STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

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INTRODUCTION

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

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

These financial statements for the quarter from 1 October 2019 to 31 December 2019 have not been audited or reviewed by our auditors. The current figures presented in these financial statements are in relation to the period from 1 October 2019 to 31 December 2019 ("2Q FY19/20") as well as the six months period from 1 July 2019 to 31 December 2019 ("YTD FY19/20"). The comparative figures are in relation to the period from 1 October 2018 to 31 December 2018 ("2Q FY18/19") as well as the six months period from 1 July 2018 to 31 December 2018 ("YTD FY18/19").

As at 31 December 2019, 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 SECOND QUARTER ENDED 31 DECEMBER 2019

	Group 01/10/19 to 31/12/19 S$'000	Group 01/10/18 to 31/12/18 S$'000	Increase / (Decrease) %
Gross revenue	48,739	51,041	(4.5%)
Net property income	37,166	39,508	(5.9%)
Income available for distribution	25,159	25,155	0.0%
Income to be distributed to Unitholders	24,712	24,648	0.3%

The decline in revenue and net property income for 2Q FY19/20 was mainly in line with the partial income disruption from the planned asset enhancement of Starhill Gallery in Malaysia, which will be largely mitigated by the Manager receiving part of its base management fees in units during the asset enhancement period. Excluding Starhill Gallery, revenue and net property income for the Group in 2Q FY19/20 decreased by 0.4% and 0.6% over 2Q FY18/19 respectively.

	Group 01/10/19 to 31/12/19	Group 01/10/18 to 31/12/18	Increase / (Decrease)
	Cents per unit		%
Distribution per unit ("DPU")			
For the quarter from 1 October to 31 December	1.13	1.13	-
Annualised (based on the three months ended 31 December)	4.48	4.48	-

The computation of DPU for the quarter ended 31 December 2019 is based on total number of units entitled to the distributable income for the period from 1 October 2019 to 31 December 2019 of 2,186,918,743 (2018: 2,181,204,435 units). Please refer to Section 6 for more details.

DISTRIBUTION DETAILS

Distribution period	1 October 2019 to 31 December 2019
Distribution amount to Unitholders	1.13 cents per unit
Books closure date	6 February 2020
Payment date	28 February 2020

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

Statement of Total Return and Distribution (2Q FY19/20 vs 2Q FY18/19)

	Notes	Group 01/10/19 to 31/12/19 S$'000	Group 01/10/18 to 31/12/18 S$'000	Increase / (Decrease) %	Trust 01/10/19 to 31/12/19 S$'000	Trust 01/10/18 to 31/12/18 S$'000	Increase / (Decrease) %
Gross revenue	(a)	**48,739**	**51,041**	**(4.5%)**	**31,592**	**31,619**	**(0.1%)**
Maintenance and sinking fund contributions	(b)	(1,685)	(1,749)	(3.7%)	(1,667)	(1,731)	(3.7%)
Property management fees	(c)	(1,435)	(1,358)	5.7%	(961)	(946)	1.6%
Property tax		(4,834)	(4,852)	(0.4%)	(2,950)	(2,961)	(0.4%)
Other property expenses	(d)	(3,619)	(3,574)	1.3%	(1,059)	(890)	19.0%
Property expenses		**(11,573)**	**(11,533)**	**0.3%**	**(6,637)**	**(6,528)**	**1.7%**
Net property income		**37,166**	**39,508**	**(5.9%)**	**24,955**	**25,091**	**(0.5%)**
Finance income	(e)	215	233	(7.7%)	13	29	(55.2%)
Interest income from subsidiaries		-	-	-	1,284	1,442	(11.0%)
Dividend income from subsidiaries		-	-	-	6,272	1,084	478.6%
Management fees	(f)	(3,960)	(3,997)	(0.9%)	(3,734)	(3,769)	(0.9%)
Trust expenses	(g)	(1,353)	(992)	36.4%	(1,086)	(737)	47.4%
Finance expenses	(h)	(9,940)	(9,794)	1.5%	(6,540)	(6,415)	1.9%
Non property expenses		**(15,038)**	**(14,550)**	**3.4%**	**(3,791)**	**(8,366)**	**(54.7%)**
Net income before tax		**22,128**	**24,958**	**(11.3%)**	**21,164**	**16,725**	**26.5%**
Change in fair value of derivative instruments	(i)	216	(5,573)	NM	(1,205)	(4,570)	(73.6%)
Foreign exchange (loss)/gain	(j)	(224)	328	NM	(1,065)	(1,866)	(42.9%)
Total return for the period before tax and distribution		**22,120**	**19,713**	**12.2%**	**18,894**	**10,289**	**83.6%**
Income tax	(k)	(683)	(860)	(20.6%)	(190)	(226)	(15.9%)
Total return for the period after tax, before distribution		**21,437**	**18,853**	**13.7%**	**18,704**	**10,063**	**85.9%**
Non-tax deductible items and other adjustments	(l)	3,722	6,302	(40.9%)	6,455	15,092	(57.2%)
Income available for distribution		**25,159**	**25,155**	**0.0%**	**25,159**	**25,155**	**0.0%**

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 Starhill Gallery in relation to its planned asset enhancement and the office portfolio in Singapore, as well as the depreciation of A$ against S$. Excluding Starhill Gallery, the gross revenue for the Group decreased by 0.4% over 2Q FY18/19. Approximately 35% (2018: 38%) of total gross revenue for the three months ended 31 December 2019 were contributed by the overseas properties.

(b) The decrease in maintenance and sinking fund contributions for the current quarter was mainly attributed to Wisma Atria Property.

(c) 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 increase was mainly due to higher fees for Australia Properties during the current quarter.

(d) Other property expenses were higher mainly due to higher leasing and upkeep expenses (net of depreciation expenses) for the Singapore Properties, as well as higher allowance for rental arrears for Plaza Arcade, partially offset by lower leasing and upkeep expenses for Myer Centre Adelaide (Office) for the current quarter.

(e) Represents interest income from bank deposits and current accounts for the three months ended 31 December 2019.

(f) Management fees comprise mainly the base fee, which is calculated largely based on 0.5% per annum of the value of the trust property payable in the form of cash and/or units. Commencing from 1Q FY19/20, part of the Manager's base management fee will be paid/payable in units (2018: 100% in cash).

(g) The increase in trust expenses for the Group was mainly due to higher professional fees and project expenses incurred by the Trust during the current quarter.

(h) Includes the interest expense on lease liabilities in relation to the Group's existing leases, following the adoption of FRS 116 effective from 1 July 2019. Finance expenses were higher for the current quarter mainly due to higher interest costs incurred on the RM330 million Malaysia MTN ("Senior MTN") refinanced in September 2019, as well as the existing S$ borrowings for the three months ended 31 December 2019.

(i) Represents mainly the change in the fair value of A$ and S$ interest rate swaps, as well as A$ forward contracts for the three months ended 31 December 2019.

(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 31 December 2019.

(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 accrued for the Malaysia Properties for the three months ended 31 December 2019.

(l) See details in the distribution statement below.

Distribution Statement (2Q FY19/20 vs 2Q FY18/19)

	Notes	Group 01/10/19 to 31/12/19 S$'000	Group 01/10/18 to 31/12/18 S$'000	Increase / (Decrease) %	Trust 01/10/19 to 31/12/19 S$'000	Trust 01/10/18 to 31/12/18 S$'000	Increase / (Decrease) %
Total return after tax, before distribution		**21,437**	**18,853**	**13.7%**	**18,704**	**10,063**	**85.9%**
Non-tax deductible items and other adjustments:		3,722	6,302	(40.9%)	6,455	15,092	(57.2%)
Management fees payable in units	(m)	2,091	-	NM	2,091	-	NM
Finance costs		154	144	6.9%	219	209	4.8%
Sinking fund contribution		387	452	(14.4%)	387	452	(14.4%)
Change in fair value of derivative instruments		(500)	5,810	NM	921	4,853	(81.0%)
Deferred income tax		38	39	(2.6%)	-	-	-
Foreign exchange loss/(gain)		378	(272)	NM	1,256	1,837	(31.6%)
Other items	(n)	1,174	129	810.1%	1,616	632	155.7%
Net overseas income not distributed to the Trust, net of amount received		-	-	-	(35)	7,109	NM
Income available for distribution		**25,159**	**25,155**	**0.0%**	**25,159**	**25,155**	**0.0%**
Income to be distributed to Unitholders	(o)	**24,712**	**24,648**	**0.3%**	**24,712**	**24,648**	**0.3%**

Footnotes:

(m) Represents part of the base management fee for the three months ended 31 December 2019 payable to the Manager in the form of units.

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

(o) Approximately S$0.4 million of income available for distribution for the three months ended 31 December 2019 has been retained for working capital requirements.

Statement of Total Return and Distribution (YTD FY19/20 vs YTD FY18/19)

	Notes	Group 01/07/19 to 31/12/19 S$'000	Group 01/07/18 to 31/12/18 S$'000	Increase / (Decrease) %	Trust 01/07/19 to 31/12/19 S$'000	Trust 01/07/18 to 31/12/18 S$'000	Increase / (Decrease) %
Gross revenue	(a)	**96,718**	**103,063**	**(6.2%)**	**63,224**	**63,537**	**(0.5%)**
Maintenance and sinking fund contributions	(b)	(3,370)	(3,498)	(3.7%)	(3,334)	(3,463)	(3.7%)
Property management fees	(c)	(2,814)	(2,727)	3.2%	(1,910)	(1,912)	(0.1%)
Property tax	(d)	(9,739)	(9,880)	(1.4%)	(5,956)	(6,086)	(2.1%)
Other property expenses	(e)	(6,724)	(7,014)	(4.1%)	(1,776)	(1,767)	0.5%
Property expenses		**(22,647)**	**(23,119)**	**(2.0%)**	**(12,976)**	**(13,228)**	**(1.9%)**
Net property income		**74,071**	**79,944**	**(7.3%)**	**50,248**	**50,309**	**(0.1%)**
Finance income	(f)	512	448	14.3%	30	64	(53.1%)
Interest income from subsidiaries		-	-	-	2,568	2,903	(11.5%)
Dividend income from subsidiaries		-	-	-	20,406	3,308	516.9%
Management fees	(g)	(7,923)	(8,005)	(1.0%)	(7,469)	(7,548)	(1.0%)
Trust expenses	(h)	(2,160)	(1,964)	10.0%	(1,699)	(1,408)	20.7%
Finance expenses	(i)	(19,915)	(19,281)	3.3%	(13,170)	(12,426)	6.0%
Non property (expenses)/income		**(29,486)**	**(28,802)**	**2.4%**	**666**	**(15,107)**	**NM**
Net income before tax		**44,585**	**51,142**	**(12.8%)**	**50,914**	**35,202**	**44.6%**
Change in fair value of derivative instruments	(j)	(781)	(5,774)	(86.5%)	(1,421)	(4,720)	(69.9%)
Foreign exchange gain/(loss)	(k)	309	(64)	NM	(794)	(5,524)	(85.6%)
Total return for the period before tax and distribution		**44,113**	**45,304**	**(2.6%)**	**48,699**	**24,958**	**95.1%**
Income tax	(l)	(1,341)	(1,729)	(22.4%)	(377)	(442)	(14.7%)
Total return for the period after tax, before distribution		**42,772**	**43,575**	**(1.8%)**	**48,322**	**24,516**	**97.1%**
Non-tax deductible items and other adjustments	(m)	7,721	7,793	(0.9%)	2,171	26,852	(91.9%)
Income available for distribution		**50,493**	**51,368**	**(1.7%)**	**50,493**	**51,368**	**(1.7%)**

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 Starhill Gallery in relation to its planned asset enhancement and the office portfolio in Singapore, as well as the depreciation of A$ against S$. Excluding Starhill Gallery, the gross revenue for the Group decreased by 1.4% over the corresponding period. Approximately 35% (2018: 38%) of total gross revenue for the six months ended 31 December 2019 were contributed by the overseas properties.

(b) The decrease in maintenance and sinking fund contributions for the current period was mainly attributed to Wisma Atria Property.

(c) 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 increase was mainly due to higher fees for Australia Properties during the current period.

(d) Property tax expenses were lower for the current period mainly attributed to Wisma Atria Property.

(e) Other property expenses were lower for the current period mainly due to lower operating expenses for Myer Centre Adelaide including allowance for rental arrears.

(f) Represents interest income from bank deposits and current accounts for the six months ended 31 December 2019.

(g) Management fees comprise mainly the base fee, which is calculated largely based on 0.5% per annum of the value of the trust property payable in the form of cash and/or units. Commencing from 1Q FY19/20, part of the Manager's base management fee will be paid/payable in units (2018: 100% in cash).

(h) The increase in trust expenses for the Group was mainly due to higher professional fees and project expenses incurred by the Trust during the current period, partially offset by lower expense incurred by the Malaysia Properties.

(i) Includes the interest expense on lease liabilities in relation to the Group's existing leases, following the adoption of FRS 116 effective from 1 July 2019. Finance expenses were higher for the current period mainly due to higher interest costs incurred on the RM330 million Senior MTN, as well as the existing S$ borrowings for the six months ended 31 December 2019.

(j) Represents mainly the change in the fair value of A$ and S$ interest rate swaps, as well as A$ forward contracts for the six months ended 31 December 2019.

(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 six months ended 31 December 2019.

(l) Income tax includes withholding tax, corporate tax and deferred tax provided for the overseas properties. The decrease was mainly attributed to lower withholding tax accrued for the Malaysia Properties for the six months ended 31 December 2019.

(m) See details in the distribution statement below.

Distribution Statement (YTD FY19/20 vs YTD FY18/19)

	Notes	Group 01/07/19 to 31/12/19 S$'000	Group 01/07/18 to 31/12/18 S$'000	Increase / (Decrease) %	Trust 01/07/19 to 31/12/19 S$'000	Trust 01/07/18 to 31/12/18 S$'000	Increase / (Decrease) %
Total return after tax, before distribution		**42,772**	**43,575**	**(1.8%)**	**48,322**	**24,516**	**97.1%**
Non-tax deductible items and other adjustments:		7,721	7,793	(0.9%)	2,171	26,852	(91.9%)
Management fees paid/payable in units	(n)	4,183	-	NM	4,183	-	NM
Finance costs		308	284	8.5%	470	422	11.4%
Sinking fund contribution		774	904	(14.4%)	774	904	(14.4%)
Change in fair value of derivative instruments		485	6,111	(92.1%)	1,125	5,023	(77.6%)
Deferred income tax		77	78	(1.3%)	-	-	-
Foreign exchange (gain)/loss		(140)	191	NM	1,165	5,544	(79.0%)
Other items	(o)	2,034	225	804.0%	2,247	1,640	37.0%
Net overseas income not distributed to the Trust, net of amount received		-	-	-	(7,793)	13,319	NM
Income available for distribution		**50,493**	**51,368**	**(1.7%)**	**50,493**	**51,368**	**(1.7%)**
Income to be distributed to Unitholders	(p)	**49,391**	**49,732**	**(0.7%)**	**49,391**	**49,732**	**(0.7%)**

Footnotes:

(n) Represents part of the base management fee for the six months ended 31 December 2019 paid/payable to the Manager in the form of units.

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

(p) Approximately S$1.1 million of income available for distribution for the six months ended 31 December 2019 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 December 2019

	Notes	Group 31/12/19 S$'000	Group 30/06/19 S$'000	Trust 31/12/19 S$'000	Trust 30/06/19 S$'000
Non-current assets					
Investment properties	(a)	3,081,220	3,064,861	2,116,910	2,116,000
Plant and equipment		21	26	-	-
Interests in subsidiaries	(b)	-	-	592,004	576,915
		3,081,241	**3,064,887**	**2,708,914**	**2,692,915**
Current assets					
Derivative financial instruments	(c)	72	302	72	302
Trade and other receivables	(d)	4,671	3,846	2,532	4,871
Cash and cash equivalents	(e)	63,936	72,946	10,893	11,517
		68,679	**77,094**	**13,497**	**16,690**
Total assets		**3,149,920**	**3,141,981**	**2,722,411**	**2,709,605**
Non-current liabilities					
Trade and other payables	(f)	25,845	26,581	19,327	20,467
Derivative financial instruments	(c)	12,062	11,432	5,869	4,685
Deferred tax liabilities	(g)	6,126	6,168	-	-
Borrowings	(h)	1,111,303	1,004,271	798,635	799,037
Lease liabilities	(i)	454	-	351	-
		1,155,790	**1,048,452**	**824,182**	**824,189**
Current liabilities					
Trade and other payables	(f)	35,113	32,491	24,403	23,811
Derivative financial instruments	(c)	67	-	67	-
Income tax payable	(j)	2,785	3,180	-	-
Borrowings	(h)	28,000	127,837	28,000	20,000
Lease liabilities	(i)	321	-	321	-
		66,286	**163,508**	**52,791**	**43,811**
Total liabilities		**1,222,076**	**1,211,960**	**876,973**	**868,000**
Net assets		**1,927,844**	**1,930,021**	**1,845,438**	**1,841,605**
Represented by:					
Unitholders' funds		1,927,844	1,930,021	1,845,438	1,841,605
		1,927,844	**1,930,021**	**1,845,438**	**1,841,605**

Footnotes:

(a) Investment properties increased mainly due to capital expenditure incurred, straight-line rental and other adjustments, partially offset by negative net movement in foreign currencies in relation to the overseas properties during the current period. In addition, the Group has recognised its existing leases where the Group is a lessee as right of use assets under investment properties, following the adoption of FRS 116 effective from 1 July 2019.

(b) The increase in the Trust's interests in subsidiaries was mainly due to the following:

(i) subscription for 28,000,000 new redeemable preference shares in the capital of wholly-owned subsidiary, SG REIT (M) Pte Ltd for RM28 million, where the proceeds were largely to part finance the asset redevelopment works in Malaysia; and

(ii) subscription for 4,131,000 new redeemable preference shares and 3,100,781 new units in the capital of wholly-owned subsidiaries, SG REIT (WA) Pte Ltd and SG REIT (WA) Trust respectively for A$8.1 million, where the proceeds were largely to part finance the capital expenditure in Australia.

(c) Derivative financial instruments as at 31 December 2019 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 S$ and A$ interest rate swaps during the current period.

(d) The increase in trade and other receivables was mainly due to increase in prepayments mainly for the Australia Properties, partially offset by the decrease in other receivables for the Malaysia Properties.

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

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

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

(h) Borrowings include S$460 million term loans, S$28.0 million revolving credit facilities ("RCF"), JPY3.7 billion (S$45.9 million) term loan, S$295 million Singapore MTNs, JPY678 million (S$8.4 million) Japan bond, A$208 million (S$196.3 million) term loans and RM330 million (S$108.6 million) Senior MTN. The net increase in total borrowings was mainly due to net drawdown of S$8.0 million of short-term RCF during the current period.

As at 31 December 2019, the Group has available undrawn long-term committed RCF to cover the net current liabilities of the Trust. Please refer to Section 1(b)(ii) for details of the borrowings.

(i) Represents the lease liabilities recognised by the Group on its existing leases, following the adoption of FRS 116 effective from 1 July 2019.

(j) The decrease in income tax payable was mainly in line with the settlement of withholding taxes for Malaysia Properties during the current period.

1(b) (ii) Aggregate amount of borrowings

	Notes	Group 31/12/19 S$'000	Group 30/06/19 S$'000	Trust 31/12/19 S$'000	Trust 30/06/19 S$'000
Secured borrowings	(a)				
Amount repayable within one year		-	107,848	-	-
Amount repayable after one year		304,918	197,340	-	-
		304,918	**305,188**	**-**	**-**
Unsecured borrowings	(b)				
Amount repayable within one year		28,000	20,000	28,000	20,000
Amount repayable after one year		809,261	810,014	800,858	801,494
Total borrowings		**1,142,179**	**1,135,202**	**828,858**	**821,494**
Less: Unamortised loan acquisition expenses		(2,876)	(3,094)	(2,223)	(2,457)
Total borrowings		**1,139,303**	**1,132,108**	**826,635**	**819,037**

Footnotes:

(a) Secured

The Group refinanced its existing senior medium term notes of RM330 million upon maturity via a new unrated issuance of five-year fixed-rate Senior MTN of the same amount in September 2019. The Senior MTN bear a fixed coupon rate of 5.50% per annum and have a carrying amount of RM330 million (S$108.6 million) as at 31 December 2019. The notes have an expected maturity in September 2024 and legal maturity in March 2026, and are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad, including the Malaysia Properties.

The Group has outstanding term loans of A$208 million (S$196.3 million) as at 31 December 2019, comprising:

(i) A$63 million (S$59.4 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$136.9 million) (maturing in November 2021) loan secured by a general security deed over all the assets of SG REIT (SA) Sub-Trust2 and a mortgage over Myer Centre Adelaide. SG REIT (SA) Sub-Trust2 is wholly owned by the Group.

(b) Unsecured

As at 31 December 2019, the Group has outstanding medium term notes of S$295 million issued under its S$2 billion Multicurrency MTN Programme originally established in 2008, 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.

In January 2020, the Group established a new S$2 billion multicurrency debt issuance programme. The new programme allows the Group to issue perpetual securities, on top of medium term notes. For more details, please refer to the SGX-ST announcement issued on 3 January 2020.

As at 31 December 2019, 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 committed RCF (maturing in September 2022). There is no amount outstanding on this RCF as at 31 December 2019.

(ii) five-year unsecured term loan facility of JPY3.7 billion (S$45.9 million) (maturing in September 2024) with a bank.

(iii) three-year unsecured and committed RCF of S$80 million (maturing in March 2022) with two banks, of which no amount is outstanding as at 31 December 2019.

As at 31 December 2019, the Group has drawn down S$28 million of short-term loan from its unsecured and uncommitted RCF.

The Group has JPY678 million (S$8.4 million) of Japan bond outstanding as at 31 December 2019, 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 (2Q FY19/20 vs 2Q FY18/19) and (YTD FY19/20 vs YTD FY18/19)

	Group 01/10/19 to 31/12/19 S$'000	Group 01/10/18 to 31/12/18 S$'000	Group 01/07/19 to 31/12/19 S$'000	Group 01/07/18 to 31/12/18 S$'000
Operating activities				
Total return for the period before tax and distribution	22,120	19,713	44,113	45,304
Adjustments for:				
Finance income	(215)	(233)	(512)	(448)
Depreciation	109	7	208	10
Management fees paid/payable in units	2,091	-	4,183	-
Finance expenses	9,940	9,794	19,915	19,281
Change in fair value of derivative instruments	(216)	5,573	781	5,774
Foreign exchange loss/(gain)	224	(328)	(309)	64
Operating income before working capital changes	34,053	34,526	68,379	69,985
Changes in working capital:				
Trade and other receivables	113	(1,029)	(1,301)	(2,178)
Trade and other payables	2,940	(1,305)	1,885	(642)
Income tax paid	(311)	(822)	(1,626)	(1,647)
Cash generated from operating activities	**36,795**	**31,370**	**67,337**	**65,518**
Investing activities				
Capital expenditure on investment properties (1)	(16,410)	(3,511)	(16,501)	(4,266)
Purchase of plant and equipment	-	(1)	-	(1)
Interest received on deposits	186	223	471	444
Cash flows used in investing activities	**(16,224)**	**(3,289)**	**(16,030)**	**(3,823)**
Financing activities				
Borrowing costs paid	(10,325)	(10,112)	(19,403)	(18,855)
Proceeds from borrowings (2)	65,000	16,600	253,834	28,600
Repayment of borrowings (2)	(59,500)	(9,600)	(245,834)	(25,879)
Payment of lease liabilities (3)	(111)	-	(211)	-
Distributions paid to Unitholders	(24,679)	(25,084)	(48,672)	(48,859)
Cash flows used in financing activities	**(29,615)**	**(28,196)**	**(60,286)**	**(64,993)**
Net decrease in cash and cash equivalents	**(9,044)**	**(115)**	**(8,979)**	**(3,298)**
Cash and cash equivalents at the beginning of the period	73,244	62,397	72,946	66,730
Effects of exchange rate differences on cash	(264)	(131)	(31)	(1,281)
Cash and cash equivalents at the end of the period	**63,936**	**62,151**	**63,936**	**62,151**

Footnotes:

(1) Includes mainly capital expenditure works paid in relation to Starhill Gallery's asset enhancement, Myer Centre Adelaide and Plaza Arcade during the current period.

(2) The movement during the six months ended 31 December 2019 relates mainly to the refinancing of RM330 million (S$108.9 million) Senior MTN and JPY3.7 billion (S$47.4 million) term loan, as well as drawdown of S$97.5 million RCF. The repayment also includes the settlement of short-term RCF of S$89.5 million during the current period.

(3) Represents the payment of principal portion of the lease liabilities following the adoption of FRS 116 effective from 1 July 2019.

1(d) (i) Statement of movements in Unitholders' Funds (2Q FY19/20 vs 2Q FY18/19)

	Notes	Group 01/10/19 to 31/12/19 S$'000	Group 01/10/18 to 31/12/18 S$'000	Trust 01/10/19 to 31/12/19 S$'000	Trust 01/10/18 to 31/12/18 S$'000
Unitholders' funds at the beginning of the period		1,926,780	1,977,965	1,849,322	1,906,109
Operations					
Change in Unitholders' funds resulting from operations, before distributions	(a)	21,437	18,853	18,704	10,063
Increase in Unitholders' funds resulting from operations		**21,437**	**18,853**	**18,704**	**10,063**
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		3,408	(7,223)	-	-
Transfer of translation differences from total return arising from hedge accounting	(b)	1,543	(1,136)	-	-
Exchange differences on monetary items forming part of net investment in foreign operations		(2,736)	638	-	-
Net gain/(loss) recognised directly in Unitholders' funds	(c)	**2,215**	**(7,721)**	**-**	**-**
Unitholders' transactions					
Units to be issued:					
- Management fees payable in units	(d)	2,091	-	2,091	-
Distributions to Unitholders		(24,679)	(25,084)	(24,679)	(25,084)
Decrease in Unitholders' funds resulting from Unitholders' transactions		**(22,588)**	**(25,084)**	**(22,588)**	**(25,084)**
Unitholders' funds at the end of the period		**1,927,844**	**1,964,013**	**1,845,438**	**1,891,088**

Footnotes:

(a) Change in Unitholders' funds resulting from operations for the Group for the three months ended 31 December 2019 includes a gain in fair value of derivative instruments of S$0.2 million (2Q FY18/19: loss of S$5.6 million) and a net foreign exchange loss of S$0.2 million (2Q FY18/19: gain of S$0.3 million).

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

(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.

(d) There are an estimated 2,906,504 units to be issued to the Manager in January 2020 as partial satisfaction of its base management fee for the three months ended 31 December 2019.

Statement of movements in Unitholders' Funds (YTD FY19/20 vs YTD FY18/19)

	Notes	Group 01/07/19 to 31/12/19 S$'000	Group 01/07/18 to 31/12/18 S$'000	Trust 01/07/19 to 31/12/19 S$'000	Trust 01/07/18 to 31/12/18 S$'000
Unitholders' funds at the beginning of the period		1,930,021	1,990,296	1,841,605	1,915,431
Operations					
Change in Unitholders' funds resulting from operations, before distributions	(a)	42,772	43,575	48,322	24,516
Increase in Unitholders' funds resulting from operations		**42,772**	**43,575**	**48,322**	**24,516**
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		679	(17,640)	-	-
Transfer of translation differences from total return arising from hedge accounting	(b)	637	(122)	-	-
Exchange differences on monetary items forming part of net investment in foreign operations		(1,776)	(3,237)	-	-
Net loss recognised directly in Unitholders' funds	(c)	**(460)**	**(20,999)**	**-**	**-**
Unitholders' transactions					
- Management fees paid in units	(d)	2,092	-	2,092	-
- Management fees payable in units	(e)	2,091	-	2,091	-
Distributions to Unitholders		(48,672)	(48,859)	(48,672)	(48,859)
Decrease in Unitholders' funds resulting from Unitholders' transactions		**(44,489)**	**(48,859)**	**(44,489)**	**(48,859)**
Unitholders' funds at the end of the period		**1,927,844**	**1,964,013**	**1,845,438**	**1,891,088**

Footnotes:

(a) Change in Unitholders' funds resulting from operations for the Group for the six months ended 31 December 2019 includes a loss in fair value of derivative instruments of S$0.8 million (YTD FY18/19: S$5.8 million) and a net foreign exchange gain of S$0.3 million (YTD FY18/19: loss of S$0.1 million).

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

(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.

(d) These represent 2,807,804 units issued to the Manager in October 2019 as partial satisfaction of its base management fee for the three months ended 30 September 2019.

(e) There are an estimated 2,906,504 units to be issued to the Manager in January 2020 as partial satisfaction of its base management fee for the three months ended 31 December 2019.

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

	Notes	Group and Trust 01/10/19 to 31/12/19 Units	Group and Trust 01/10/18 to 31/12/18 Units	Group and Trust 01/07/19 to 31/12/19 Units	Group and Trust 01/07/18 to 31/12/18 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
Creation of units:					
- Management fees issued in units (base fee)	(a)	2,807,804	-	2,807,804	-
- Management fees issued in units (performance fee)	(b)	-	-	-	-
Issued units at the end of the period		**2,184,012,239**	**2,181,204,435**	**2,184,012,239**	**2,181,204,435**
Units to be issued:					
- Management fees payable in units (base fee)	(c)	2,906,504	-	2,906,504	-
Total issued and issuable units at the end of the period		**2,186,918,743**	**2,181,204,435**	**2,186,918,743**	**2,181,204,435**

Footnotes:

(a) Commencing from 1Q FY19/20, part of the Manager's base management fee will be paid/payable in units, as per the Circular to Unitholders dated 25 April 2019. These represent the actual number of units issued to the Manager in October 2019 as partial satisfaction of the base management fee for 1Q FY19/20.

(b) Performance fees are calculated annually as at 30 June. The performance of Starhill Global REIT's trust index is approximately 83% below the benchmark index as at 30 June 2019.

(c) These are estimated units to be issued to the Manager in January 2020 as partial satisfaction of its base management fee for 2Q FY19/20.

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

Starhill Global REIT did not hold any treasury units and subsidiary holdings as at 31 December 2019 and 30 June 2019. 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 2019, except for the adoption of the new and revised Financial Reporting Standards ("FRSs") in Singapore which became effective for financial period beginning on or after 1 July 2019.

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 new FRSs in Singapore and interpretations effective for the financial period beginning 1 July 2019 as follows:

FRS 116 Leases

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group recognises its existing operating lease arrangements as ROU assets with the corresponding lease liabilities measured by applying a single discount rate to the leases. The Group applied the practical expedient to recognise amounts of ROU assets equal to its lease liabilities on 1 July 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with the principles of FRS 116, where applicable.

The nature of expenses related to such leases has changed as the principles under FRS 116 replaces the straight-line operating lease expense with net change in fair value of investment properties and depreciation expenses for ROU assets, and interest expense on lease liabilities. There is no significant impact to the financial statements of the Group for the current and comparative period arising from the adoption of FRS 116.

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

	Notes	Group 01/10/19 to 31/12/19 S$'000	Group 01/10/18 to 31/12/18 S$'000	Group 01/07/19 to 31/12/19 S$'000	Group 01/07/18 to 31/12/18 S$'000
Total return for the period after tax, before distribution		21,437	18,853	42,772	43,575
EPU - Basic					
Weighted average number of issued/issuable units	(a)	2,183,128,243	2,181,204,435	2,182,182,135	2,181,204,435
Earnings per unit (cents)	(b)	0.98	0.86	1.96	2.00
EPU - Diluted					
Weighted average number of units on a fully diluted basis	(c)	2,186,003,155	2,181,204,435	2,185,057,047	2,181,204,435
Earnings per unit (cents)	(b)	0.98	0.86	1.96	2.00
DPU					
Number of units issued and issuable at end of period	(d)	2,186,918,743	2,181,204,435	2,186,918,743	2,181,204,435
DPU for the period based on the total number of units entitled to distribution (cents)		1.13	1.13	2.26	2.28

Footnotes:

(a) For the purpose of computing the basic EPU, the earnings attributable to Unitholders and the weighted average number of units during the three and six months ended 31 December 2019 are used and have been calculated on a time-weighted basis, where applicable.

For 2Q FY19/20, this comprises the weighted average number of (i) units in issue of 2,183,096,651; and (ii) units issuable of 31,592.

For YTD FY19/20, this comprises the weighted average number of (i) units in issue of 2,182,150,543; and (ii) units issuable of 31,592.

(b) The EPU for the three months ended 31 December 2019 includes a gain in fair value of derivative instruments of S$0.2 million (2Q FY18/19: loss of S$5.6 million) and a net foreign exchange loss of S$0.2 million (2Q FY18/19: gain of S$0.3 million).

The EPU for the six months ended 31 December 2019 includes a loss in fair value of derivative instruments of S$0.8 million (YTD FY18/19: S$5.8 million) and a net foreign exchange gain of S$0.3 million (YTD FY18/19: loss of S$0.1 million).

(c) For the purpose of computing the diluted EPU, the weighted average number of units for the three and six months ended 31 December 2019 is adjusted to include the potential dilutive units assuming issuance of units for the settlement of unpaid base management fees.

For 2Q FY19/20, this comprises the (i) weighted average number units in issue of 2,183,096,651; and (ii) estimated number of units issuable to the Manager of 2,906,504.

For YTD FY19/20, this comprises the (i) weighted average number units in issue of 2,182,150,543; and (ii) estimated number of units issuable to the Manager of 2,906,504.

(d) The computation of DPU for the three months ended 31 December 2019 is based on number of units entitled to distributions of 2,186,918,743 which comprises:

(i) The number of units in issue as at 31 December 2019 of 2,184,012,239; and

(ii) The estimated number of units issuable to the Manager as partial satisfaction of its base management fee for 2Q FY19/20 of 2,906,504.

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

	Note	Group 31/12/19	Group 30/06/19	Trust 31/12/19	Trust 30/06/19
NAV/NTA per unit (S$) based on:					
- units issued and issuable at the end of the period	(a)	0.88	0.88	0.84	0.84

Footnote:

(a) The number of units used for computation of NAV and NTA per unit is 2,186,918,743 (2018: 2,181,204,435). This comprises:

(i) The number of units in issue as at 31 December 2019 of 2,184,012,239; and

(ii) The estimated number of units issuable to the Manager as partial satisfaction of its base management fee for 2Q FY19/20 of 2,906,504.

8 Review of the performance
Consolidated Statement of Total Return and Distribution
(2Q FY19/20 vs 2Q FY18/19) and (YTD FY19/20 vs YTD FY18/19)

	Group 01/10/19 to 31/12/19 S$'000	Group 01/10/18 to 31/12/18 S$'000	Increase / (Decrease) %	Group 01/07/19 to 31/12/19 S$'000	Group 01/07/18 to 31/12/18 S$'000	Increase / (Decrease) %
Gross revenue	**48,739**	**51,041**	**(4.5%)**	**96,718**	**103,063**	**(6.2%)**
Property expenses	(11,573)	(11,533)	0.3%	(22,647)	(23,119)	(2.0%)
Net property income	**37,166**	**39,508**	**(5.9%)**	**74,071**	**79,944**	**(7.3%)**
Non property expenses	(15,038)	(14,550)	3.4%	(29,486)	(28,802)	2.4%
Net income before tax	**22,128**	**24,958**	**(11.3%)**	**44,585**	**51,142**	**(12.8%)**
Change in fair value of derivative instruments	216	(5,573)	NM	(781)	(5,774)	(86.5%)
Foreign exchange (loss)/gain	(224)	328	NM	309	(64)	NM
Total return for the period before tax and distribution	**22,120**	**19,713**	**12.2%**	**44,113**	**45,304**	**(2.6%)**
Income tax	(683)	(860)	(20.6%)	(1,341)	(1,729)	(22.4%)
Total return for the period after tax, before distribution	**21,437**	**18,853**	**13.7%**	**42,772**	**43,575**	**(1.8%)**
Non-tax deductible items and other adjustments	3,722	6,302	(40.9%)	7,721	7,793	(0.9%)
Income available for distribution	**25,159**	**25,155**	**0.0%**	**50,493**	**51,368**	**(1.7%)**
Income to be distributed to Unitholders	**24,712**	**24,648**	**0.3%**	**49,391**	**49,732**	**(0.7%)**

2Q FY19/20 vs 2Q FY18/19

Revenue for the Group in 2Q FY19/20 was S$48.7 million, representing a decrease of 4.5% over 2Q FY18/19. Net property income ("NPI") for the Group was S$37.2 million, representing a decrease of 5.9% over 2Q FY18/19. The decrease in NPI was largely due to lower contributions from Starhill Gallery in relation to its planned asset enhancement, Myer Centre Adelaide and the office portfolio in Singapore, as well as the depreciation of A$ against S$. Excluding Starhill Gallery, the gross revenue and NPI for the Group decreased by 0.4% and 0.6% over 2Q FY18/19 respectively.

Singapore Properties contributed 64.8% of total revenue, or S$31.6 million in 2Q FY19/20, 0.1% lower than in 2Q FY18/19. NPI for 2Q FY19/20 was S$25.0 million, 0.5% lower than in 2Q FY18/19, mainly due to lower contributions from the office portfolio, partially offset by higher contributions from Wisma Atria Property (Retail).

Australia Properties contributed 22.5% of total revenue, or S$11.0 million in 2Q FY19/20, 3.4% lower than in 2Q FY18/19. NPI for 2Q FY19/20 was S$6.5 million, 4.8% lower than in 2Q FY18/19, mainly due to the depreciation of A$ against S$ and lower contributions from Myer Centre Adelaide (Retail), partially offset by higher contributions from Myer Centre Adelaide (Office).

Malaysia Properties contributed 10.3% of total revenue, or S$5.0 million in 2Q FY19/20, 27.5% lower than in 2Q FY18/19. NPI for 2Q FY19/20 was S$4.8 million, 28.4% lower than in 2Q FY18/19. The decrease in revenue and NPI was mainly due to the rental rebate extended to the master tenant during the asset enhancement period of Starhill Gallery which commenced in 2Q FY19/20.

China and Japan Properties contributed 2.4% of total revenue, or S$1.1 million in 2Q FY19/20. NPI for 2Q FY19/20 was S$0.9 million, 2.3% higher than in 2Q FY18/19.

Non property expenses were S$15.0 million in 2Q FY19/20, 3.4% higher than in 2Q FY18/19, mainly due to higher trust expenses and higher interest costs incurred on the RM330 million Senior MTN refinanced in September 2019 and the existing S$ borrowings.

The change in fair value of derivative instruments in 2Q FY19/20 represents mainly the change in the fair value of S$ and A$ interest rate swaps entered into for the Group's borrowings, as well as A$ forward contracts.

The net foreign exchange loss in 2Q FY19/20 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 2Q FY19/20 was mainly attributed to lower withholding tax accrued for the Malaysia Properties for the three months ended 31 December 2019.

Income available for distribution for 2Q FY19/20 was S$25.2 million, same as the corresponding quarter. Income to be distributed to Unitholders was S$24.7 million, 0.3% higher than the corresponding quarter. Approximately S$0.4 million of income available for distribution for 2Q FY19/20 has been retained for working capital requirements.

YTD FY19/20 vs YTD FY18/19

Group revenue of S$96.7 million in YTD FY19/20 was 6.2% lower than the S$103.1 million achieved in the corresponding period. NPI for the Group in YTD FY19/20 was S$74.1 million, representing a decrease of 7.3% over the corresponding period. The decrease in NPI was largely due to lower contributions from Starhill Gallery in relation to its planned asset enhancement, Myer Centre Adelaide and the office portfolio in Singapore, as well as the depreciation of A$ against S$. Excluding Starhill Gallery, the gross revenue and NPI for the Group decreased by 1.4% and 1.1% over the corresponding period respectively.

Singapore Properties contributed 65.4% of total revenue, or S$63.2 million in YTD FY19/20, 0.5% lower than in the corresponding period. NPI decreased by 0.1% to S$50.2 million for YTD FY19/20, mainly due to lower contributions from the office portfolio and Ngee Ann City Property (Retail), partially offset by higher contributions from Wisma Atria Property (Retail).

Australia Properties contributed 22.8% of total revenue, or S$22.1 million in YTD FY19/20, 5.5% lower than in the corresponding period. NPI was S$13.4 million, 7.3% lower than in the corresponding period, mainly due to the depreciation of A$ against S$ and lower contributions from Myer Centre Adelaide (Retail), partially offset by higher contributions from Myer Centre Adelaide (Office).

Malaysia Properties contributed 9.4% of total revenue, or S$9.1 million in YTD FY19/20, 34.7% lower than in the corresponding period. NPI was S$8.6 million, 35.8% lower than in the corresponding period. The decrease in revenue and NPI was mainly in line with the partial income disruption from the planned asset enhancement of Starhill Gallery, including the rental rebate extended to the master tenant from the commencement of the works in October 2019.

China and Japan Properties contributed 2.4% of total revenue, or S$2.4 million in YTD FY19/20, 2.3% higher than in the corresponding period. NPI for YTD FY19/20 was S$1.8 million, 2.6% higher than in the corresponding period.

Non property expenses were S$29.5 million in YTD FY19/20, 2.4% higher than in the corresponding period, mainly due to higher interest costs incurred on the RM330 million Senior MTN and the existing S$ borrowings, as well as higher trust expenses.

The change in fair value of derivative instruments in YTD FY19/20 represents mainly the change in the fair value of S$ and A$ interest rate swaps entered into for the Group's borrowings, as well as A$ forward contracts.

The net foreign exchange gain in YTD FY19/20 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 YTD FY19/20 was mainly attributed to lower withholding tax accrued for the Malaysia Properties for the current period.

Income available for distribution for YTD FY19/20 was S$50.5 million, being 1.7% lower than the corresponding period. Income to be distributed to Unitholders was S$49.4 million, 0.7% lower than the corresponding period. Approximately S$1.1 million of income available for distribution for the six months ended 31 December 2019 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 is projected to rise from an estimated 2.9% in 2019 to 3.3% in 2020 and 3.4% for 2021[1]. While the baseline growth projection is weaker, developments since the fall of 2019 point to a set of risks to global activity that is less tilted to the downside compared to the October 2019 World Economic Outlook[1].

Singapore's economy grew by 0.7% year-on-year (y-o-y) for the whole of 2019[2]. Retail sales (excluding motor vehicles) declined by 0.6% y-o-y in November 2019[3] as consumer sentiments remain weak. International visitor arrivals for the first 11 months of 2019 rose by 2.9% y-o-y to 17.4 million[4] while tourism receipts declined by 3.0% y-o-y to S$13.1 billion in 1H 2019[5].

In Singapore, limited new supply helped support prime retail rents in the Orchard precinct. The prime units also attracted demand from new-to-market brands that sought greater visibility to consumers[6]. On the office front, financial, professional services and technology firms were still key drivers of demand[7]. Expansionary demand from flexible space, while still an important source of demand, was irregular[7].

In Australia, retail sales for South Australia and Western Australia grew by 2.0% and 1.9% y-o-y respectively for the 12 months to November 2019[8]. In South Australia, consumer confidence remains muted as unemployment rate remains high at 6.8%[9]. For the Adelaide office market, demand is healthy in view of limited space in the prime sector[9]. In Western Australia, notwithstanding the past soft trading conditions, there are new retailers expanding in the Perth market, which should aid space demand[10]. The Group has anchor leases in Australia, with upmarket departmental store Myer Pty Ltd in Adelaide and David Jones Limited in Perth, contributing approximately 6.8% and 4.5% of its portfolio gross rents respectively as at 31 December 2019.

In Malaysia, asset enhancement works for Starhill Gallery are progressing on schedule, with substantial demolition works completed. Starhill Gallery remains partially open as redevelopment works are set in stages.

The Manager is monitoring the coronavirus outbreak and has taken appropriate precautionary measures.

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, contributing approximately 64.8% of total revenue for 2Q FY19/20. The impact of the volatility in foreign currencies on its distributions has been partially mitigated by foreign currency denominated borrowings as a natural hedge, and short-term foreign currency forward contracts, where appropriate.

The Manager is currently seeking clarification with the local tax authority if the Earnings Stripping Rule (ESR), which limit the tax-deductibility of certain interest expense, applies to Starhill Global REIT's investment structure in Malaysia. Based on preliminary assessment and certain assumptions, the potential impact of ESR, if applicable, is not expected to be material on the distributable income of Starhill Global REIT.

Sources

1. International Monetary Fund, World Economic Outlook Update, January 2020: Tentative Stabilisation, Sluggish Recovery?, 20 January 2020
2. Ministry of Trade and Industry Singapore, Singapore's GDP grew by 0.8 Per Cent in the Fourth Quarter of 2019, 2 January 2020
3. Singapore Department of Statistics, Retail Sales Index, Food and Beverage Services Index, November 2019, 10 January 2020
4. Singapore Tourism Board, International Visitor Arrivals Statistics, 30 December 2019
5. Singapore Tourism Board, Tourism Sector Performance, Q2 2019 Report
6. Knight Frank, Singapore Research, Q3 2019 Retail Market Snapshot
7. Jones Lang LaSalle, The Office Index, Third Quarter 2019
8. Australian Bureau of Statistics, Australia Retail Trade November 2019, 10 January 2020
9. CBRE Research, Australia Office MarketView, Q3 2019
10. Colliers International, Australia Retail, Second Half 2019, 16 December 2019

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: Distribution to Unitholders for the period from 1 October 2019 to 31 December 2019 ("Unitholders' Distribution")

Distribution rate:

	Unitholders' Distribution
	For the period from 1 October 2019 to 31 December 2019
	Cents
Taxable income component	0.9700
Tax-exempt income component	0.0400
Capital component	0.1200
Total	**1.1300**

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 October 2018 to 31 December 2018 ("Unitholders' Distribution")

Distribution rate:

	Unitholders' Distribution
	For the period from 1 October 2018 to 31 December 2018
	Cents
Taxable income component	0.8600
Tax-exempt income component	0.1100
Capital component	0.1600
Total	**1.1300**

Par value of units: Not applicable

Tax rate:

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

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

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

(c) Date payable: 28 February 2020

(d) Books Closure Date: 6 February 2020

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

Not applicable.

13 General mandate for interested person transactions

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

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

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

15 Certification pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Starhill Global REIT for the quarter ended 31 December 2019:

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

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

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

16 Directors' confirmation

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and Trust as at 31 December 2019 (comprising the balance sheets as at 31 December 2019, the statements of total return and distribution, the cash flow statements and statements of changes in Unitholders' funds for the three months ended on that date, together with their accompanying notes) to be false or misleading in any material respect.

On behalf of the Board

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

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

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

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

Lam Chee Kin
Joint Company Secretary
29 January 2020