Starhill Global Real Estate Investment Trust
and its Subsidiaries
(Constituted in the Republic of Singapore pursuant to a trust deed dated 8 August 2005 (as amended))

Interim Financial Statements

For the second half and full year ended 30 June 2023

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Summary of results

	Group 01/01/23 to 30/06/23 $'000	Group 01/01/22 to 30/06/22 $'000	Increase / (Decrease) %	Group 01/07/22 to 30/06/23 $'000	Group 01/07/21 to 30/06/22 $'000	Increase / (Decrease) %
Gross revenue	93,043	95,463	(2.5%)	187,772	186,434	0.7%
Net property income [(a)]	73,558	75,071	(2.0%)	147,839	144,710	2.2%
Income available for distribution [(b)]	45,365	47,121	(3.7%)	88,945	89,779	(0.9%)
Income to be distributed to unitholders [(c)]	44,666	45,257	(1.3%)	85,608	84,996	0.7%
Distribution per unit ("DPU")	Cents per unit		%	Cents per unit		%
DPU [(d), (e)]	1.98	2.02	(2.0%)	3.80	3.80	-

Footnotes:

(a) The decrease in net property income ("NPI") for second half year ended 30 June 2023 ("2H FY22/23") was mainly due to net movement in foreign currencies and the divestment of Daikanyama, partially offset by higher contributions from Singapore Properties. The increase in NPI for the year ended 30 June 2023 ("FY22/23") was mainly due to the completion of asset enhancement works at The Starhill, lower rental assistance and higher contributions from Singapore Properties, partially offset by the divestment of Daikanyama and net movement in foreign currencies.

(b) The decrease in income available for distribution for 2H FY22/23 was mainly in line with the lower NPI including straight-lining adjustment and higher net finance cost. The decrease in income available for distribution for FY22/23 was mainly due to the higher income taxes, lower management fees paid/payable in units and higher net finance costs, partially offset by higher NPI.

(c) Approximately $0.7 million and $3.3 million (second half year ended 30 June 2022 ("2H FY21/22") and year ended 30 June 2022 ("FY21/22"): $1.9 million and $4.8 million) of income available for distribution for 2H FY22/23 and FY22/23 has been retained for working capital requirements respectively.

(d) The computation of DPU for 2H FY22/23 is based on the number of units entitled to distributions comprising issued and issuable units of 2,255,842,120 (2H FY21/22: 2,240,421,241).

(e) The computation of DPU for FY22/23 is based on the number of units entitled to distributions comprising (i) 2,249,480,125 units for first half year ended FY22/23 ("1H FY22/23"), and (ii) issued and issuable units of 2,255,842,120 for 2H FY22/23 (FY21/22: 2,232,571,530 for first half year ended FY21/22 ("1H FY21/22") and 2,240,421,241 for 2H FY21/22).

Distribution details

Distribution period	1 January 2023 to 30 June 2023
Distribution amount to unitholders	1.98 cents per unit
Record date	4 August 2023
Payment date	29 August 2023

The Distribution Reinvestment Plan ("DRP") will be suspended from and including the 2H FY22/23 distribution onwards. Unitholders will receive their distributions for 2H FY22/23 in cash. The Manager of Starhill Global REIT may consider the re-application of the DRP at a later date and will notify unitholders accordingly.

Balance sheets[1]
As at 30 June 2023

	Note	Group 2023 $'000	Group 2022 $'000	Trust 2023 $'000	Trust 2022 $'000
Non-current assets					
Investment properties	4	2,767,811	2,893,294	1,958,705	1,969,955
Plant and equipment		3	14	2	13
Interests in subsidiaries		-	-	617,056	667,224
Derivative financial instruments		20,026	15,163	20,026	14,426
		2,787,840	2,908,471	2,595,789	2,651,618
Current assets					
Derivative financial instruments		350	436	79	391
Trade and other receivables		3,799	2,855	1,087	2,865
Cash and cash equivalents		68,302	85,663	20,673	33,820
		72,451	88,954	21,839	37,076
Total assets		2,860,291	2,997,425	2,617,628	2,688,694
Non-current liabilities					
Trade and other payables		21,714	21,413	18,694	17,382
Derivative financial instruments		131	-	131	-
Deferred tax liabilities		6,115	6,844	-	-
Borrowings	5	1,041,975	955,962	885,428	784,932
Lease liabilities		275	580	218	500
		1,070,210	984,799	904,471	802,814
Current liabilities					
Trade and other payables		37,362	38,894	26,578	26,522
Derivative financial instruments		17	213	17	199
Income tax payable		297	1,163	-	-
Borrowings	5	2,990	124,974	2,990	124,974
Lease liabilities		290	355	287	355
		40,956	165,599	29,872	152,050
Total liabilities		1,111,166	1,150,398	934,343	954,864
Net assets		1,749,125	1,847,027	1,683,285	1,733,830
Represented by:					
Unitholders' funds		1,649,506	1,747,408	1,583,666	1,634,211
Perpetual securities holders' funds	6	99,619	99,619	99,619	99,619
Units in issue ('000)	7	2,254,288	2,239,028	2,254,288	2,239,028
Net asset value and net tangible asset per unit ($) based on:					
- Units issued and issuable at the end of the year	8	0.73	0.78	0.70	0.73

Note:

(1) Please refer to FS31 for the key explanatory notes on the above items.

Statements of total return [1]
Second half and full year ended 30 June 2023

		Group			
	Note	6 months ended 30 June 2023	6 months ended 30 June 2022	12 months ended 30 June 2023	12 months ended 30 June 2022
		$'000	$'000	$'000	$'000
Gross revenue	9	93,043	95,463	187,772	186,434
Property operating expenses	10	(19,485)	(20,392)	(39,933)	(41,724)
Net property income		73,558	75,071	147,839	144,710
Interest income from fixed deposits and bank balances		1,117	225	1,707	387
Management fees		(7,317)	(7,565)	(14,816)	(15,288)
Performance fees [2]		-	-	-	-
Trust expenses	11	(1,941)	(1,966)	(3,790)	(3,920)
Finance expenses	12	(20,240)	(17,844)	(39,501)	(37,849)
		45,177	47,921	91,439	88,040
Change in fair value of derivative instruments		(368)	12,368	6,344	19,953
Foreign exchange loss		(1,206)	(1,755)	(1,291)	(2,358)
Change in fair value of investment properties	4	(65,328)	(49,393)	(65,511)	(49,587)
Gain on divestment of investment property [3]		4,812	-	4,812	-
Total return for the period/year before tax and distribution		(16,913)	9,141	35,793	56,048
Income tax		(547)	(861)	(3,770)	(2,251)
Total return for the period/year after tax, before distribution		(17,460)	8,280	32,023	53,797
Less: Amount reserved for distribution to perpetual securities holders		(1,909)	(1,909)	(3,850)	(3,850)
Non-tax deductible items and other adjustments		64,734	40,750	60,772	39,832
Income available for distribution		45,365	47,121	88,945	89,779
Earnings per unit (cents)					
Basic	13	(0.86)	0.28	1.25	2.24
Diluted	13	(0.86)	0.28	1.25	2.24

Notes:

(1) Please refer to FS27-30 for the key explanatory notes on the above items.

(2) Performance fees are calculated annually as at 30 June. There is no performance fee for the year ended 30 June 2023 as the performance of Starhill Global REIT's trust index is approximately 105% below the benchmark index as at 30 June 2023.

(3) Represents the difference between net proceeds (including directly attributable costs) from divestment and the carrying amount of Daikanyama divested in January 2023.

Distribution statements
Second half and full year ended 30 June 2023

	Note	Group 6 months ended 30 June 2023 $'000	6 months ended 30 June 2022 $'000	12 months ended 30 June 2023 $'000	12 months ended 30 June 2022 $'000
Income available for distribution at the beginning of the period/year		93,046	87,342	94,723	90,587
Total return after tax, before distribution		(17,460)	8,280	32,023	53,797
Less: Amount reserved for distribution to perpetual securities holders		(1,909)	(1,909)	(3,850)	(3,850)
Net tax and other adjustments (Note A below)		64,734	40,750	60,772	39,832
Income available for distribution		138,411	134,463	183,668	180,366
Distributions during the period/year:					
Unitholders					
Distribution of 2.02 cents (2021: 2.07 cents) per unit for the period 1 January to 30 June 2022		-	-	(45,257)	(45,903)
Distribution of 1.82 cents (2021: 1.78 cents) per unit for the period 1 July to 31 December 2022		(40,940)	(39,740)	(40,940)	(39,740)
		(40,940)	(39,740)	(86,197)	(85,643)
Income available for distribution at the end of the period/year		97,471	94,723	97,471	94,723
Number of units issued and issuable ('000)	7	2,255,842	2,240,431	2,255,842	2,240,431
Distribution per unit for the period (cents)		1.98	2.02	3.80	3.80

Note A - Net tax and other adjustments

Non-tax (chargeable)/deductible items and other adjustments:				
- Management fees paid/payable in units	1,581	1,625	3,196	5,664
- Finance costs	363	407	725	831
- Sinking fund contribution	824	775	1,598	1,549
- Depreciation	3	7	10	14
- Change in fair value of derivative instruments	368	(11,983)	(6,344)	(19,621)
- Change in fair value of investment properties	65,328	49,393	65,511	49,587
- Deferred tax	(110)	(20)	(32)	63
- Foreign exchange loss	1,496	1,802	1,907	2,484
- Other items (1)	(5,119)	(1,256)	(5,799)	(739)
Net tax and other adjustments	64,734	40,750	60,772	39,832

Note:

(1) Other items include reversal of gain on divestment of Daikanyama in January 2023.

Statements of movements in unitholders' funds
Second half and full year ended 30 June 2023

	Group			
	6 months ended 30 June 2023	**6 months ended 30 June 2022**	**12 months ended 30 June 2023**	**12 months ended 30 June 2022**
	$'000	**$'000**	**$'000**	**$'000**
Unitholders' funds at the beginning of the period/year	1,723,965	1,789,035	1,747,408	1,790,478
Operations				
Change in unitholders' funds resulting from operations, before distributions	(17,460)	8,280	32,023	53,797
Amount reserved for distribution to perpetual securities holders	(1,909)	(1,909)	(3,850)	(3,850)
(Decrease)/Increase in unitholders' funds resulting from operations	(19,369)	6,371	28,173	49,947
Foreign currency translation reserve				
Translation differences from financial statements of foreign entities	(17,876)	(9,118)	(41,164)	(13,096)
Transfer of translation differences from total return arising from hedge accounting (1)	4,220	7,984	9,014	12,550
Exchange differences on monetary items forming part of net investment in foreign operations	(6,093)	(15,035)	(14,393)	(23,899)
Net loss recognised directly in unitholders' funds	(19,749)	(16,169)	(46,543)	(24,445)
Hedging reserve				
Changes in fair value of cash flow hedges (2)	2,136	3,168	(1,910)	3,128
Unitholders' transactions				
Management fees paid in units	792	811	2,407	4,850
Management fees payable in units	789	814	789	814
Distribution reinvestment plan (3)	1,882	3,118	5,379	8,279
Distributions to unitholders	(40,940)	(39,740)	(86,197)	(85,643)
Decrease in unitholders' funds resulting from unitholders' transactions	(37,477)	(34,997)	(77,622)	(71,700)
Unitholders' funds at the end of the period/year	1,649,506	1,747,408	1,649,506	1,747,408
Perpetual securities holders' funds				
Balance at the beginning of the period/year	99,629	99,629	99,619	99,619
Total return attributable to perpetual securities holders	1,909	1,909	3,850	3,850
Distribution to perpetual securities holders	(1,919)	(1,919)	(3,850)	(3,850)
Balance at the end of the period/year	99,619	99,619	99,619	99,619

Notes:

(1) The Group designated its JPY and AUD loans as net investment hedges for part of its Japan and Australia operations. Correspondingly, the foreign currency differences on the JPY and AUD loans were reclassified to the Group's foreign currency translation reserve, offsetting the translation differences arising from the Group's Japan and Australia operations.

(2) Represent the changes in fair value of the cash flow hedges as a result of certain interest rate swaps entered into by the Group and the Trust.

(3) For the six months ended 30 June 2023, this represents 3,322,933 units (2022: 5,100,433 units issued in March 2022) issued in March 2023 as part payment of distribution for 1H FY22/23 (2022: 1H FY21/22) through distribution reinvestment plan.

For the year ended 30 June 2023, this represents 9,348,290 units (2022: 13,808,677 units issued in September 2021 and March 2022) issued in September 2022 and March 2023 as part payment of distribution for 2H FY21/22 and 1H FY22/23 (2022: 2H FY20/21 and 1H FY21/22) through distribution reinvestment plan.

Statements of movements in unitholders' funds
Second half and full year ended 30 June 2023

	Trust			
	6 months ended 30 June 2023 $'000	**6 months ended 30 June 2022 $'000**	**12 months ended 30 June 2023 $'000**	**12 months ended 30 June 2022 $'000**
Unitholders' funds at the beginning of the period/year	1,631,240	1,640,547	1,634,211	1,645,798
Operations				
Change in unitholders' funds resulting from operations, before distributions	(10,324)	27,402	32,837	60,835
Amount reserved for distribution to perpetual securities holders	(1,909)	(1,909)	(3,850)	(3,850)
(Decrease)/Increase in unitholders' funds resulting from operations	(12,233)	25,493	28,987	56,985
Hedging reserve				
Changes in fair value of cash flow hedges (1)	2,136	3,168	(1,910)	3,128
Unitholders' transactions				
Management fees paid in units	792	811	2,407	4,850
Management fees payable in units	789	814	789	814
Distribution reinvestment plan (2)	1,882	3,118	5,379	8,279
Distributions to unitholders	(40,940)	(39,740)	(86,197)	(85,643)
Decrease in unitholders' funds resulting from unitholders' transactions	(37,477)	(34,997)	(77,622)	(71,700)
Unitholders' funds at the end of the period/year	1,583,666	1,634,211	1,583,666	1,634,211
Perpetual securities holders' funds				
Balance at the beginning of the period/year	99,629	99,629	99,619	99,619
Total return attributable to perpetual securities holders	1,909	1,909	3,850	3,850
Distribution to perpetual securities holders	(1,919)	(1,919)	(3,850)	(3,850)
Balance at the end of the period/year	99,619	99,619	99,619	99,619

Notes:

(1) Please refer to Note 2 in FS6.

(2) Please refer to Note 3 in FS6.

Investment properties portfolio statement
As at 30 June 2023

Description of property	Tenure	Term of lease	Remaining term of lease	Location	Existing use	Occupancy rate [12] 2023 %	At valuation 2023 $'000	At valuation 2022 $'000	Percentage of unitholders' funds 2023 %	Percentage of unitholders' funds 2022 %
Group										
Ngee Ann City Property	Leasehold	Leasehold estate of 69 years expiring on 31 March 2072	49 years	391/391B Orchard Road, Singapore 238874	Retail/Office	98.5/99.0	1,130,400[5]	1,131,500	68.5	64.8
Wisma Atria Property	Leasehold	Leasehold estate of 99 years expiring on 31 March 2061	38 years	435 Orchard Road, Singapore 238877	Retail/Office	95.8/100.0	827,800[5]	837,600	50.2	47.9
Myer Centre Adelaide [1]	Freehold	-	-	14-38 Rundle Mall, Adelaide, Australia	Retail/Office	91.7/93.4	202,095[6]	239,262	12.3	13.7
David Jones Building [1]	Freehold	-	-	622-648 Hay Street Mall, Perth, Australia	Retail	98.3	115,868[7]	136,858	7.0	7.8
Plaza Arcade [1]	Freehold	-	-	650 Hay Street Mall and 185-191 Murray Street Mall, Perth, Australia	Retail	81.7	39,521[7]	46,417	2.4	2.7
The Starhill [2]	Freehold	-	-	181 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Retail/Hotel [11]	100.0	259,818[8]	278,044	15.8	15.9
Lot 10 Property [2]	Leasehold	Leasehold estate of 99 years expiring on 29 July 2076	53 years	50 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	Retail/Office	100.0	131,216[8]	142,651	8.0	8.2
Ebisu Fort [3]	Freehold	-	-	1-24-2 Ebisu-Minami, Shibuya-ku, Tokyo, Japan	Retail/Office	100.0	34,935[9]	36,953	2.1	2.1
Daikanyama [3]	Freehold	-	-	1-31-12 Ebisu-Nishi, Shibuya-ku, Tokyo, Japan	NA	NA	-	13,781	-	0.8
China Property [4]	Leasehold	Leasehold estate expiring on 27 December 2035	12 years	19, 4th Section, Renminnan Road, Chengdu, Sichuan, China	Retail	100.0	25,593[10]	29,293	1.5	1.6
Investment properties – fair value							2,767,246	2,892,359	167.8	165.5
Investment properties – right-of-use assets							565	935	0.1	0.1
Total investment properties							2,767,811	2,893,294	167.9	165.6
Other assets and liabilities (net)							(1,018,686)	(1,046,267)	(61.8)	(59.9)
Net assets							1,749,125	1,847,027	106.1	105.7
Perpetual securities holders' funds							(99,619)	(99,619)	(6.1)	(5.7)
Unitholders' funds							1,649,506	1,747,408	100.0	100.0

Investment properties portfolio statement (continued)
As at 30 June 2023

Notes:

(1) David Jones Building, Plaza Arcade and Myer Centre Adelaide (the "Australia Properties") were acquired on 20 January 2010, 1 March 2013 and 18 May 2015 respectively.

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

(3) The Japan portfolio comprise one property (2022: two) as at 30 June 2023. Daikanyama was divested on 31 January 2023. Ebisu Fort was acquired on 26 September 2007.

(4) The China Property was acquired on 28 August 2007.

(5) The valuation of the Trust's Ngee Ann City Property (27.23% strata title interest in total share value of Ngee Ann City) and Wisma Atria Property (74.23% strata title interest in total share value of Wisma Atria) were based on the valuation performed by Savills Valuation and Professional Services (S) Pte Ltd as at 30 June 2023.

(6) Based on the valuation performed by Jones Lang LaSalle Advisory Services Pty Ltd as at 30 June 2023 and translated at the exchange rate of A$1.11 : $1.00 (2022: A$1.04 : $1.00).

(7) Based on the valuation performed by CIVAS (WA) Pty Limited as at 30 June 2023 and translated at the exchange rate of A$1.11 : $1.00 (2022: A$1.04 : $1.00).

(8) Based on the valuation performed by IVPS Property Consultant Sdn Bhd as at 30 June 2023 and translated at the exchange rate of RM3.44 : $1.00 (2022: RM3.17 : $1.00).

(9) Based on the valuation performed by CBRE K.K. as at 30 June 2023 and translated at the exchange rate of JPY106.77 : $1.00 (2022: JPY97.96 : $1.00).

(10) Based on the valuation performed by Cushman & Wakefield Limited as at 30 June 2023 and translated at the exchange rate of RMB5.35 : $1.00 (2022: RMB4.81 : $1.00).

(11) The Starhill has completed asset enhancement works in December 2021 to convert it into an integrated development comprising retail and hotel elements.

(12) Based on commenced leases as at 30 June 2023.

The Manager believes that the above independent valuers have appropriate professional qualifications and experience in the location and category of the Group's investment properties being valued. Full valuations of the above properties were performed as at year-end.

Consolidated cash flow statement
Second half and full year ended 30 June 2023

	Group			
	6 months ended 30 June 2023	6 months ended 30 June 2022	12 months ended 30 June 2023	12 months ended 30 June 2022
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Total return for the period/year before tax and distribution	(16,913)	9,141	35,793	56,048
Adjustments for:				
Finance income	(1,117)	(225)	(1,707)	(387)
Depreciation	3	10	10	22
Management fees paid/payable in units	1,581	1,625	3,196	5,664
Finance expenses	20,240	17,844	39,501	37,849
Change in fair value of derivative instruments	368	(12,368)	(6,344)	(19,953)
Gain on divestment of investment property	(4,812)	-	(4,812)	-
Foreign exchange loss	1,206	1,755	1,291	2,358
Change in fair value of investment properties	65,328	49,393	65,511	49,587
Operating income before working capital changes	65,884	67,175	132,439	131,188
Trade and other receivables	(1,417)	1,132	(2,678)	(1,335)
Trade and other payables	3,063	2,819	(551)	(2,422)
Income tax paid	(3,990)	(1,906)	(5,668)	(3,146)
Net cash from operating activities	63,540	69,220	123,542	124,285
Cash flows from investing activities				
Net proceeds on divestment of investment property[1]	18,442	-	18,442	-
Capital expenditure on investment properties	(9,052)	(10,111)	(17,830)	(20,073)
Purchase of plant and equipment	-	-	-	(6)
Interest received on deposits	1,118	210	1,673	372
Net cash from/(used in) investing activities	10,508	(9,901)	2,285	(19,707)
Cash flows from financing activities				
Borrowing costs paid	(19,743)	(17,630)	(38,121)	(36,533)
Proceeds from borrowings[2]	216,587	110,000	232,587	235,000
Repayment of borrowings[2]	(231,384)	(115,000)	(247,384)	(240,000)
Payment of lease liabilities	(196)	(196)	(392)	(412)
Distributions paid to unitholders[3]	(39,058)	(36,622)	(80,818)	(77,364)
Distributions paid to perpetual securities holders	(1,919)	(1,919)	(3,850)	(3,850)
Net cash used in financing activities	(75,713)	(61,367)	(137,978)	(123,159)
Net decrease in cash and cash equivalents	(1,665)	(2,048)	(12,151)	(18,581)
Cash and cash equivalents at the beginning of the period/year	72,995	90,562	85,663	108,323
Effects of exchange rate differences on cash	(3,028)	(2,851)	(5,210)	(4,079)
Cash and cash equivalents at the end of the period/year	68,302	85,663	68,302	85,663

Notes:

(1) Net cashflows on divestment of Daikanyama represent the sale proceeds of approximately $18.9 million, net of directly attributable costs in January 2023.

(2) The movement during the year ended 30 June 2023 relates mainly to the redemption of $125 million medium term notes ("MTN"), prepayment of JPY1.89 billion ($17.8 million) and A$63 million ($56.6 million) borrowings, drawdown of $125 million and A$63 million ($56.6 million) term loan facilities, as well as net drawdown of the revolving credit facilities ("RCF"). The movement during the previous corresponding period relates to the prepayment of $240 million term loan, issuance of $125 million MTN and drawdown of $110 million term loan facilities.

(3) Excludes the non-cash portion of the distributions, which was paid through the distribution reinvestment plan during the current period.

Notes to the Financial Statements

These notes form an integral part of the unaudited interim financial statements ("Financial Statements").

1. General

Starhill Global Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 8 August 2005 and any amendments or modifications thereof between YTL Starhill Global REIT Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), governed by the laws of the Republic of Singapore ("Trust Deed"). On 8 August 2005, the Trust was declared an authorised unit trust scheme under the Trustees Act, Chapter 337.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 September 2005 and was approved to be included under the Central Provident Fund ("CPF") Investment Scheme on 14 June 2005.

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

2. Basis of preparation

2.1 Statement of compliance

The Financial Statements have been prepared in accordance with the *Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Investment Funds"* issued by the Institute of Singapore Chartered Accountants ("ISCA"), the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("FRS"). The Financial Statements are to be read in conjunction with the Group's last annual consolidated financial statements for the year ended 30 June 2022. The Financial Statements does not contain all of the information required for a full set of annual financial statements.

2.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis, except as set out in the financial statements for the year ended 30 June 2022.

2.3 Functional and presentation currency

The Financial Statements are presented in Singapore dollars, which is the functional currency of the Trust. All financial statements presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

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

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

In preparing the Financial Statements, the significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements were the same as those applied in the financial statements for the year ended 30 June 2022.

3. Significant accounting policies

The accounting policies applied by the Group in the Financial Statements are the same as those applied in its financial statements for the year ended 30 June 2022, except for the adoption of the new standards and amendments which became effective for financial year beginning on or after 1 July 2022. The adoption of these amendments to standards and interpretations do not have a significant impact on the Financial Statements.

A number of new standards, amendments to standards and interpretations that have been issued as of the balance sheet date but are not yet effective for the year ended 30 June 2023 have not been applied in preparing the Financial Statements. The adoption of these new standards, amendments to standards and interpretations are not expected to have a significant impact on the Group's financial statements.

4. Investment properties

	Group $'000	Trust $'000
At 1 July 2021	2,964,648	2,008,704
Additions, straight-line rental and other adjustments	22,216	7,062
Change in fair value of investment properties	(49,587)	(45,811)
Translation differences	(43,983)	-
At 30 June 2022	2,893,294	1,969,955
At 1 July 2022	2,893,294	1,969,955
Additions, straight-line rental and other adjustments	19,624	10,238
Divestment	(13,630)	-
Change in fair value of investment properties (1)	(65,511)	(21,488)
Translation differences	(65,966)	-
At 30 June 2023	2,767,811	1,958,705

(1) Represents fair value adjustments on the investment properties including right-of-use assets as at 30 June 2023, following the property revaluation exercise in June 2023.

Investment properties are stated at fair value based on valuations performed by independent professional valuers having appropriate recognised professional qualifications and experience in the location and category of property being valued. The Group has a framework with respect to the measurement of fair values of its investment properties, which is regularly reviewed by the Manager.

In determining the fair value, the external valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The valuation reports are prepared in accordance with recognised appraisal and valuation standards. Due to the unknown future impact that the rising interest rate environment might have on the real estate market, the valuation of the Group's investment properties might change more significantly than during standard market conditions.

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

As at 30 June 2023, investment properties with a carrying value of approximately $391.0 million (2022: $557.6 million) are mortgaged to secure credit facilities for the Group.

Fair value hierarchy

The Group's and the Trust's investment properties of approximately $2,767.2 million (2022: $2,892.4 million) and $1,958.2 million (2022: $1,969.1 million) respectively (excluding the carrying amount of lease liabilities of approximately $0.6 million and $0.5 million respectively) as at 30 June 2023 are valued based on unobservable inputs and classified in Level 3 of the fair value hierarchy.

The following table shows the key unobservable inputs used in the valuation models of the investment properties:

Investment properties	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commercial properties for leasing	• Capitalisation rates from 3.40% to 7.00% (2022: from 3.60% to 7.00%) • Discount rates from 3.20% to 7.50% (2022: from 3.40% to 8.25%)	The estimated fair value would increase if capitalisation rates and discount rates decrease.

Key unobservable inputs correspond to:

- Capitalisation rates largely derived from comparable transactions.
- Discount rates, which are largely based on the risk-free rate of government bonds in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

5. Borrowings

	Group		Trust	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Secured borrowings	95,799	164,442	-	-
Unsecured borrowings	949,709	795,396	888,552	788,475
Unamortised loan acquisition expenses	(3,533)	(3,876)	(3,124)	(3,543)
	1,041,975	955,962	885,428	784,932
Current				
Unsecured borrowings	3,000	125,000	3,000	125,000
Unamortised loan acquisition expenses	(10)	(26)	(10)	(26)
	2,990	124,974	2,990	124,974
Total borrowings (net of borrowing costs)	1,044,965	1,080,936	888,418	909,906

Secured

The Group has outstanding unrated five-year fixed-rate Senior MTN of RM330 million ($95.8 million) as at 30 June 2023 (2022: RM330 million ($104.1 million)). The Senior MTN bear a fixed coupon rate of 5.50% per annum, and have an expected maturity in September 2024 and legal maturity in March 2026. The notes are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad, including the Malaysia Properties.

Unsecured

As at 30 June 2023, the Group has outstanding unsecured 10-year Singapore MTN of $70 million (maturing in October 2026) (2022: $195 million) which bear a fixed rate interest of 3.14% per annum payable semi-annually in arrear issued under its $2 billion Multicurrency MTN Programme originally established in 2008. In addition, the Group has outstanding MTN of $225 million (2022: $225 million) issued under its $2 billion Multicurrency Debt Issuance Programme, established in 2020, comprising:

- $100 million unsecured 5-year Singapore MTN (maturing in June 2025) which bear a fixed rate interest of 3.15% per annum payable semi-annually in arrear; and

- $125 million unsecured 7-year Singapore MTN (maturing in September 2028) which bear a fixed rate interest of 2.23% per annum payable semi-annually in arrear.

As at 30 June 2023, the Group has in place:

- 5-year unsecured term loan facility with a club of various banks, comprising (a) term loan of $250 million (maturing in February 2026) (2022: $250 million) and (b) $200 million committed revolving credit facilities (maturing in February 2026). There is no amount outstanding on these revolving credit facilities as at 30 June 2023;
- 5.5-year unsecured term loan facility of $60 million (maturing in September 2027) (2022: $60 million);

- 5-year unsecured term loan facility of $50 million (maturing in June 2027) (2022: $50 million);
- 5-year unsecured term loan facility of JPY2.0 billion ($18.7 million) (maturing in September 2024) (2022: JPY3.7 billion ($37.8 million));
- 5.5-year unsecured term loan facility of A$100 million ($89.8 million) (maturing in November 2026) (2022: A$100 million ($95.7 million));
- 5-year and 5.5-year unsecured term loan facility of $50 million and $75 million (maturing in May 2028 and November 2028) respectively drawn in May 2023;
- 5-year unsecured term loan facility of A$63 million ($56.6 million) (maturing in June 2028) drawn in June 2023; and
- various unsecured and committed revolving credit facilities of $190 million (maturing between October 2023 and August 2028), of which $3 million is outstanding as at 30 June 2023.

The Group has JPY488 million ($4.6 million) of Japan bond outstanding as at 30 June 2023 (2022: JPY678 million ($6.9 million)), maturing in August 2025 ("Series 4 Bonds"). The bondholders of Series 4 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.

6. Perpetual securities holders' funds

The Trust issued $100 million of subordinated perpetual securities at a fixed rate of 3.85% per annum in December 2020, with the first distribution rate reset falling on 15 December 2025 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative. Accordingly, the perpetual securities are classified as equity. The expenses relating to the issue of the perpetual securities were deducted against the proceeds from the issue.

7. Units in issue

	Group and Trust	
	2023	**2022**
	No. of units	**No. of units**
	'000	**'000**
At 1 July	2,239,028	2,214,204
Issue of units:		
• Management fees paid in units (base fee) (1)	5,912	11,015
• Distribution reinvestment plan (2)	9,348	13,809
At 30 June	2,254,288	2,239,028
Units to be issued:		
• Management fees payable in units (base fee) (3)	1,554	1,403
Total issued and issuable units at 30 June	2,255,842	2,240,431

(1) During the year ended 30 June 2023, the Trust issued 5,912,608 (2022: 11,015,078) units at the issue price ranging from $0.5009 to $0.5837 (2022: $0.5972 to $0.6519) per unit, as partial satisfaction of the above base management fees to the Manager.

(2) During the year ended 30 June 2023, the Trust issued 9,348,290 (2022: 13,808,677) units at an issue price of $0.5661 to $0.5802 (2022: $0.5926 to $0.6109) per unit pursuant to the distribution reinvestment plan.

(3) An estimated 1,553,816 (2022: 1,403,211) units are issuable by the Trust to the Manager as at 30 June 2023, as partial satisfaction of the base management fees for the period from 1 April to 30 June 2023 (2022: 1 April to 30 June 2022).

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- Attend all unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 unitholders or of the unitholders representing not less than 10% of the issued units) at any time convene a meeting of unitholders in accordance with the provisions of the Trust Deed;

- Receive income and other distributions attributable to the units held; and

- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a unitholder does not have the right to require that any assets (or part thereof) of the Trust be transferred to him.

The restrictions of a unitholder include the following:

- A unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and

- A unitholder has no right to request the Trust to redeem his units while the units are listed on SGX-ST.

The Trust Deed contains provisions that are designed to limit the liability of a unitholder to the amount paid or payable for any units in the Trust. The provisions seek to ensure that if the issue price of the units held by a unitholder has been fully paid, no such unitholder, by reason alone of being a unitholder, will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

8. Net asset value ("NAV") and net tangible asset ("NTA") per unit

	Group		Trust	
	2023 $	2022 $	2023 $	2022 $
NAV and NTA per unit based on:				
- Units issued and issuable at the end of the year [1]	0.73	0.78	0.70	0.73

[1] The number of units used for computation of NAV and NTA per unit attributable to unitholders is 2,255,842,120 (2022: 2,240,430,617). This comprises (i) the number of units in issue as at 30 June 2023 of 2,254,288,304 (2022: 2,239,027,406); and (ii) the estimated number of units issuable to the Manager as partial satisfaction of its base management fee for 1 April to 30 June 2023 of 1,553,816 (2022: 1 April to 30 June 2022 of 1,403,211).

9. Gross revenue

	Group			
	6 months ended 30 June 2023 $'000	6 months ended 30 June 2022 $'000	12 months ended 30 June 2023 $'000	12 months ended 30 June 2022 $'000
Property rental income	89,987	92,440	182,024	181,052
Turnover rental income	1,639	1,332	3,242	2,323
Other income	1,417	1,691	2,506	3,059
	93,043	95,463	187,772	186,434

10. Property operating expenses

	Group			
	6 months ended 30 June 2023 $'000	**6 months ended 30 June 2022 $'000**	**12 months ended 30 June 2023 $'000**	**12 months ended 30 June 2022 $'000**
Maintenance and sinking fund contributions	3,477	3,236	6,710	6,479
Property management fees	2,536	2,728	5,275	5,406
Property tax	7,612	8,904	16,304	18,313
Depreciation expense	3	10	10	22
Leasing and upkeep expenses	4,835	4,619	9,104	9,148
Marketing expenses	611	682	1,213	1,276
Impairment loss recognised/(reversal of allowance) on trade receivables	(111)	(459)	128	(349)
Administrative expenses and others	522	672	1,189	1,429
	19,485	20,392	39,933	41,724

11. Trust expenses

	Group			
	6 months ended 30 June 2023 $'000	**6 months ended 30 June 2022 $'000**	**12 months ended 30 June 2023 $'000**	**12 months ended 30 June 2022 $'000**
Auditors' remuneration	160	164	316	335
Trustee's fees	224	230	453	465
Others (1)	1,557	1,572	3,021	3,120
	1,941	1,966	3,790	3,920

(1) Included in other trust expenses are (i) non-audit fees paid/payable to the auditors of the Group of approximately $78,000 (2022: $121,000); and (ii) fees paid/payable to the valuers of the Group's investment properties of approximately $182,000 (2022: $187,000) for year ended 30 June 2023.

12. Finance expenses

	Group			
	6 months ended 30 June 2023 $'000	**6 months ended 30 June 2022 $'000**	**12 months ended 30 June 2023 $'000**	**12 months ended 30 June 2022 $'000**
Interest costs	19,599	17,194	38,267	36,359
Amortisation of borrowing costs	630	634	1,210	1,452
Interest expenses on lease liabilities	11	16	24	38
	20,240	17,844	39,501	37,849

13. Earnings per unit

	Group			
	6 months ended 30 June 2023 $'000	**6 months ended 30 June 2022 $'000**	**12 months ended 30 June 2023 $'000**	**12 months ended 30 June 2022 $'000**
Earnings attributable to unitholders (1)	(19,369)	6,371	28,173	49,947
Basic earnings per unit (cents) (2)	(0.86)	0.28	1.25	2.24
Earnings per unit on a fully diluted basis (cents) (3)	(0.86)	0.28	1.25	2.24

(1) Net of amount reserved for distribution to perpetual securities holders.

(2) In computing the basic earnings per unit for the six months ended 30 June 2023, the earnings attributable to unitholders and the weighted average number of units of 2,251,597,462 (2022: 2,235,376,911) during the six months ended 30 June 2023 are used and have been calculated on a time-weighted basis. This comprises the weighted average number of (i) units in issue of 2,251,588,877 (2022: 2,235,369,158); and (ii) estimated units issuable for the settlement of unpaid base management fees.

In computing the basic earnings per unit for the year ended 30 June 2023, the earnings attributable to unitholders and the weighted average number of units of 2,247,771,382 (2022: 2,229,003,487) during the year ended 30 June 2023 are used and have been calculated on a time-weighted basis. This comprises the weighted average number of (i) units in issue of 2,247,767,125 (2022: 2,228,999,643); and (ii) estimated units issuable for the settlement of unpaid base management fees.

(3) In computing the diluted earnings per unit for the six months ended 30 June 2023, the weighted average number of units in issue of 2,251,588,877 (2022: 2,235,369,158) during the six months ended 30 June 2023 are used and adjusted to include the potential dilutive units assuming issuance of estimated 1,553,816 (2022: 1,403,211) units for the settlement of unpaid base management fees.

In computing the diluted earnings per unit for the year ended 30 June 2023, the weighted average number of units in issue of 2,247,767,125 (2022: 2,228,999,643) during the year ended 30 June 2023 are used and adjusted to include the potential dilutive units assuming issuance of estimated 1,553,816 (2022: 1,403,211) units for the settlement of unpaid base management fees.

14. Operating segments

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

All of the Group's reportable segments are investment properties located in Singapore, Adelaide and Perth-Australia, Kuala Lumpur-Malaysia, and others (consisting of one property each in Tokyo, Japan and Chengdu, China, respectively, as at 30 June 2023 (2022: two properties in Tokyo, Japan and one property in Chengdu, China)). The segments are as follows:

- Ngee Ann City Property
- Wisma Atria Property
- Australia Properties
- Malaysia Properties
- Other Properties

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

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

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

	Ngee Ann City Property (Singapore)		**Wisma Atria Property (Singapore)**		**Australia Properties (Australia)**		**Malaysia Properties (Malaysia)**		**Other Properties (Japan/China)**		**Total**	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
Group												
Revenue and expenses												
External revenue	64,269	63,368	51,307	49,857	39,751	42,802	28,763	25,837	3,682	4,570	187,772	186,434
Depreciation of plant and equipment	–	–	10	14	–	–	–	–	–	8	10	22
Reportable segment net property income	52,476	51,885	39,263	37,106	25,310	27,240	27,940	24,973	2,850	3,506	147,839	144,710
Other material non-cash items:												
Change in fair value of investment properties	(870)	1,346	(20,618)	(47,157)	(46,754)	(1,549)	2,451	(1,963)	280	(264)	(65,511)	(49,587)
Unallocated items:												
Finance income											1,707	387
Non-property expenses											(13,794)	(19,208)
Finance expenses											(39,501)	(37,849)
Change in fair value of derivative instruments											6,344	19,953
Foreign exchange loss											(1,291)	(2,358)
Total return for the year before tax											35,793	56,048
Income tax											(3,770)	(2,251)
Total return for the year											32,023	53,797

	Ngee Ann City Property (Singapore)		Wisma Atria Property (Singapore)		Australia Properties (Australia)		Malaysia Properties (Malaysia)		Other Properties (Japan/China)		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Group												
Assets and liabilities												
Reportable segment assets	1,130,911	1,131,964	828,735	839,593	358,677	423,222	391,730	421,083	61,490	80,245	2,771,543	2,896,107
Unallocated assets											88,748	101,318
Total assets											2,860,291	2,997,425
Reportable segment liabilities	(20,343)	(19,794)	(18,804)	(18,896)	(7,505)	(6,980)	(2,480)	(5,275)	(3,878)	(4,312)	(53,010)	(55,257)
Unallocated liabilities											(1,058,156)	(1,095,141)
Total liabilities											(1,111,166)	(1,150,398)
Other segmental information												
Capital expenditure	–	5	10,402	6,050	7,276	8,813	–	5,045	152	166	17,830	20,079
Non-current assets[1]	1,130,400	1,131,500	828,307	838,468	357,484	422,537	391,034	420,695	60,589	80,108	2,767,814	2,893,308

[1] Exclude derivative financial instruments.

Breakdown of sales

	Group 2023 $'000	Group 2022 $'000	Increase/ (Decrease) %
Gross revenue for six months from 1 July to 31 December	94,729	90,971	4.1%
Total return after tax for six months from 1 July to 31 December	49,483	45,517	8.7%
Gross revenue for six months from 1 January to 30 June	93,043	95,463	(2.5%)
Total return after tax for six months from 1 January to 30 June	(17,460)	8,280	NM

Geographical segments

The Group's operations and its identifiable assets are located in Singapore (consisting of Ngee Ann City Property and Wisma Atria Property), Adelaide and Perth-Australia (consisting of Myer Centre Adelaide, David Jones Building and Plaza Arcade), Kuala Lumpur-Malaysia (consisting of The Starhill and Lot 10 Property), and others (consisting of one property each in Tokyo, Japan and Chengdu, China, respectively, as at 30 June 2023 (2022: two properties in Tokyo, Japan and one property in Chengdu, China)). Accordingly, no geographical segmental analysis is separately presented.

15. Subsequent event

Subsequent to the year ended 30 June 2023, the Manager declared a distribution of 1.98 cents per unit in respect of the period from 1 January 2023 to 30 June 2023, which is payable on 29 August 2023.

16. Financial ratios

	Group	
	2023	**2022**
	%	**%**
Ratio of expenses to weighted average net assets [1]	1.02	1.02
Portfolio turnover rate [2]	1.04	-

(1) The ratios are computed in accordance with guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and exclude property related expenses, finance expenses and the performance component of the Manager's fees.

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

Other Information Required By Listing Rule Appendix 7.2

Other Information

1. General

The balance sheet and investment properties portfolio statement of Starhill Global Real Estate Investment Trust (the "Trust" or "Starhill Global REIT") and its subsidiaries (the "Group") and balance sheet of the Trust as at 30 June 2023 and the related statements of total return and distribution statements of the Group, and the statements of movement in unitholders' fund of the Group and the Trust, and the cash flow statement of the Group for the second half and full year then ended and certain explanatory notes have not been audited or reviewed.

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

Starhill Global REIT did not hold any treasury units and subsidiary holdings as at 30 June 2023 and 30 June 2022. The total number of issued units as at the end of the current year, and as at the end of the immediately preceding year are disclosed in Note 7 to the Financial Statements.

1(ii) 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. Review of performance of the Group

2.1 Statement of total return and distribution

	Group 01/01/23 to 30/06/23 $'000	Group 01/01/22 to 30/06/22 $'000	Increase / (Decrease) %	Group 01/07/22 to 30/06/23 $'000	Group 01/07/21 to 30/06/22 $'000	Increase / (Decrease) %
Gross revenue	**93,043**	**95,463**	**(2.5%)**	**187,772**	**186,434**	**0.7%**
Property expenses	(19,485)	(20,392)	(4.4%)	(39,933)	(41,724)	(4.3%)
Net property income	**73,558**	**75,071**	**(2.0%)**	**147,839**	**144,710**	**2.2%**
Non-property expenses	(28,381)	(27,150)	4.5%	(56,400)	(56,670)	(0.5%)
Net income before tax	**45,177**	**47,921**	**(5.7%)**	**91,439**	**88,040**	**3.9%**
Change in fair value of derivative instruments	(368)	12,368	NM	6,344	19,953	(68.2%)
Foreign exchange loss	(1,206)	(1,755)	(31.3%)	(1,291)	(2,358)	(45.3%)
Change in fair value of investment properties	(65,328)	(49,393)	32.3%	(65,511)	(49,587)	32.1%
Gain on divestment of investment property	4,812	-	NM	4,812	-	NM
Total return for the period/year before tax and distribution	**(16,913)**	**9,141**	**NM**	**35,793**	**56,048**	**(36.1%)**
Income tax	(547)	(861)	(36.5%)	(3,770)	(2,251)	67.5%
Total return for the period/year after tax, before distribution	**(17,460)**	**8,280**	**NM**	**32,023**	**53,797**	**(40.5%)**
Less: Amount reserved for distribution to perpetual securities holders	(1,909)	(1,909)	-	(3,850)	(3,850)	-
Non-tax chargeable items and other adjustments	64,734	40,750	58.9%	60,772	39,832	52.6%
Income available for distribution	**45,365**	**47,121**	**(3.7%)**	**88,945**	**89,779**	**(0.9%)**
Income to be distributed to unitholders	**44,666**	**45,257**	**(1.3%)**	**85,608**	**84,996**	**0.7%**

Financial performance – Second half year ended 30 June 2023 ("2H FY22/23") vs Second half year ended 30 June 2022 ("2H FY21/22")

Group revenue of $93.0 million in 2H FY22/23 was 2.5% lower than the $95.5 million achieved in the previous corresponding period. Net property income ("NPI") for the Group in 2H FY22/23 was $73.6 million, representing a decrease of 2.0% over the previous corresponding period. The decrease in NPI was mainly due to net movement in foreign currencies and the divestment of Daikanyama, partially offset by higher contributions from Singapore Properties.

Singapore Properties contributed 62.2% of total revenue, or $57.9 million in 2H FY22/23, 1.2% higher than in 2H FY21/22. NPI for 2H FY22/23 was $46.1 million, 2.2% higher than in 2H FY21/22, mainly due to the lower rental assistance, higher office occupancies and lower property tax during the current period, partially offset by lower rent at Wisma Atria Property (Retail).

Australia Properties contributed 20.8% of total revenue, or $19.3 million in 2H FY22/23, 7.5% lower than in 2H FY21/22. NPI for 2H FY22/23 was $12.5 million, 8.0% lower than in 2H FY21/22, mainly due to depreciation of A$ against S$ and lower rental contribution from David Jones Building, partially offset by higher rental contribution from Myer Centre Adelaide.

Malaysia Properties contributed 15.2% of total revenue, or $14.2 million in 2H FY22/23, 6.3% lower than in 2H FY21/22. NPI for 2H FY22/23 was $13.8 million, 6.3% lower than in 2H FY21/22, mainly due to depreciation of RM against S$.

Japan and China Properties contributed 1.8% of total revenue, or $1.6 million in 2H FY22/23, 26.1% lower than in 2H FY21/22. NPI for 2H FY22/23 was $1.2 million, 29.4% lower than in 2H FY21/22, mainly due to the divestment of Daikanyama, higher rental rebate provided for China Property, as well as depreciation of JPY and RMB against S$.

Non-property expenses were $28.4 million in 2H FY22/23, 4.5% higher than in 2H FY21/22, mainly in line with the higher finance costs incurred, partially offset by higher interest income on bank balances and fixed deposits during the current period.

The change in fair value of derivative instruments in 2H FY22/23 represents mainly the change in the fair value of interest rate swaps entered into for the Group's borrowings and foreign exchange forward contracts.

The net foreign exchange loss in 2H FY22/23 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 change in fair value of investment properties of $65.3 million represents mainly the net revaluation loss on the Group's investment properties in 2H FY22/23.

The gain on divestment of investment property represents the difference between net proceeds (including directly attributable costs) from divestment and the carrying amount of Daikanyama divested in January 2023.

The variance in income tax expenses was mainly in line with the lower net taxes in relation to the Malaysia Properties in 2H FY22/23.

Income available for distribution for 2H FY22/23 after deducting amount reserved for distribution to perpetual securities holders was $45.4 million, 3.7% lower than in 2H FY21/22. The decrease was mainly due to lower NPI including straight-lining adjustment and higher net finance costs. The income to be distributed to unitholders for 2H FY22/23 was $44.7 million, 1.3% lower than 2H FY21/22's income to be distributed. Approximately $0.7 million of income available for distribution for 2H FY22/23 has been retained for working capital requirements.

Financial performance – Year ended 30 June 2023 ("FY22/23") vs Year ended 30 June 2022 ("FY21/22")

Group revenue of $187.8 million in FY22/23 was 0.7% higher than the $186.4 million achieved in the previous corresponding period. NPI for the Group in FY22/23 was $147.8 million, representing an increase of 2.2% over the previous corresponding period. The increase in NPI was mainly due to the completion of asset enhancement works at The Starhill, lower rental assistance and higher contributions from Singapore Properties, partially offset by the divestment of Daikanyama and net movement in foreign currencies.

Singapore Properties contributed 61.6% of total revenue, or $115.6 million in FY22/23, 2.1% higher than in FY21/22. NPI for FY22/23 was $91.7 million, 3.1% higher than in FY21/22, mainly due to the lower rental assistance, higher office occupancies and lower property tax during the current period, partially offset by lower rent at Wisma Atria Property (Retail).

Australia Properties contributed 21.2% of total revenue, or $39.8 million in FY22/23, 7.1% lower than in FY21/22. NPI for FY22/23 was $25.3 million, 7.1% lower than in FY21/22, mainly due to depreciation of A$ against S$ and lower rental contribution from David Jones Building, partially offset by higher rental contribution from Myer Centre Adelaide.

Malaysia Properties contributed 15.3% of total revenue, or $28.8 million in FY22/23, 11.3% higher than in FY21/22. NPI for FY22/23 was $27.9 million, 11.9% higher than in FY21/22. The increase in revenue and NPI was mainly due to the cessation of rental rebates following the completion of asset enhancement works at The Starhill in December 2021, partially offset by depreciation of RM against S$.

Japan and China Properties contributed 1.9% of total revenue, or $3.7 million in FY22/23, 19.4% lower than in FY21/22. NPI for FY22/23 was $2.9 million, 18.7% lower than in FY21/22, mainly due to the divestment of Daikanyama, higher rental rebates provided for China Property, as well as depreciation of JPY and RMB against S$.

Non-property expenses were $56.4 million in FY22/23, 0.5% lower than in FY21/22, mainly in line with the lower management fees incurred, as well as higher interest income on bank balances and fixed deposits, partially offset by higher finance costs incurred during the current period.

The change in fair value of derivative instruments in FY22/23 represents mainly the change in the fair value of interest rate swaps entered into for the Group's borrowings and foreign exchange forward contracts.

The net foreign exchange loss in FY22/23 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 change in fair value of investment properties of $65.5 million represents mainly the net revaluation loss on the Group's investment properties in FY22/23.

The gain on divestment of investment property represents the difference between net proceeds (including directly attributable costs) from divestment and the carrying amount of Daikanyama divested in January 2023.

The variance in income tax expenses was mainly due to higher income tax for the Malaysia Properties, partially offset by lower withholding tax for the Malaysia and Australia Properties in FY22/23.

Income available for distribution for FY22/23 after deducting amount reserved for distribution to perpetual securities holders was $88.9 million, 0.9% lower than in FY21/22. The decrease was mainly due to higher income taxes, lower management fees paid/payable in units and higher net finance costs, partially offset by higher NPI. The income to be distributed to unitholders for FY22/23 was $85.6 million, 0.7% higher than FY21/22's income to be distributed. Approximately $3.3 million of income available for distribution for FY22/23 has been retained for working capital requirements.

2.2 Balance sheet (Please refer to Page FS2)

Financial position – 30 June 2023 vs 30 June 2022

(a) Investment properties (including right-of-use assets) decreased mainly due to downward revaluation of the Australia Properties (expansion of capitalisation rates and softening of rent) and Wisma Atria Property (Retail) (higher operating costs and stamp duty) in June 2023, net movement in foreign currencies in relation to the overseas properties and divestment of Daikanyama in January 2023, partially offset by capital expenditure incurred during the current period. The geographic breakdown of the portfolio by asset value as at 30 June 2023 was as follows: Singapore 70.8%, Malaysia 14.1%, Australia 12.9%, Japan 1.3%, and China 0.9%.

(b) The variance in the Trust's interests in subsidiaries was mainly due to capital redemptions, impairment loss on the Trust's investment in Australia and net movement in foreign currencies, partially offset by net capital injections during the current period.

(c) Derivative financial instruments as at 30 June 2023 include mainly the fair value of the interest rate swaps 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 S$ and A$ interest rate swaps during the current period.

(d) Trade and other receivables increased mainly in line with higher receivables for Malaysia Properties and China Property as at 30 June 2023.

(e) Cash and cash equivalents decreased mainly due to payment of distributions, capital expenditure, as well as net movement in borrowings and related costs. This was partially offset by cash generated from operations and net proceeds from divestment of Daikanyama during the current period.

(f) Trade and other payables decreased mainly due to lower payables and accrued expenses for Malaysia Properties, as well as lower security deposits for the Group. This was partially offset by higher interest accruals for the Group, as well as higher payables and accrued expenses for Australia Properties and China Property as at 30 June 2023.

(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) As at 30 June 2023, the Group's aggregate leverage ratio is 36.7% and interest coverage ratio and adjusted interest coverage ratio (taking into account the distribution on perpetual securities) based on trailing 12 months interest expenses as at 30 June 2023 is approximately 3.4 times and 3.1 times respectively. The net decrease in total borrowings was mainly due to the redemption of $125 million MTN, prepayment of JPY1.89 billion ($17.8 million) and A$63 million ($56.6 million) borrowings, as well as net movement in foreign currencies. This was partially offset by the drawdown of $125 million and A$63 million ($56.6 million) term loan facilities, as well as net RCF drawdown of $3 million during the current period.

The Group has sufficient undrawn long-term committed RCF of $300 million as at 30 June 2023 to cover the net current liabilities of the Trust.

(i) Income tax payable decreased mainly due to the reversal of tax provision for the Trust's investment in Japan during the current period.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Trust has not disclosed any forecast to the market.

4. A commentary at the date of the announcement of 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 operating period and the next 12 months

Global economic growth is projected to slow down from an estimated 3.4% in 2022 to 2.8% in 2023[1]. The ongoing Russia-Ukraine conflict, financial sector turmoil, elevated inflationary pressures and geopolitical tensions are likely to contribute to the slowdown in the global economy.

Singapore's Gross Domestic Product (GDP) expanded by 0.7% y-o-y[2] in 2Q 2023, faster than the 0.4% y-o-y expansion in 1Q 2023. Despite global headwinds, Singapore saw an expansion in almost all sectors, led by construction at 6.6% y-o-y, and accommodation & food services, real estate, administrative & support services and other services at 6.1% y-o-y. However, the manufacturing sector saw a y-o-y decline of 7.5%. The retail sales index[3] (excluding motor vehicles) contracted by 6.2% y-o-y in May 2023.

Visitor arrivals continued to pick up since the reopening of borders in 2022, with visitor arrivals in 1H 2023 totalling 6,280,970, a 317.8% y-o-y increase over the same period in 2022[4], reaching 99.6% of 2022's full year tourist arrivals. However, this is still 67.4% of the pre-pandemic levels in 1H 2019[4].

Prime rents in Orchard Road grew by 2.9% y-o-y in 2Q 2023[5], recovering from the pandemic-induced border closures, which led to four consecutive quarters of growth since 3Q 2022.

In the office rental market, Grade A Core CBD office rents increased by 4.4% y-o-y in 2Q 2023[5], on the back of tight vacancy and limited future supply. Grade B Core CBD rents have also increased 4.9% y-o-y in the same period[5]. With limited pipeline supply and flight-to-quality movement, rent expectations, especially for Grade A Core CBD, are likely to hold stable in 2H 2023[5].

Australia's GDP grew 2.3%[6] y-o-y in 1Q 2023. Persistent high inflation in Australia has resulted in the Reserve Bank of Australia increasing the cash rate by 400 basis points since May 2022[7], most recently in June 2023 to 4.1%. Rising interest rates may impact retail spending, particularly discretionary consumer categories. Retail trade moderated to 4.2% y-o-y growth in May 2023 compared to the 7.5% y-o-y growth in December 2022[6].

Similar to Singapore, a 'flight to quality' trend has been witnessed across Australia, with retailers prioritising location and asset quality. As such, Adelaide's CBD prime net effective rents increased 3.1%[8] y-o-y while secondary net effective rents decreased 1.8%[8] y-o-y in 2Q 2023. Adelaide's CBD retail vacancy has tightened to 12.4%, coming off a peak of 17% in June 2022.

CBRE's June 2023 survey indicated that Perth CBD retail vacancy rates have improved over the past 12 months but remained elevated at 25.0%[8], with Perth's CBD retail prime and secondary net effective rents remaining stable y-o-y in 2Q 2023 after seeing a major correction during the pandemic. Given the increased uncertainty in the economic outlook, the retail market is expected to remain under pressure, with higher interest rates and increased cost of living likely to weigh on discretionary consumer spending[8].

As announced by the Manager on 23 March 2023, The Trust Company (Australia) Limited as trustee of SG REIT (SA) Sub-Trust2 received a notice of arbitration regarding the lease to Myer Pty Ltd at Myer Centre Adelaide (the "Myer Lease"). Myer Centre Adelaide's valuation of $202.1 million accounted for approximately 7.3% of Starhill Global REIT's total portfolio valuation as at 30 June 2023. The Myer Lease (annual revenue of approximately $13.5 million) contributed approximately 7.2% and 9.1% of Starhill Global REIT's total portfolio revenue and net property income respectively for the financial year ended 30 June 2023. The arbitration claim is at an early stage and the Manager will provide further updates as and when there are any material developments.

Malaysia's GDP grew 5.6% y-o-y in 1Q 2023, driven mainly by domestic demand, improvement in the labour market and inbound tourism recovery[9]. Retail Group Malaysia reported retail sales growth of 13.8% y-o-y in 1Q 2023, backed by the Chinese New Year festival and school holidays. However, the Consumer Sentiment Index fell to 99.2 points from 105.3 in 4Q 2022, due to concerns on rising living costs and future job prospects[10]. Nonetheless, moderate improvement in the retail market is expected alongside challenges on labour shortage and rising prices of retail goods. Although mall occupancy has moderated throughout 2022 and into 1Q 2023, with a 1.9 percentage points y-o-y contraction to 80.4% in 1Q 2023, demand for brick-and-mortar venues is expected to remain stable[11].

Building on our portfolio of quality assets, we continue to focus on maintaining healthy portfolio occupancy and delivering sustainable return. Whilst expenses are expected to increase on the back of rising interest rates, the impact is partly mitigated by our fixed and/or hedged debts which accounted for 84% of total borrowings as at 30 June 2023. We continue to exercise prudence in our capital management approach as gearing remained stable at 36.7% as at 30 June 2023. Liquidity is also healthy with interest coverage ratio of 3.4 times based on trailing 12 months' interest expenses as at 30 June 2023 and there is no term debt refinancing requirement until September 2024. While the world is progressively coming out of the pandemic, geopolitical risk coupled with elevated inflation and interest rate could also alter the global business dynamics and elevate economic risks.

Sources

[1] International Monetary Fund.
[2] Ministry of Trade and Industry, Advanced Estimates, GDP In Chained (2015) Dollars, Seasonally Adjusted.
[3] Retail Sales Index, (2017 = 100), In Chained Volume Terms, Monthly, Seasonally Adjusted.
[4] Singstats, Singapore Tourist Arrivals, 1H 2023.
[5] CBRE Singapore.
[6] Australian Bureau of Statistics.
[7] Reserve Bank of Australia.
[8] CBRE Australia Research.
[9] Bank Negara Malaysia, 1Q 2023.
[10] Retail Group Malaysia, June 2023.
[11] CBRE | WTW.

5. Distribution

5(a) Current financial period

Any distributions declared for current financial period:	Yes
Name of distribution:	Distribution for the period from 1 January 2023 to 30 June 2023

Distribution rate:

	Unitholders' Distribution
	For the period from 1 January 2023 to 30 June 2023
	Cents
Taxable income component	1.62
Tax-exempt income component	0.36
Total	1.98

Par value of units:	Not applicable
Tax Rate:	<u>Taxable income component</u> 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). <u>Tax-exempt income component</u> Tax-exempt income component is exempt from tax in the hands of all unitholders.

5(b) Corresponding period of the immediately preceding financial period

Any distributions declared for current financial period:	Yes
Name of distribution:	Distribution for the period from 1 January 2022 to 30 June 2022

Distribution rate:

	Unitholders' Distribution
	For the period from 1 January 2022 to 30 June 2022
	Cents
Taxable income component	1.56
Tax-exempt income component	0.46
Total	2.02

DRP has been applied to the above distribution for the period from 1 January 2022 to 30 June 2022.

Par value of units:	Not applicable
Tax Rate:	<u>Taxable income component</u> 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). <u>Tax-exempt component</u> Tax-exempt income component is exempt from tax in the hands of all unitholders.

5(c) Date payable: 29 August 2023

5(d) Record date: 4 August 2023

5(e) Distribution policy

Starhill Global REIT's current distribution policy is to distribute on a semi-annual basis at least 90% of Starhill Global REIT's taxable income to its unitholders or any other minimum level as allowed under the tax ruling issued by Inland Revenue Authority of Singapore (as may be updated from time to time), with the actual level of distribution to be determined at the discretion of the Manager, having regard to funding requirements, operations and debt repayments, other capital management considerations, and the overall stability of distributions.

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

Not applicable.

7. If the Group has obtained a general mandate from unitholders for IPTs, the aggregate value of each transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

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

8. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial unitholder of the issuer pursuant to Rule 704(13)

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Manager confirms that there is no person occupying a managerial position in the Manager or in any principal subsidiaries of the Manager or Starhill Global REIT who is a relative of a director, chief executive officer, substantial shareholder of the Manager or substantial unitholder of Starhill Global REIT for the year ended 30 June 2023.

9. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of the Manager confirms that it has procured undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

10. 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 six months ended 30 June 2023:

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); and
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.

This document may contain forward-looking statements that involve assumptions, 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, outbreak of contagious diseases or pandemic, interest rate and foreign exchange trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

By Order of the Board
YTL Starhill Global REIT Management Limited
As Manager of Starhill Global Real Estate Investment Trust

Ivy Soh
Joint Company Secretary
Singapore
27 July 2023