2018 to 31 March 2018 ("3Q FY17/18") as well as the nine months period from 1 July 2017 to 31 March 2018 ("YTD FY17/18"). The comparative figures are in relation to the period from 1 January 2017 to 31 March 2017 ("3Q FY16/17") as well as the nine months period from 1 July 2016 to 31 March 2017 ("YTD FY16/17").

As at 31 March 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 (formerly known as Renhe Spring Zongbei Departmental Store) in Chengdu, China (the "China Property") and 100% interest in three properties in Tokyo, Japan (the "Japan Properties") (collectively the "China and Japan Properties").

## SUMMARY OF STARHILL GLOBAL REIT'S RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2018

| | Group 01/01/18 to 31/03/18 S$'000 | Group 01/01/17 to 31/03/17 S$'000 | Increase / (Decrease) % |
|---|---|---|---|
| Gross revenue | 51,742 | 53,326 | (3.0%) |
| Net property income | 40,284 | 41,221 | (2.3%) |
| Income available for distribution | 25,385 | 27,104 | (6.3%) |
| Income to be distributed to Unitholders | 23,775 | 25,738 | (7.6%) |

| | Group 01/01/18 to 31/03/18 | Group 01/01/17 to 31/03/17 | Increase / (Decrease) |
|---|---|---|---|
| | Cents per unit | | % |
| **Distribution per unit ("DPU")** | | | |
| For the quarter from 1 January to 31 March [1] | 1.09 | 1.18 | (7.6%) |
| Annualised (based on the three months ended 31 March) | 4.42 | 4.79 | (7.7%) |

Footnote:

[1] The computation of DPU for the quarter ended 31 March 2018 is based on total number of units entitled to the distributable income for the period from 1 January 2018 to 31 March 2018 of 2,181,204,435.

## DISTRIBUTION DETAILS

| | |
|---|---|
| Distribution period | 1 January 2018 to 31 March 2018 |
| Distribution amount to Unitholders | 1.09 cents per unit |
| Books closure date | 7 May 2018 |
| Payment date | 30 May 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 (3Q FY17/18 vs 3Q FY16/17)

| | Notes | Group 01/01/18 to 31/03/18 S$'000 | Group 01/01/17 to 31/03/17 S$'000 | Increase / (Decrease) % | Trust 01/01/18 to 31/03/18 S$'000 | Trust 01/01/17 to 31/03/17 S$'000 | Increase / (Decrease) % |
|---|---|---|---|---|---|---|---|
| **Gross revenue** | (a) | **51,742** | **53,326** | **(3.0%)** | **32,405** | **33,310** | **(2.7%)** |
| Maintenance and sinking fund contributions | | (1,755) | (1,760) | (0.3%) | (1,732) | (1,732) | - |
| Property management fees | (b) | (1,406) | (1,471) | (4.4%) | (968) | (1,007) | (3.9%) |
| Property tax | (c) | (5,062) | (5,094) | (0.6%) | (3,131) | (3,197) | (2.1%) |
| Other property expenses | (d) | (3,235) | (3,780) | (14.4%) | (835) | (871) | (4.1%) |
| **Property expenses** | | **(11,458)** | **(12,105)** | **(5.3%)** | **(6,666)** | **(6,807)** | **(2.1%)** |
| **Net property income** | | **40,284** | **41,221** | **(2.3%)** | **25,739** | **26,503** | **(2.9%)** |
| Finance income | (e) | 205 | 264 | (22.3%) | 38 | 100 | (62.0%) |
| Interest income from subsidiaries | | - | - | - | 1,483 | 1,461 | 1.5% |
| Dividend income from subsidiaries | | - | - | - | 2,504 | 2,207 | 13.5% |
| Fair value adjustment on security deposits | (f) | (48) | (54) | (11.1%) | 6 | (2) | NM |
| Management fees | (g) | (3,980) | (3,977) | 0.1% | (3,742) | (3,747) | (0.1%) |
| Trust expenses | (h) | (1,084) | (907) | 19.5% | (723) | (560) | 29.1% |
| Finance expenses | (i) | (9,141) | (9,484) | (3.6%) | (5,673) | (6,056) | (6.3%) |
| **Non property expenses** | | **(14,048)** | **(14,158)** | **(0.8%)** | **(6,107)** | **(6,597)** | **(7.4%)** |
| **Net income before tax** | | **26,236** | **27,063** | **(3.1%)** | **19,632** | **19,906** | **(1.4%)** |
| Change in fair value of derivative instruments | (j) | 1,646 | (1,288) | NM | 1,849 | (1,094) | NM |
| Foreign exchange gain/(loss) | (k) | 312 | (583) | NM | (2,393) | 303 | NM |
| **Total return for the period before tax and distribution** | | **28,194** | **25,192** | **11.9%** | **19,088** | **19,115** | **(0.1%)** |
| Income tax | (l) | (1,512) | (765) | 97.6% | (266) | (165) | 61.2% |
| **Total return for the period after tax, before distribution** | | **26,682** | **24,427** | **9.2%** | **18,822** | **18,950** | **(0.7%)** |
| Non-tax deductible/(chargeable) items and other adjustments | (m) | (1,297) | 2,677 | NM | 6,563 | 8,154 | (19.5%) |
| **Income available for distribution** | | **25,385** | **27,104** | **(6.3%)** | **25,385** | **27,104** | **(6.3%)** |

Footnotes:

(a) Gross revenue comprises gross rent and other revenue earned from investment properties, including turnover rent. The decrease in gross revenue for the Group was mainly due to weaker contributions from the office portfolio, disruption of income from asset redevelopment works at Plaza Arcade in Perth and lower revenue at Myer Centre Adelaide. Approximately 37% (3Q FY16/17: 37%) of total gross revenue for the three months ended 31 March 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, as well as China and Japan Properties. The decrease was mainly due to lower fees for Singapore Properties and no fee incurred for China Property during the current quarter.

(c) Property tax expenses were lower for the current quarter mainly due to lower property tax expenses for Singapore Properties.

(d) Other property expenses were lower for the current quarter mainly due to lower operating expenses for China Property and Australia Properties.

(e) Represents interest income from bank deposits and current accounts for the three months ended 31 March 2018.

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

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

(h) The increase in trust expenses for the Group was mainly due to higher expenses incurred by Singapore Properties and Malaysia Properties.

(i) Finance expenses were lower for the current quarter mainly due to lower interest costs incurred on the existing borrowings for the three months ended 31 March 2018.

(j) Represents mainly the change in the fair value of interest rate swaps and caps, as well as foreign exchange forward contracts for the three months ended 31 March 2018.

(k) 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 31 March 2018.

(l) Income tax includes withholding tax, corporate tax and deferred tax provided for the overseas properties. The variance was mainly attributed to higher withholding taxes for the Malaysia Properties and Australia Properties for the three months ended 31 March 2018, including one-off payment of withholding taxes in Malaysia for the current quarter.

(m) See details in the distribution statement below.

## Distribution Statement (3Q FY17/18 vs 3Q FY16/17)

| | Notes | Group 01/01/18 to 31/03/18 S$'000 | Group 01/01/17 to 31/03/17 S$'000 | Increase / (Decrease) % | Trust 01/01/18 to 31/03/18 S$'000 | Trust 01/01/17 to 31/03/17 S$'000 | Increase / (Decrease) % |
|---|---|---|---|---|---|---|---|
| **Total return after tax, before distribution** | | **26,682** | **24,427** | **9.2%** | **18,822** | **18,950** | **(0.7%)** |
| Non-tax deductible/(chargeable) items and other adjustments: | | (1,297) | 2,677 | NM | 6,563 | 8,154 | (19.5%) |
| Finance costs | (n) | 132 | 198 | (33.3%) | 198 | 393 | (49.6%) |
| Sinking fund contribution | | 452 | 452 | - | 452 | 452 | - |
| Change in fair value of derivative instruments | | (1,646) | 1,288 | NM | (1,849) | 1,094 | NM |
| Deferred income tax | | 41 | 40 | 2.5% | - | - | - |
| Foreign exchange (gain)/loss | | (407) | 629 | NM | 2,395 | (805) | NM |
| Fair value adjustment on security deposits | | 48 | 54 | (11.1%) | (6) | 2 | NM |
| Other items | (o) | 83 | 16 | 418.8% | 599 | 800 | (25.1%) |
| Net overseas income not distributed to the Trust, net of amount received | | - | - | - | 4,774 | 6,218 | (23.2%) |
| **Income available for distribution** | | **25,385** | **27,104** | **(6.3%)** | **25,385** | **27,104** | **(6.3%)** |
| **Income to be distributed to Unitholders** | (p) | **23,775** | **25,738** | **(7.6%)** | **23,775** | **25,738** | **(7.6%)** |

Footnotes:

(n) Finance costs include mainly amortisation of upfront borrowing costs.

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

(p) Approximately S$1.6 million of income available for distribution for the three months ended 31 March 2018 has been retained for working capital requirements.

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

| | Notes | Group 01/07/17 to 31/03/18 S$'000 | Group 01/07/16 to 31/03/17 S$'000 | Increase / (Decrease) % | Trust 01/07/17 to 31/03/18 S$'000 | Trust 01/07/16 to 31/03/17 S$'000 | Increase / (Decrease) % |
|---|---|---|---|---|---|---|---|
| **Gross revenue** | (a) | **157,179** | **162,652** | **(3.4%)** | **97,604** | **101,489** | **(3.8%)** |
| Maintenance and sinking fund contributions | | (5,265) | (5,285) | (0.4%) | (5,195) | (5,195) | - |
| Property management fees | (b) | (4,222) | (4,582) | (7.9%) | (2,915) | (3,066) | (4.9%) |
| Property tax | (c) | (15,055) | (15,510) | (2.9%) | (9,193) | (9,632) | (4.6%) |
| Other property expenses | (d) | (10,498) | (11,785) | (10.9%) | (2,829) | (2,676) | 5.7% |
| **Property expenses** | | **(35,040)** | **(37,162)** | **(5.7%)** | **(20,132)** | **(20,569)** | **(2.1%)** |
| **Net property income** | | **122,139** | **125,490** | **(2.7%)** | **77,472** | **80,920** | **(4.3%)** |
| Finance income | (e) | 679 | 835 | (18.7%) | 119 | 274 | (56.6%) |
| Interest income from subsidiaries | | - | - | - | 4,559 | 4,368 | 4.4% |
| Dividend income from subsidiaries | | - | - | - | 10,984 | 20,292 | (45.9%) |
| Fair value adjustment on security deposits | (f) | (262) | (272) | (3.7%) | 3 | (216) | NM |
| Management fees | (g) | (12,095) | (12,182) | (0.7%) | (11,402) | (11,477) | (0.7%) |
| Trust expenses | (h) | (2,822) | (2,645) | 6.7% | (1,862) | (2,178) | (14.5%) |
| Finance expenses | (i) | (28,986) | (29,381) | (1.3%) | (18,423) | (18,930) | (2.7%) |
| **Non property expenses** | | **(43,486)** | **(43,645)** | **(0.4%)** | **(16,022)** | **(7,867)** | **103.7%** |
| **Net income before tax** | | **78,653** | **81,845** | **(3.9%)** | **61,450** | **73,053** | **(15.9%)** |
| Change in fair value of derivative instruments | (j) | 3,896 | 1,843 | 111.4% | 3,615 | 636 | 468.4% |
| Foreign exchange gain/(loss) | (k) | 102 | 2,999 | (96.6%) | (8,394) | (1,572) | 434.0% |
| Change in fair value of investment properties | (l) | - | (12,906) | (100.0%) | - | - | - |
| Impairment loss on investment in subsidiaries | (m) | - | - | - | - | (9,000) | (100.0%) |
| **Total return for the period before tax and distribution** | | **82,651** | **73,781** | **12.0%** | **56,671** | **63,117** | **(10.2%)** |
| Income tax | (n) | (3,243) | 2,071 | NM | (684) | (165) | 314.5% |
| **Total return for the period after tax, before distribution** | | **79,408** | **75,852** | **4.7%** | **55,987** | **62,952** | **(11.1%)** |
| Non-tax deductible/(chargeable) items and other adjustments | (o) | (1,621) | 8,203 | NM | 21,800 | 21,103 | 3.3% |
| **Income available for distribution** | | **77,787** | **84,055** | **(7.5%)** | **77,787** | **84,055** | **(7.5%)** |

Footnotes:

(a) Gross revenue comprises gross rent and other revenue earned from investment properties, including turnover rent. The decrease in gross revenue for the Group was mainly due to the one-off S$1.9 million pre-termination rental compensation for a retail lease at Wisma Atria Property recorded in the corresponding period which has been filled up, as well as weaker contributions from offices and disruption of income from asset redevelopment works at Plaza Arcade in Perth. Excluding the one-off rental compensation, gross revenue for the Group would have decreased by 2.2%. Approximately 38% (YTD FY16/17: 37%) of total gross revenue for the nine months ended 31 March 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, as well as China and Japan Properties. The decrease was mainly due to lower fees for Singapore Properties, Myer Centre Adelaide and no fee incurred for China Property during the current period.

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

(d) Other property expenses were lower for the current period mainly due to lower operating expenses at China and Japan Properties, partially offset by higher operating expenses at Australia Properties and Ngee Ann City Property.

(e) Represents interest income from bank deposits and current accounts for the nine months ended 31 March 2018.

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

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

(h) The increase in trust expenses for the Group was mainly due to higher expenses incurred by Malaysia Properties, partially offset by lower expenses for the Trust.

(i) The lower interest costs incurred on the existing borrowings for the nine months ended 31 March 2018 were partially offset by the write-off of remaining upfront borrowing costs following the early repayment of loans during the current period.

(j) Represents mainly the change in the fair value of interest rate swaps and caps, as well as foreign exchange forward contracts for the nine months ended 31 March 2018.

(k) 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 nine months ended 31 March 2018.

(l) Represents the revaluation loss on the China Property recorded in the corresponding period.

(m) Represents the impairment loss on the Trust's China investment recorded in December 2016 and determined based on the difference between the carrying amount and the recoverable amount of Top Sure Investment Limited and its subsidiary.

(n) Income tax includes withholding tax, corporate tax and deferred tax provided for the overseas properties. The variance was mainly attributed to deferred tax reversal arising from downward revaluation of the China Property recorded in the corresponding period, as well as higher withholding taxes for the Malaysia Properties and Australia Properties for the nine months ended 31 March 2018, including one-off payment of withholding taxes in Malaysia for the current period.

(o) See details in the distribution statement below.

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

| | Notes | Group 01/07/17 to 31/03/18 S$'000 | Group 01/07/16 to 31/03/17 S$'000 | Increase / (Decrease) % | Trust 01/07/17 to 31/03/18 S$'000 | Trust 01/07/16 to 31/03/17 S$'000 | Increase / (Decrease) % |
|---|---|---|---|---|---|---|---|
| **Total return after tax, before distribution** | | **79,408** | **75,852** | **4.7%** | **55,987** | **62,952** | **(11.1%)** |
| Non-tax deductible/(chargeable) items and other adjustments: | | (1,621) | 8,203 | NM | 21,800 | 21,103 | 3.3% |
| Finance costs | (p) | 1,173 | 815 | 43.9% | 1,659 | 1,851 | (10.4%) |
| Sinking fund contribution | | 1,356 | 1,356 | - | 1,356 | 1,356 | - |
| Depreciation | | - | 141 | (100.0%) | - | 141 | (100.0%) |
| Change in fair value of derivative instruments | | (3,896) | (1,843) | 111.4% | (3,615) | (636) | 468.4% |
| Change in fair value of investment properties | | - | 12,906 | (100.0%) | - | - | - |
| Deferred income tax | | 122 | (3,105) | NM | - | - | - |
| Impairment loss on investment in subsidiaries | | - | - | - | - | 9,000 | (100.0%) |
| Foreign exchange (gain)/loss | | (259) | (2,991) | (91.3%) | 8,235 | 1,321 | 523.4% |
| Fair value adjustment on security deposits | | 262 | 272 | (3.7%) | (3) | 216 | NM |
| Other items | (q) | (379) | 652 | NM | 1,518 | 2,522 | (39.8%) |
| Net overseas income not distributed to the Trust, net of amount received | | - | - | - | 12,650 | 5,332 | 137.2% |
| **Income available for distribution** | | **77,787** | **84,055** | **(7.5%)** | **77,787** | **84,055** | **(7.5%)** |
| **Income to be distributed to Unitholders** | (r) | **75,469** | **81,577** | **(7.5%)** | **75,469** | **81,577** | **(7.5%)** |

Footnotes:

(p) Finance costs include mainly amortisation of upfront borrowing costs.

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

(r) Approximately S$2.3 million of income available for distribution for the nine months ended 31 March 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 31 March 2018

| | Notes | Group 31/03/18 S$'000 | Group 30/06/17 S$'000 | Trust 31/03/18 S$'000 | Trust 30/06/17 S$'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Investment properties | (a) | 3,143,310 | 3,136,315 | 2,148,030 | 2,147,000 |
| Plant and equipment | | 45 | 59 | - | - |
| Interests in subsidiaries | (b) | - | - | 597,450 | 608,852 |
| Derivative financial instruments | (c) | 1,179 | 41 | 1,179 | 41 |
| | | **3,144,534** | **3,136,415** | **2,746,659** | **2,755,893** |
| **Current assets** | | | | | |
| Derivative financial instruments | (c) | 414 | 85 | 414 | 63 |
| Trade and other receivables | (d) | 7,793 | 6,341 | 3,940 | 2,110 |
| Cash and cash equivalents | (e) | 62,162 | 76,603 | 14,872 | 30,493 |
| | | **70,369** | **83,029** | **19,226** | **32,666** |
| **Total assets** | | **3,214,903** | **3,219,444** | **2,765,885** | **2,788,559** |
| **Non-current liabilities** | | | | | |
| Trade and other payables | (f) | 26,605 | 24,363 | 20,156 | 19,003 |
| Derivative financial instruments | (c) | 775 | 1,827 | 202 | 1,522 |
| Deferred tax liabilities | (g) | 7,053 | 6,748 | - | - |
| Borrowings | (h) | 1,130,982 | 728,386 | 801,688 | 547,522 |
| | | **1,165,415** | **761,324** | **822,046** | **568,047** |
| **Current liabilities** | | | | | |
| Trade and other payables | (f) | 36,616 | 38,762 | 24,986 | 26,554 |
| Derivative financial instruments | (c) | 692 | 2,178 | 337 | 1,226 |
| Income tax payable | | 1,961 | 1,942 | - | - |
| Borrowings | (h) | - | 405,892 | - | 252,771 |
| | | **39,269** | **448,774** | **25,323** | **280,551** |
| **Total liabilities** | | **1,204,684** | **1,210,098** | **847,369** | **848,598** |
| **Net assets** | | **2,010,219** | **2,009,346** | **1,918,516** | **1,939,961** |
| **Represented by:** | | | | | |
| Unitholders' funds | | 2,010,219 | 2,009,346 | 1,918,516 | 1,939,961 |
| | | **2,010,219** | **2,009,346** | **1,918,516** | **1,939,961** |

Footnotes:

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

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

(c) Derivative financial instruments as at 31 March 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 increase in derivative values was mainly due to the change in fair value of the existing S$ and A$ interest rate swaps during the current period.

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

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

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

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

(h) Borrowings include S$460 million term loans, JPY4.05 billion (S$49.9 million) term loan, S$295 million Singapore MTNs, JPY745 million (S$9.2 million) Japan bond, A$208 million (S$209.5 million) term loans and RM328.7 million (S$111.5 million) Malaysia MTN. The net decrease in total borrowings was mainly due to the net movement in foreign currencies, capitalisation of upfront borrowing costs, the prepayment of S$4.3 million (JPY350 million) of JPY term loan and S$0.7 million (JPY55 million) of Japan bond, as well as the net repayment of S$3 million of short-term revolving credit facilities ("RCF") during the current period, partially offset by the drawdown of S$200 million four-year unsecured term loan facility and S$260 million five-year unsecured term loan facility in September 2017 to largely refinance the outstanding S$450 million term loans ahead of their maturities in 2018.

As at 31 March 2018, the Group has available undrawn long-term committed RCF to cover the net current liabilities of the Trust.

## 1(b) (ii) Aggregate amount of borrowings

| | Notes | Group 31/03/18 S$'000 | Group 30/06/17 S$'000 | Trust 31/03/18 S$'000 | Trust 30/06/17 S$'000 |
|---|---|---|---|---|---|
| **Secured borrowings** | (a) | | | | |
| Amount repayable within one year | | - | 153,258 | - | - |
| Amount repayable after one year | | 320,948 | 171,745 | - | - |
| | | **320,948** | **325,003** | **-** | **-** |
| **Unsecured borrowings** | (b) | | | | |
| Amount repayable within one year | | - | 253,000 | - | 253,000 |
| Amount repayable after one year | | 814,036 | 558,908 | 804,864 | 549,076 |
| **Total borrowings** | | **1,134,984** | **1,136,911** | **804,864** | **802,076** |
| Less: Unamortised loan acquisition expenses | | (4,002) | (2,633) | (3,176) | (1,783) |
| **Total borrowings** | | **1,130,982** | **1,134,278** | **801,688** | **800,293** |

Footnotes:

(a) Secured
The Group has outstanding five-year fixed-rate senior medium term notes of a nominal value of RM330 million ("Second Senior MTN") issued at a discounted cash consideration of approximately RM325 million. The Second Senior MTN bear a fixed coupon rate of 4.48% per annum and have a carrying amount of approximately RM328.7 million (S$111.5 million) as at 31 March 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$209.5 million) as at 31 March 2018, comprising:
(i) A$63 million (S$63.4 million) (maturing in June 2019) loan secured by a general security deed over all the assets of SG REIT (WA) Trust and a mortgage over David Jones Building. SG REIT (WA) Trust is wholly owned by the Group; and
(ii) A$145 million (S$146.0 million) (maturing in November 2021) loan secured by a general security deed over all the assets of SG REIT (SA) Sub-Trust2 and a mortgage over Myer Centre Adelaide. SG REIT (SA) Sub-Trust2 is wholly owned by the Group.

(b) Unsecured
As at 31 March 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 31 March 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. There is no amount outstanding on this RCF as at 31 March 2018.
(ii) five-year unsecured term loan facilities of balance JPY4.05 billion (S$49.9 million) (maturing in July 2020) with two banks.

The Group has JPY745 million (S$9.2 million) of Japan bond outstanding as at 31 March 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
## (3Q FY17/18 vs 3Q FY16/17) and (YTD FY17/18 vs YTD FY16/17)

| | Group 01/01/18 to 31/03/18 S$'000 | Group 01/01/17 to 31/03/17 S$'000 | Group 01/07/17 to 31/03/18 S$'000 | Group 01/07/16 to 31/03/17 S$'000 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Total return for the period before tax and distribution | 28,194 | 25,192 | 82,651 | 73,781 |
| **Adjustments for:** | | | | |
| Finance income | (205) | (264) | (679) | (835) |
| Fair value adjustment on security deposits | 48 | 54 | 262 | 272 |
| Depreciation | 3 | 61 | 9 | 358 |
| Finance expenses | 9,141 | 9,484 | 28,986 | 29,381 |
| Plant and equipment written off | - | 80 | 6 | 80 |
| Change in fair value of derivative instruments | (1,646) | 1,288 | (3,896) | (1,843) |
| Foreign exchange (gain)/loss | (312) | 583 | (102) | (2,999) |
| Change in fair value of investment properties | - | - | - | 12,906 |
| Operating income before working capital changes | 35,223 | 36,478 | 107,237 | 111,101 |
| Changes in working capital: | | | | |
| Trade and other receivables | 1,454 | (1,440) | (2,545) | (3,318) |
| Trade and other payables | (1,813) | (3,096) | (1,247) | (3,855) |
| Income tax paid [(1)] | (2,108) | (719) | (3,651) | (1,593) |
| **Cash generated from operating activities** | **32,756** | **31,223** | **99,794** | **102,335** |
| **Investing activities** | | | | |
| Capital expenditure on investment properties [(2)] | (2,707) | (368) | (9,964) | (2,198) |
| Purchase of plant and equipment | - | (23) | - | (23) |
| Interest received on deposits | 201 | 266 | 672 | 785 |
| **Cash flows used in investing activities** | **(2,506)** | **(125)** | **(9,292)** | **(1,436)** |
| **Financing activities** | | | | |
| Borrowing costs paid | (8,064) | (8,269) | (29,418) | (26,393) |
| Proceeds from borrowings [(3)] | 4,000 | 1,800 | 475,000 | 99,377 |
| Repayment of borrowings [(3)] | (4,000) | (1,800) | (472,968) | (94,490) |
| Distributions paid to Unitholders | (25,520) | (27,483) | (77,432) | (83,977) |
| **Cash flows used in financing activities** | **(33,584)** | **(35,752)** | **(104,818)** | **(105,483)** |
| **Net decrease in cash and cash equivalents** | **(3,334)** | **(4,654)** | **(14,316)** | **(4,584)** |
| **Cash and cash equivalents at the beginning of the period** | 65,309 | 76,741 | 76,603 | 76,953 |
| Effects of exchange rate differences on cash | 187 | 376 | (125) | 94 |
| **Cash and cash equivalents at the end of the period** | **62,162** | **72,463** | **62,162** | **72,463** |

Footnotes:

(1) Includes higher withholding taxes for the Malaysia Properties paid during the current period.

(2) Includes mainly capital expenditure and asset redevelopment costs paid in relation to Plaza Arcade, Myer Centre Adelaide and Lot 10 Property during the current period.

(3) The movement during the nine months ended 31 March 2018 relates mainly to the drawdown of S$460 million term loans which was largely used to refinance the outstanding S$450 million term loans, as well as the drawdown of S$15 million RCF. The remaining repayment includes the prepayment of S$4.3 million (JPY350 million) of JPY term loan and S$0.7 million (JPY55 million) of Japan bond, as well as the repayment of S$18 million RCF during the current period.

## 1(d) (i) Statement of movements in Unitholders' Funds (3Q FY17/18 vs 3Q FY16/17)

| | Notes | Group 01/01/18 to 31/03/18 S$'000 | Group 01/01/17 to 31/03/17 S$'000 | Trust 01/01/18 to 31/03/18 S$'000 | Trust 01/01/17 to 31/03/17 S$'000 |
|---|---|---|---|---|---|
| **Unitholders' funds at the beginning of the period** | | 2,012,626 | 2,012,569 | 1,925,214 | 1,956,006 |
| **Operations** | | | | | |
| Change in Unitholders' funds resulting from operations, before distributions | (a) | 26,682 | 24,427 | 18,822 | 18,950 |
| **Increase in Unitholders' funds resulting from operations** | | **26,682** | **24,427** | **18,822** | **18,950** |
| **Foreign currency translation reserve** | | | | | |
| Translation differences from financial statements of foreign entities | | (4,970) | 1,498 | - | - |
| Transfer of translation differences to total return arising from hedge accounting | (b) | (1,798) | - | - | - |
| Exchange differences on monetary items forming part of net investment in foreign operations | | 3,199 | 886 | - | - |
| **Net (loss)/gain recognised directly in Unitholders' funds** | (c) | **(3,569)** | **2,384** | **-** | **-** |
| **Unitholders' transactions** | | | | | |
| Distributions to Unitholders | | (25,520) | (27,483) | (25,520) | (27,483) |
| **Decrease in Unitholders' funds resulting from Unitholders' transactions** | | **(25,520)** | **(27,483)** | **(25,520)** | **(27,483)** |
| **Unitholders' funds at the end of the period** | | **2,010,219** | **2,011,897** | **1,918,516** | **1,947,473** |

Footnotes:

(a) Change in Unitholders' funds resulting from operations for the Group for the three months ended 31 March 2018 includes a gain in the fair value of derivative instruments of S$1.6 million (3Q FY16/17: loss of S$1.3 million) and a net foreign exchange gain of S$0.3 million (3Q FY16/17: loss of S$0.6 million).

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

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

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

| | Notes | Group 01/07/17 to 31/03/18 S$'000 | Group 01/07/16 to 31/03/17 S$'000 | Trust 01/07/17 to 31/03/18 S$'000 | Trust 01/07/16 to 31/03/17 S$'000 |
|---|---|---|---|---|---|
| **Unitholders' funds at the beginning of the period** | | 2,009,346 | 2,017,551 | 1,939,961 | 1,968,498 |
| **Operations** | | | | | |
| Change in Unitholders' funds resulting from operations, before distributions | (a) | 79,408 | 75,852 | 55,987 | 62,952 |
| **Increase in Unitholders' funds resulting from operations** | | **79,408** | **75,852** | **55,987** | **62,952** |
| **Foreign currency translation reserve** | | | | | |
| Translation differences from financial statements of foreign entities | | 3,423 | 7,042 | - | - |
| Transfer of translation differences to total return arising from hedge accounting | (b) | (89) | - | - | - |
| Exchange differences on monetary items forming part of net investment in foreign operations | | (4,437) | (4,571) | - | - |
| **Net (loss)/gain recognised directly in Unitholders' funds** | (c) | **(1,103)** | **2,471** | **-** | **-** |
| **Unitholders' transactions** | | | | | |
| Distributions to Unitholders | | (77,432) | (83,977) | (77,432) | (83,977) |
| **Decrease in Unitholders' funds resulting from Unitholders' transactions** | | **(77,432)** | **(83,977)** | **(77,432)** | **(83,977)** |
| **Unitholders' funds at the end of the period** | | **2,010,219** | **2,011,897** | **1,918,516** | **1,947,473** |

Footnotes:

(a) Change in Unitholders' funds resulting from operations for the Group for the nine months ended 31 March 2018 includes a gain in the fair value of derivative instruments of S$3.9 million (YTD FY16/17: S$1.8 million), a net foreign exchange gain of S$0.1 million (YTD FY16/17: S$3.0 million) and no loss in the fair value of investment properties (YTD FY16/17: loss of S$12.9 million).

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

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

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

| | Notes | Group and Trust 01/01/18 to 31/03/18 Units | Group and Trust 01/01/17 to 31/03/17 Units | Group and Trust 01/07/17 to 31/03/18 Units | Group and Trust 01/07/16 to 31/03/17 Units |
|---|---|---|---|---|---|
| **Issued units at the beginning of the period** | | 2,181,204,435 | 2,181,204,435 | 2,181,204,435 | 2,181,204,435 |
| Management fees payable in units (base fee) | (a) | - | - | - | - |
| Management fees payable in units (performance fee) | (b) | - | - | - | - |
| **Total issued units at the end of the period** | | **2,181,204,435** | **2,181,204,435** | **2,181,204,435** | **2,181,204,435** |

Footnotes:

(a) The Manager has elected to receive 100% of its base management fees in cash. There are no base fees payable in units for the three months ended 31 March 2018.

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

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

Starhill Global REIT did not hold any treasury units and subsidiary holdings as at 31 March 2018 and 30 June 2017. The total number of issued units as at the end of the current period, and as at the end of the immediately preceding year are disclosed in Section 1(d)(ii).

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

Not applicable.

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

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

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

Not applicable.

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

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

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

Not applicable.

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

| | Notes | Group 01/01/18 to 31/03/18 S$'000 | Group 01/01/17 to 31/03/17 S$'000 | Group 01/07/17 to 31/03/18 S$'000 | Group 01/07/16 to 31/03/17 S$'000 |
|---|---|---|---|---|---|
| Total return for the period after tax, before distribution | | 26,682 | 24,427 | 79,408 | 75,852 |
| **EPU - Basic and Diluted** | | | | | |
| Weighted average number of units | (a) | 2,181,204,435 | 2,181,204,435 | 2,181,204,435 | 2,181,204,435 |
| Earnings per unit (cents) | (b) | 1.22 | 1.12 | 3.64 | 3.48 |
| **DPU** | | | | | |
| Number of units issued at end of period | (c) | 2,181,204,435 | 2,181,204,435 | 2,181,204,435 | 2,181,204,435 |
| DPU for the period based on the total number of units entitled to distribution (cents) | | 1.09 | 1.18 | 3.46 | 3.74 |

Footnotes:

(a) For the purpose of computing the EPU, the earnings attributable to Unitholders and the weighted average number of units during the three months and nine months ended 31 March 2018 are used and have been calculated on a time-weighted basis.

(b) The EPU for the three months ended 31 March 2018 includes a gain in the fair value of derivative instruments of S$1.6 million (3Q FY16/17: loss of S$1.3 million) and a net foreign exchange gain of S$0.3 million (3Q FY16/17: loss of S$0.6 million). The diluted EPU is the same as basic EPU.

The EPU for the nine months ended 31 March 2018 includes a gain in the fair value of derivative instruments of S$3.9 million (YTD FY16/17: S$1.8 million), a net foreign exchange gain of S$0.1 million (YTD FY16/17: S$3.0 million) and no loss in the fair value of investment properties (YTD FY16/17: loss of S$12.9 million). The diluted EPU is the same as basic EPU.

(c) The computation of DPU for the three months ended 31 March 2018 is based on number of units in issue as at 31 March 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 31/03/18 | Group 30/06/17 | Trust 31/03/18 | Trust 30/06/17 |
|---|---|---|---|---|---|
| NAV/NTA per unit (S$) based on: | | | | | |
| - units issued at the end of the period | (a) | 0.92 | 0.92 | 0.88 | 0.89 |

Footnote:

(a) The number of units used for computation of NAV and NTA per unit is 2,181,204,435 which represents the number of units in issue as at 31 March 2018 and 30 June 2017.

## 8 Review of the performance
### Consolidated Statement of Total Return and Distribution
### (3Q FY17/18 vs 3Q FY16/17) and (YTD FY17/18 vs YTD FY16/17)

| | Group 01/01/18 to 31/03/18 S$'000 | Group 01/01/17 to 31/03/17 S$'000 | Increase / (Decrease) % | Group 01/07/17 to 31/03/18 S$'000 | Group 01/07/16 to 31/03/17 S$'000 | Increase / (Decrease) % |
|---|---|---|---|---|---|---|
| **Gross revenue** | **51,742** | **53,326** | **(3.0%)** | **157,179** | **162,652** | **(3.4%)** |
| Property expenses | (11,458) | (12,105) | (5.3%) | (35,040) | (37,162) | (5.7%) |
| **Net property income** | **40,284** | **41,221** | **(2.3%)** | **122,139** | **125,490** | **(2.7%)** |
| Non property expenses | (14,048) | (14,158) | (0.8%) | (43,486) | (43,645) | (0.4%) |
| **Net income before tax** | **26,236** | **27,063** | **(3.1%)** | **78,653** | **81,845** | **(3.9%)** |
| Change in fair value of derivative instruments | 1,646 | (1,288) | NM | 3,896 | 1,843 | 111.4% |
| Foreign exchange gain/(loss) | 312 | (583) | NM | 102 | 2,999 | (96.6%) |
| Change in fair value of investment properties | - | - | - | - | (12,906) | (100.0%) |
| **Total return for the period before tax and distribution** | **28,194** | **25,192** | **11.9%** | **82,651** | **73,781** | **12.0%** |
| Income tax | (1,512) | (765) | 97.6% | (3,243) | 2,071 | NM |
| **Total return for the period after tax, before distribution** | **26,682** | **24,427** | **9.2%** | **79,408** | **75,852** | **4.7%** |
| Non-tax deductible/(chargeable) items and other adjustments | (1,297) | 2,677 | NM | (1,621) | 8,203 | NM |
| **Income available for distribution** | **25,385** | **27,104** | **(6.3%)** | **77,787** | **84,055** | **(7.5%)** |
| **Income to be distributed to Unitholders** | **23,775** | **25,738** | **(7.6%)** | **75,469** | **81,577** | **(7.5%)** |

**3Q FY17/18 vs 3Q FY16/17**

Revenue for the Group in 3Q FY17/18 was S$51.7 million, representing a decrease of 3.0% over 3Q FY16/17. Net property income ("NPI") for the Group was S$40.3 million, representing a decrease of 2.3% over 3Q FY16/17. The decrease in gross revenue for the Group was mainly due to weaker contributions from the office portfolio, disruption of income from asset redevelopment works at Plaza Arcade in Perth and lower revenue at Myer Centre Adelaide. The decrease in NPI for the Group was largely in line with the lower revenue, partially offset by lower expenses mainly for the China Property.

Singapore Properties contributed 62.6% of total revenue, or S$32.4 million in 3Q FY17/18, 2.7% lower than in 3Q FY16/17. NPI for 3Q FY17/18 was S$25.7 million, 2.9% lower than in 3Q FY16/17, mainly due to lower occupancies for Singapore offices and weaker contributions from Wisma Atria Property (Retail).

Australia Properties contributed 21.3% of total revenue, or S$11.0 million in 3Q FY17/18, 10.0% lower than in 3Q FY16/17. NPI for 3Q FY17/18 was S$6.8 million, 13.8% lower than in 3Q FY16/17 mainly due to Plaza Arcade redevelopment works, lower revenue at Myer Centre Adelaide largely due to office vacancies and allowance for rent rebates, as well as depreciation of A$ against S$.

Malaysia Properties contributed 13.8% of total revenue, or S$7.1 million in 3Q FY17/18, 6.4% higher than in 3Q FY16/17. NPI for 3Q FY17/18 was S$6.9 million, 6.3% higher than in 3Q FY16/17, mainly due to appreciation of RM against S$.

China and Japan Properties contributed 2.3% of total revenue, or S$1.2 million in 3Q FY17/18, 11.1% higher than in 3Q FY16/17. NPI for 3Q FY17/18 was S$0.9 million, an increase of 144.1% over 3Q FY16/17 mainly due to lower expenses for China Property, following the conversion of the departmental store model to a single tenancy model.

Non property expenses were S$14.0 million in 3Q FY17/18, 0.8% lower than in 3Q FY16/17, mainly due to lower interest costs incurred on the existing borrowings, partially offset by higher trust expenses.

The net gain on derivative instruments in 3Q FY17/18 represents mainly the change in the fair value of interest rate swaps and caps entered into for the Group's borrowings, as well as foreign exchange forward contracts.

The net foreign exchange gain in 3Q FY17/18 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. From 1Q FY17/18, the Group designated its JPY loan as a fair value hedge (in relation to fair value changes arising from its foreign currency risk exposure) for its Japan Properties which qualifies for hedge accounting.

The increase in income tax for 3Q FY17/18 was attributed to higher withholding taxes for the Malaysia Properties and Australia Properties.

Income available for distribution for 3Q FY17/18 was S$25.4 million, being 6.3% lower than the corresponding quarter. Income to be distributed to Unitholders was S$23.8 million, 7.6% lower than the corresponding quarter mainly due to lower NPI and higher withholding taxes. Approximately S$1.6 million of income available for distribution for the three months ended 31 March 2018 has been retained for working capital requirements.

**YTD FY17/18 vs YTD FY16/17**

Group revenue of S$157.2 million for the nine months ended 31 March 2018 was 3.4% lower than the S$162.7 million achieved in corresponding period. NPI for the Group was S$122.1 million, representing a decrease of 2.7% over the corresponding period, mainly due to the one-off S$1.9 million pre-termination rental compensation for a retail lease at Wisma Atria Property recorded in the corresponding period which has been filled up, as well as weaker contributions from offices and disruption of income from asset redevelopment works at Plaza Arcade in Perth, partially offset by lower expenses mainly for China Property and Wisma Atria Property. Excluding the one-off rental compensation recorded in 1Q FY16/17, gross revenue for the Group would have decreased by 2.2% and NPI for the Group would have decreased by 1.2%.

Singapore Properties contributed 62.1% of total revenue, or S$97.6 million in the current period, 3.8% lower than in corresponding period. NPI decreased by 4.3% to S$77.5 million for the nine months ended 31 March 2018, mainly due to the recognition of S$1.9 million pre-termination rental compensation for a retail lease at Wisma Atria Property in the corresponding period, as well as lower contributions from the Singapore offices. Excluding the one-off rental compensation recorded in 1Q FY16/17, gross revenue for the Singapore Properties would have decreased by 1.9% and NPI would have decreased by 2.0%.

Australia Properties contributed 22.4% of total revenue, or S$35.2 million in the current period, 4.1% lower than in corresponding period. NPI was S$21.8 million, 7.7% lower than in corresponding period, mainly due to Plaza Arcade redevelopment works, lower occupancies at Myer Centre Adelaide office, as well as allowance for rent arrears and rebates.

Malaysia Properties contributed 13.2% of total revenue, or S$20.8 million in the current period, 1.0% higher than in the corresponding period. NPI was S$20.1 million, 0.9% higher than in corresponding period, mainly due to appreciation of RM against S$.

China and Japan Properties contributed 2.3% of total revenue, or S$3.7 million in the current period. NPI was S$2.8 million, 172.4% higher than in corresponding period, mainly due to lower expenses for China Property, following the conversion of the departmental store model to a single tenancy model.

Non property expenses were S$43.5 million in the current period, 0.4% lower than in the corresponding period mainly due to lower finance expenses, partially offset by higher trust expenses for the current period.

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

The net foreign exchange gain for the current period 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. From 1Q FY17/18, the Group designated its JPY loan as a fair value hedge (in relation to fair value changes arising from its foreign currency risk exposure) for its Japan Properties which qualifies for hedge accounting.

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

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

Income available for distribution for the nine months ended 31 March 2018 was S$77.8 million, being 7.5% lower than the corresponding period. Income to be distributed to Unitholders was S$75.5 million, 7.5% lower than the corresponding period mainly due to lower NPI including the effects of straight-line rental adjustments, higher withholding taxes, partially offset by lower finance expenses. Approximately S$2.3 million of income available for distribution for the nine months ended 31 March 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**

The global economy is expected to maintain near-term positive momentum, but some risks and challenges, such as ongoing geopolitical tensions and uncertainties, loom in the medium term[1].

Advance estimates showed that the Singapore economy grew by 4.3% year-on-year (y-o-y) in the first quarter of 2018, higher than the 3.6% growth in 4Q 2017, on the back of strong manufacturing growth[2]. Retail sales (excluding motor vehicles) registered a y-o-y growth of 1.8% in 2017[3]. International visitor arrivals rose 6.2% y-o-y to 17.4 million for 2017[4] while tourism receipts rose 5% y-o-y to reach S$20.3 billion for the nine months to September 2017[5]. However, the retail sector continues to find its footing.

Vacancy rate declined for the second consecutive quarter in 1Q 2018 on the back of the substantial improvement in net absorption. CBD rent recovery entered into the fourth straight quarter, supported by falling vacancies and rising pre-commitment rates in upcoming buildings[6].

For the twelve months to February 2018, retail sales for South Australia and Western Australia grew 3.6% y-o-y and 0.1% y-o-y respectively[7]. Globally, departmental stores are facing challenges due to intense competition in an evolving environment exacerbated by the emergence of online players. Australian departmental stores are also seeing similar challenges as well as increasing competition from international retailers. 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 6.9% and 4.7% of its portfolio gross rents respectively as at 31 March 2018.

In 2017, international tourist arrivals to Malaysia fell 3.0% y-o-y to 25.95 million[8]. Consumer sentiment has weakened, with retail sales growth in February 2018 being the weakest since January 2017[9]. Retail Group Malaysia has revised its retail sales growth projection for 2018 to 4.7% from an earlier forecast of 6%[10], amidst a slower than expected recovery and a retail space glut.

In Malaysia, the internal rejuvenation of Lot 10 and the external works to create a new entrance to the mall from the new MRT station exit have been completed. At Plaza Arcade in Perth, anchor tenant UNIQLO has commenced renovation works with expected completion targeted in 2H 2018.

Starhill Global REIT has a portfolio of 11 mid- to high-end properties located at prime areas in six Asia-Pacific cities. Its core assets are mainly based in Singapore, contributing 62.6% of total revenue for the three months ended 31 March 2018. Master leases and long-term leases with periodic rent reviews contribute approximately 49% of gross rent.

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. The Manager will continue to undertake proactive hedging measures to mitigate interest rate risks and optimise the performance of the portfolio to deliver sustainable returns.

<u>Sources</u>

1. International Monetary Fund, World Economic Outlook Update, January 2018: Brighter Prospects, Optimistic Markets, Challenges Ahead
2. Ministry of Trade and Industry Singapore, Singapore's GDP Grew by 4.3 Per Cent in the First Quarter of 2018, 13 April 2018
3. Singapore Department of Statistics, Retail Sales Index, Food and Beverage Services Index February 2018, 12 April 2018
4. Singapore Tourism Board, International Visitor Arrivals Statistics, 4 April 2018
5. Singapore Tourism Board, Tourism Sector Performance for Q3 2017, 3 April 2018
6. JLL Research, Singapore Property Market Monitor, April 2018
7. Australian Bureau of Statistics, Retail Trade, Australia, February 2018
8. Tourism Malaysia Data Portal
9. Trading Economics website, Malaysian Retail Sales YoY
10. The Edge Malaysia Weekly, Cover Story: Retail blues, 5 April 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 January 2018 to 31 March 2018 (“Unitholders’ Distribution”)

Distribution rate:

| | **Unitholders’ Distribution** |
|---|---|
| | **For the period from 1 January 2018 to 31 March 2018** |
| | Cents |
| Taxable income component | 0.9200 |
| Tax-exempt income component | 0.1700 |
| **Total** | **1.0900** |

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.

**(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 January 2017 to 31 March 2017 ("Unitholders' Distribution") |

Distribution rate:

| | **Unitholders' Distribution** |
|---|---|
| | **For the period from 1 January 2017 to 31 March 2017** |
| | Cents |
| Taxable income component | 0.9600 |
| Tax-exempt income component | 0.1500 |
| Capital component | 0.0700 |
| **Total** | **1.1800** |

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:** 30 May 2018

**(d) Books Closure Date:** 7 May 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 31 March 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 31 March 2018 (comprising the balance sheets as at 31 March 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<br>Chairman | Ho Sing<br>Chief Executive Officer/Director |

**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
26 April 2018