The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred as well as current tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The Inland Revenue Authority of Singapore has issued a tax ruling dated 20 May 2005 ("Tax Ruling") on the taxation of the Trust for income earned and expenditure incurred after its listing on the SGX-ST. Subject to meeting the terms and conditions of the Tax Ruling, the Trustee will not be assessed to tax on the taxable income of the Trust. Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate from the distributions made to unitholders that are made out of the taxable income of the Trust. However, where the beneficial owners are individuals or qualifying unitholders, the Trustee and the Manager will make the distributions to such unitholders without deducting any income tax. Also, where the beneficial owners are foreign non-individual unitholders or foreign funds, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for such distributions.

A qualifying unitholder is a unitholder who is:

(i) a Singapore-incorporated company which is a tax resident in Singapore;

(ii) a body of persons, other than a company or a partnership, registered or constituted in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club and a trade and industry association);

(iii) a Singapore branch of a foreign company;

(iv) an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); or

(v) a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

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

(i) who does not have a permanent establishment in Singapore; or

(ii) who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used to acquire the units are not obtained from that operation in Singapore.

A foreign fund is one who is a non-resident fund that qualifies for tax exemption under Section 13CA, 13X or 13Y of the Income Tax Act for income tax purposes and:

(i) who does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or

(ii) who carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the units are not obtained from that operation.

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

(i) dividends;

(ii) interest on shareholder's loans; and

(iii) foreign-sourced trust distribution

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

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

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

3.14 Segment reporting

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

4. Investment properties

	Group $'000	Trust $'000
At 1 July 2017	3,136,315	2,147,000
Additions and straight-line rental adjustments	15,294	1,496
Divestment	(5,059)	–
Change in fair value of investment properties	(22,669)	(1,496)
Translation differences	(5,543)	–
At 30 June 2018	3,118,338	2,147,000
Additions, straight-line rental and other adjustments	9,338	1,041
Change in fair value of investment properties	(20,315)	(32,041)
Translation differences	(42,500)	–
At 30 June 2019	3,064,861	2,116,000

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

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

As at 30 June 2019, investment properties with a carrying value of approximately $813.9 million (2018: $829.9 million) are mortgaged to secure credit facilities for the Group (Note 12).

Fair value hierarchy

The Group's investment properties are valued based on unobservable inputs and classified in Level 3 of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 24.

The following table shows the key unobservable inputs used in the valuation models of the investment properties as at 30 June 2019:

Investment properties	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commercial properties for leasing	• Capitalisation rates from 3.70% to 6.88% (2018: from 3.75% to 7.00%) • Discount rates from 3.50% to 8.50% (2018: from 3.60% 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. Plant and equipment

	Group $'000	Trust $'000
Cost:		
At 1 July 2017	1,988	790
Disposal/write off	(124)	–
Translation differences	16	–
At 30 June 2018	1,880	790
Additions	1	–
Disposal/write-off	(958)	–
Translation differences	(39)	–
At 30 June 2019	884	790
Accumulated depreciation:		
At 1 July 2017	(1,929)	(790)
Depreciation charge	(12)	–
Disposal/write off	118	–
Translation differences	(15)	–
At 30 June 2018	(1,838)	(790)
Depreciation charge	(15)	–
Disposal/write-off	958	–
Translation differences	37	–
At 30 June 2019	(858)	(790)
Carrying amount:		
At 1 July 2017	59	–
At 30 June 2018	42	–
At 30 June 2019	26	–

6. Interests in subsidiaries

	Trust 2019 $'000	Trust 2018 $'000
Equity investments at cost	480,446	484,538
Less: allowance for impairment loss	(34,400)	(33,400)
	446,046	451,138
Loans to subsidiaries	197,869	206,086
Less: allowance for impairment loss	(67,000)	(67,000)
	130,869	139,086
	576,915	590,224

Loans to subsidiaries are unsecured and include an interest-free portion of approximately $8.3 million (2018: $8.3 million). Loans to subsidiaries are measured at amortised cost, where the carrying amounts approximate their fair values and the settlement of these amounts is neither planned nor likely to occur in the foreseeable future.

The Manager has reassessed for impairment by comparing the recoverable amount of the Trust's interests in subsidiaries against the carrying amount of the Trust's interests in subsidiaries. The recoverable amount was estimated based on the fair value of the subsidiaries' net assets as at the reporting date, which is classified in Level 3 of the fair value hierarchy. As the recoverable amount was lower than the net carrying amount of the Trust's interests in these subsidiaries, an impairment loss of $1.0 million (2018: $1.4 million) was recognised for the year ended 30 June 2019. The impairment on the net carrying amount of the loans to subsidiaries has been measured on the 12-month expected credit loss basis.

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

	Trust 2019 $'000	Trust 2018 $'000
At 1 July	(100,400)	(99,000)
Impairment loss recognised	(1,000)	(1,400)
At 30 June	(101,400)	(100,400)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective interest 2019 %	Effective interest 2018 %
Starhill Global REIT Japan SPC One Pte Ltd (1)	Singapore	100	100
Starhill Global REIT Japan SPC Two Pte Ltd (1)	Singapore	100	100
Starhill Global REIT MTN Pte Ltd (1)	Singapore	100	100
SG REIT (M) Pte Ltd (1)	Singapore	100	100

Name of subsidiary	Country of incorporation	Effective interest 2019 %	2018 %
SG REIT (WA) Pte Ltd [1]	Singapore	100	100
Starhill Global REIT One TMK [2]	Japan	100	100
Starhill Global ML K.K. [3]	Japan	100	100
Top Sure Investment Limited [4]	Hong Kong	100	100
Chengdu Xin Hong Management Co., Ltd [2]	China	100	100
SG REIT (WA) Trust [2]	Australia	100	100
SG REIT (WA) Sub-Trust1 [2]	Australia	100	100
SG REIT (SA) Sub-Trust2 [2]	Australia	100	100
Ara Bintang Berhad [2]	Malaysia	100	100

(1) Audited by KPMG LLP
(2) Audited by other member firms of KPMG International
(3) Not required to be audited by the laws of the country of incorporation
(4) Audited by other auditors

7. Derivative financial instruments

	2019		2018	
Group	**Contract notional amount $'000**	**Fair value $'000**	**Contract notional amount $'000**	**Fair value $'000**
Non-current assets				
Interest rate swaps and caps	79,200	–[1]	352,700	1,964
Current assets				
Interest rate swaps and caps	–	–	263,500	157
Foreign exchange forwards	10,500	302	4,400	87
	10,500	302	267,900	244
	89,700	302	620,600	2,208
Non-current liabilities				
Interest rate swaps	572,300	11,432	246,100	1,242
Current liabilities				
Interest rate swaps	–	–	113,500	157
Foreign exchange forwards	–	–	5,300	42
	–	–	118,800	199
	572,300	11,432	364,900	1,441

	2019		2018	
	Contract notional amount $'000	**Fair value $'000**	**Contract notional amount $'000**	**Fair value $'000**
Trust				
Non-current assets				
Interest rate swaps and caps	79,200	– [(1)]	352,700	1,964
Current assets				
Interest rate swaps and caps	–	–	200,000	157
Foreign exchange forwards	10,500	302	3,000	85
	10,500	302	203,000	242
	89,700	302	555,700	2,206
Non-current liabilities				
Interest rate swaps	375,000	4,685	100,000	453
Current liabilities				
Interest rate swaps	–	–	50,000	80
Foreign exchange forwards	–	–	1,600	5
	–	–	51,600	85
	375,000	4,685	151,600	538

(1) Amount less than $1,000.

The Group has entered into various derivative transactions under International Swaps and Derivatives Association Master Agreements ("ISDA Master Agreements") with various bank counterparties. The derivative financial instruments presented above are not offset in the balance sheet as the right of set-off of recognised amounts is enforceable only following the occurrence of a termination event as set out in such ISDA Master Agreements. Upon the occurrence of a termination event resulting in the set-off of related derivatives in the balance sheet, the impact would be approximately $0.3 million decrease (2018: $0.3 million decrease) in both derivative assets and liabilities of the Group and Trust.

As at 30 June 2019 and 30 June 2018, the Group's derivative financial assets and liabilities are not subject to an election for netting of payments under the enforceable master netting arrangements. The Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The net fair value of the derivative financial instruments represents 0.58% (2018: 0.04%) and 0.24% (2018: 0.09%) of the Group's and Trust's unitholders' funds as at 30 June 2019. The Group's and the Trust's contractual maturities analysis for derivative financial liabilities is disclosed in Note 12.

8. Trade and other receivables

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current				
Trade receivables	1,521	1,629	229	208
Deposits	250	284	250	284
Other receivables	1,450	1,605	4,111	2,153
	3,221	3,518	4,590	2,645
Prepayments	625	673	281	284
	3,846	4,191	4,871	2,929

Concentration of credit risk relating to trade receivables is limited due to the Group's and the Trust's varied mix of tenants and credit policy of obtaining security deposits from tenants for leasing the Group's and the Trust's investment properties, where applicable. As at 30 June 2019, the Group and the Trust have security deposits of approximately $30.7 million (2018: $31.3 million) and $24.3 million (2018: $24.5 million) respectively (Note 10).

There is no impairment loss arising from the Group's and the Trust's deposits and other receivables balances, none of which are past due at the reporting date. Included in other receivables of the Trust are interest income receivable from its subsidiaries of approximately $3.5 million (2018: $1.6 million) as at 30 June 2019.

The maximum exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date by geographic region was:

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Singapore	1,099	1,067	4,590	2,645
Australia	1,638	2,009	–	–
Malaysia	295	272	–	–
Others	189	170	–	–
	3,221	3,518	4,590	2,645

Impairment losses

The ageing of trade receivables at the reporting date was:

	Gross	Impairment losses	Gross	Impairment losses
	2019	2019	2018	2018
	$'000	$'000	$'000	$'000
Group				
Not past due	612	(36)	650	(123)
Past due 0 – 30 days	291	(73)	237	(34)
Past due 31 – 120 days	220	(92)	408	(89)
More than 120 days	1,117	(518)	1,004	(424)
	2,240	(719)	2,299	(670)

	Gross 2019 $'000	Impairment losses 2019 $'000	Gross 2018 $'000	Impairment losses 2018 $'000
Trust				
Not past due	265	(36)	331	(123)
Past due 0 – 30 days	73	(73)	34	(34)
Past due 31 – 120 days	70	(70)	37	(37)
More than 120 days	37	(37)	222	(222)
	445	(216)	624	(416)

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

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
At 1 July	(670)	(416)	(416)	(228)
Impairment loss recognised	(939)	(379)	(163)	(235)
Utilised	862	111	363	47
Translation differences	28	14	–	–
At 30 June	(719)	(670)	(216)	(416)

The Group's and the Trust's historical experience in the collection of trade receivables falls largely within the recorded allowances. Due to these factors and evaluations performed, the Manager believes that, apart from the above, no additional significant credit risk beyond amounts provided for collection losses is inherent in the Group's and the Trust's remaining trade receivables as these are partially covered by security deposits, bank guarantees and allowance for impairment.

9. Cash and cash equivalents

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash at bank and in hand	36,759	46,701	11,043	20,420
Fixed deposits with financial institutions	36,187	20,029	474	–
	72,946	66,730	11,517	20,420

10. Trade and other payables

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Security deposits [1]	26,581	22,460	20,467	20,549
	26,581	22,460	20,467	20,549
Current				
Trade payables	4,718	4,327	3,686	3,428
Accrued expenses	5,955	6,963	1,782	2,237
Amounts due to:				
- the Manager [2]	2,652	2,757	2,652	2,757
- the Property Manager [2]	705	708	705	708
- the Trustee [2]	80	123	80	123
Interest payable	3,320	3,332	2,651	2,554
Deferred income	524	515	262	285
Security deposits [1]	4,084	8,870	3,790	3,924
Other payables	10,453	11,038	8,203	8,291
	32,491	38,633	23,811	24,307
	59,072	61,093	44,278	44,856

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

(2) The amounts due to the Manager, Property Manager and Trustee are mainly trade in nature, unsecured and interest free.

The Group's and the Trust's exposure to liquidity and currency risks related to trade and other payables are disclosed in Notes 12 and 24.

11. Deferred tax liabilities

	Group	
	2019	**2018**
	$'000	**$'000**
Deferred tax liabilities [1]	6,168	6,336

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

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

	At 1 July $'000	Recognised in statement of total return (Note 21) $'000	Translation differences $'000	At 30 June $'000
Group				
2019				
Deferred tax liabilities				
Investment properties	6,336	108	(276)	6,168
2018				
Deferred tax liabilities				
Investment properties	6,748	(506)	94	6,336

12. Borrowings

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current				
Secured borrowings	197,340	257,255	–	–
Unsecured borrowings	810,014	813,292	801,494	804,933
Unamortised loan acquisition expenses	(3,083)	(3,616)	(2,457)	(2,979)
	1,004,271	1,066,931	799,037	801,954
Current				
Secured borrowings	107,848	63,479	–	–
Unsecured borrowings	20,000	–	20,000	–
Unamortised loan acquisition expenses	(11)	(81)	–	–
	127,837	63,398	20,000	–
Total borrowings (net of borrowing costs)	1,132,108	1,130,329	819,037	801,954

The contractual terms of the Group's and the Trust's borrowings, which are measured at amortised cost are disclosed below. The Group's and the Trust's exposure to interest rate, currency and liquidity risks, is disclosed in Note 24.

Reconciliation of liabilities arising from financing activities

	Borrowings $'000	Interest payable $'000	Net derivative financial (assets)/ liabilities $'000	Total $'000
Group				
Balance at 1 July 2017	1,134,278	3,223	3,879	1,141,380
Changes from financing cash flows				
Borrowing costs paid	(3,427)	(32,418)	(3,249)	(39,094)
Proceeds from borrowings	482,000	–	–	482,000
Repayment of borrowings	(480,791)	–	–	(480,791)
Total changes from financing cash flows	(2,218)	(32,418)	(3,249)	(37,885)
Other changes				
Effects of exchange rate differences	(4,368)	–	(25)	(4,393)
Change in fair value of derivative instruments	–	–	(4,467)	(4,467)
Amortisation of loan acquisition expenses	2,637	–	–	2,637
Finance expenses	–	32,527	3,095	35,622
Total other changes	(1,731)	32,527	(1,397)	29,399
Balance at 30 June 2018	1,130,329	3,332	(767)	1,132,894
Balance at 1 July 2018	1,130,329	3,332	(767)	1,132,894
Changes from financing cash flows				
Borrowing costs paid	(645)	(35,911)	(1,203)	(37,759)
Proceeds from borrowings	81,600	–	–	81,600
Repayment of borrowings	(65,879)	–	–	(65,879)
Total changes from financing cash flows	15,076	(35,911)	(1,203)	(22,038)
Other changes				
Effects of exchange rate differences	(14,813)	–	(114)	(14,927)
Change in fair value of derivative instruments	–	–	11,932	11,932
Amortisation of loan acquisition expenses	1,516	–	–	1,516
Finance expenses	–	35,899	1,282	37,181
Total other changes	(13,297)	35,899	13,100	35,702
Balance at 30 June 2019	1,132,108	3,320	11,130	1,146,558

Terms and debt repayment schedule

Terms and conditions of the outstanding borrowings were as follows:

	Currency	Nominal interest rate per annum %	Year of maturity	Face value $'000	Carrying amount $'000
2019					
Group					
JPY term loan facility (1)	JPY	0.85	2020	46,494	46,494
SGD term loan facilities (1)	SGD	2.49 – 2.93	2021 & 2022	460,000	460,000
SGD revolving credit facilities (1) (2)	SGD	2.20 – 2.85	2020, 2022 & 2024	20,000	20,000
Singapore MTNs (3)	SGD	3.14 – 3.50	2021, 2023 & 2026	295,000	295,000
Japan bond (4)	JPY	0.57	2021	8,520	8,520
Australia loans (5)	A$	2.90 – 3.82	2021 & 2023	197,340	197,340
Malaysia MTN (6)	RM	4.48	2019	107,910	107,848
				1,135,264	1,135,202
Trust					
JPY term loan facility (1)	JPY	0.85	2020	46,494	46,494
SGD term loan facilities (1)	SGD	2.49 – 2.93	2021 & 2022	460,000	460,000
SGD revolving credit facilities (1) (2)	SGD	2.20 – 2.85	2020, 2022 & 2024	20,000	20,000
Intercompany loans (3)	SGD	3.14 – 3.50	2021, 2023 & 2026	295,000	295,000
				821,494	821,494
2018					
Group					
JPY term loan facility (1)	JPY	0.85	2020	49,933	49,933
SGD term loan facilities (1)	SGD	1.72 – 2.59	2021 & 2022	460,000	460,000
SGD revolving credit facilities (1)	SGD	1.34 – 2.21	2019 & 2022	–	–
Singapore MTNs (3)	SGD	3.14 – 3.50	2021, 2023 & 2026	295,000	295,000
Japan bond (4)	JPY	0.56 – 0.57	2021	8,359	8,359
Australia loans (5)	A$	2.94 – 3.83	2019 & 2021	209,581	209,581
Malaysia MTN (6)	RM	4.48	2019	111,524	111,153
				1,134,397	1,134,026
Trust					
JPY term loan facility (1)	JPY	0.85	2020	49,933	49,933
SGD term loan facilities (1)	SGD	1.72 – 2.59	2021 & 2022	460,000	460,000
SGD revolving credit facilities (1)	SGD	1.34 – 2.21	2019 & 2022	–	–
Intercompany loans (3)	SGD	3.14 – 3.50	2021, 2023 & 2026	295,000	295,000
				804,933	804,933

(1) The Group has in place the following unsecured loan facilities as at 30 June 2019, comprising:

(i) four-year and five-year unsecured loan facilities with a club of seven banks at inception, comprising (a) term loan of $200 million (maturing in September 2021), (b) term loan of $260 million (maturing September 2022) and (c) $240 million committed revolving credit facilities (maturing in September 2022) (2018: $240 million revolving credit facilities including a $50 million uncommitted tranche at inception). There is no amount outstanding under the above revolving credit facilities as at the reporting date.

(ii) five-year unsecured term loan facilities comprising balance of JPY3.7 billion ($46.5 million) (2018: JPY4.05 billion ($49.9 million)) (maturing in July 2020) with two banks.

The interest rate on the above unsecured loan facilities was largely hedged using a combination of interest rate swaps and caps as at 30 June 2019.

(2) The Group has in place three-year unsecured and committed revolving credit facilities of $80 million (maturing in March 2022) with two banks, of which $10 million is outstanding as at 30 June 2019. In addition, the Group has outstanding $10 million (2018: $Nil) from its other unsecured revolving credit facilities as at 30 June 2019.

(3) The Group has outstanding medium term notes ("MTN") of $295 million (2018: $295 million) as at 30 June 2019 issued by Starhill Global REIT MTN Pte Ltd under its $2 billion multicurrency MTN programme, comprising:

(i) $100 million unsecured seven-year Singapore MTN (the "Series 002 Notes") (issued in February 2014 and maturing in February 2021) which bear a fixed rate interest of 3.50% per annum payable semi-annually in arrears.

(ii) $125 million unsecured eight-year Singapore MTN (the "Series 003 Notes") (issued in May 2015 and maturing in May 2023) which bear a fixed rate interest of 3.40% per annum payable semi-annually in arrears.

(iii) $70 million unsecured 10-year Singapore MTN (the "Series 004 Notes") (issued in October 2016 and maturing in October 2026) which bear a fixed rate interest of 3.14% per annum payable semi-annually in arrears.

The proceeds from the above issuances were extended as intercompany loans to the Trust at the same repayment terms.

(4) At the reporting date, the Group has JPY678 million ($8.5 million) (2018: JPY678 million ($8.4 million)) Japan bond outstanding and maturing in August 2021. Whilst no security has been pledged, the bondholders of the Japan bond have a statutory preferred right, under the Japan Asset Liquidation Law, to receive payment of all obligations under the Japan bond prior to other creditors out of the assets of the issuer (Starhill Global REIT One TMK).

(5) The Group has outstanding term loans of A$208 million (approximately $197.3 million) (2018: A$208 million ($209.6 million)) as at 30 June 2019, comprising:

(i) A$63 million ($59.8 million) (2018: A$63 million ($63.5 million)) (maturing in July 2023) loan which was hedged via interest rate swaps and is secured by a general security deed over all the assets of SG REIT (WA) Trust and a mortgage over David Jones Building.

(ii) A$145 million ($137.6 million) (2018: A$145 million ($146.1 million)) (maturing in November 2021) loan which was hedged via interest rate swaps and is secured by a general security deed over all the assets of SG REIT (SA) Sub-Trust2 and a mortgage over Myer Centre Adelaide.

(6) The Group has outstanding five-year fixed-rate senior medium term notes of a nominal value of RM330 million ("Senior MTN") issued at a discounted cash consideration of approximately RM325 million. The Senior MTN bear a fixed coupon rate of 4.48% per annum and have a carrying amount of approximately RM329.8 million ($107.8 million) (2018: RM328.9 million ($111.2 million)) as at 30 June 2019. The notes have an expected maturity in September 2019 and legal maturity in March 2021, and are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad.

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

	Note	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Within 1 to 5 years $'000	Cash flows: After 5 years $'000
Group						
2019						
Non-derivative financial liabilities						
JPY term loan facility	12	46,494	(46,928)	(402)	(46,526)	–
SGD term loan facilities	12	460,000	(496,258)	(12,865)	(483,393)	–
SGD revolving credit facilities	12	20,000	(20,032)	(20,032)	–	–
Singapore MTNs	12	295,000	(335,521)	(9,975)	(250,048)	(75,498)
Japan bond	12	8,520	(8,630)	(49)	(8,581)	–
Australia loans	12	197,340	(213,562)	(5,348)	(208,214)	–
Malaysia MTN	12	107,848	(109,129)	(109,129)	–	–
Trade and other payables	10	58,548	(61,796)	(32,037)	(17,353)	(12,406)
		1,193,750	(1,291,856)	(189,837)	(1,014,115)	(87,904)
Derivative financial liabilities						
Interest rate swaps	7	11,432	–	–	–	–
- inflow		–	26,585	9,374	17,211	–
- outflow		–	(35,140)	(12,191)	(22,949)	–
		11,432	(8,555)	(2,817)	(5,738)	–
		1,205,182	(1,300,411)	(192,654)	(1,019,853)	(87,904)
2018						
Non-derivative financial liabilities						
JPY term loan facility	12	49,933	(50,753)	(4,711)	(46,042)	–
SGD term loan facilities	12	460,000	(504,815)	(11,719)	(493,096)	–
Singapore MTNs	12	295,000	(345,469)	(9,948)	(257,819)	(77,702)
Japan bond	12	8,359	(8,516)	(48)	(8,468)	–
Australia loans	12	209,581	(228,000)	(68,835)	(159,165)	–
Malaysia MTN	12	111,153	(117,779)	(4,996)	(112,783)	–
Trade and other payables	10	60,578	(63,748)	(38,386)	(16,932)	(8,430)
		1,194,604	(1,319,080)	(138,643)	(1,094,305)	(86,132)
Derivative financial liabilities						
Interest rate swaps	7	1,399	–	–	–	–
- inflow		–	19,500	6,314	13,186	–
- outflow		–	(23,909)	(7,489)	(16,420)	–
Foreign exchange forwards	7	42	–	–	–	–
- inflow		–	5,270	5,270	–	–
- outflow		–	(5,334)	(5,334)	–	–
		1,441	(4,473)	(1,239)	(3,234)	–
		1,196,045	(1,323,553)	(139,882)	(1,097,539)	(86,132)

	Note	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 1 to 5 years $'000	After 5 years $'000
Trust						
2019						
Non-derivative financial liabilities						
JPY term loan facility	12	46,494	(46,928)	(402)	(46,526)	–
SGD term loan facilities	12	460,000	(496,258)	(12,865)	(483,393)	–
SGD revolving credit facilities	12	20,000	(20,032)	(20,032)	–	–
Intercompany loans	12	295,000	(335,521)	(9,975)	(250,048)	(75,498)
Trade and other payables	10	44,016	(46,600)	(23,619)	(15,566)	(7,415)
		865,510	(945,339)	(66,893)	(795,533)	(82,913)
Derivative financial liabilities						
Interest rate swaps	7	4,685	–	–	–	–
- inflow		–	19,142	6,891	12,251	–
- outflow		–	(21,791)	(7,671)	(14,120)	–
		4,685	(2,649)	(780)	(1,869)	–
		870,195	(947,988)	(67,673)	(797,402)	(82,913)
2018						
Non-derivative financial liabilities						
JPY term loan facility	12	49,933	(50,753)	(4,711)	(46,042)	–
SGD term loan facilities	12	460,000	(504,815)	(11,719)	(493,096)	–
Intercompany loans	12	295,000	(345,469)	(9,948)	(257,819)	(77,702)
Trade and other payables	10	44,571	(47,426)	(24,089)	(15,222)	(8,115)
		849,504	(948,463)	(50,467)	(812,179)	(85,817)
Derivative financial liabilities						
Interest rate swaps	7	533	–	–	–	–
- inflow		–	6,959	1,789	5,170	–
- outflow		–	(10,211)	(2,616)	(7,595)	–
Foreign exchange forwards	7	5	–	–	–	–
- inflow		–	1,609	1,609	–	–
- outflow		–	(1,619)	(1,619)	–	–
		538	(3,262)	(837)	(2,425)	–
		850,042	(951,725)	(51,304)	(814,604)	(85,817)

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

13. Unitholders' funds

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Net assets attributable to unitholders [1]	2,002,941	2,034,854	1,841,605	1,915,431
Foreign currency translation reserve [2]	(72,920)	(44,558)	–	–
	1,930,021	1,990,296	1,841,605	1,915,431

[1] Included in the net assets attributable to unitholders is approximately $2.8 million (2018: $2.8 million) retained to satisfy certain legal reserve requirements in China.

[2] The foreign currency translation reserve comprises (i) the foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Trust; (ii) the transfer of translation differences arising from hedge accounting; and (iii) the foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations.

14. Units in issue

	Group and Trust	
	2019	2018
	No. of units	No. of units
	'000	'000
At 1 July and 30 June	2,181,204	2,181,204

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.

15. Gross revenue

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Property rental income	201,316	204,088	122,474	125,225
Turnover rental income	2,336	2,154	2,178	1,942
Other income	2,538	2,572	2,496	2,569
	206,190	208,814	127,148	129,736

16. Property operating expenses

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Maintenance and sinking fund contributions	6,867	7,018	6,796	6,926
Property management fees	5,485	5,581	3,812	3,873
Property tax	19,819	20,255	12,212	12,306
Depreciation expense	15	12	–	–
Leasing and upkeep expenses	10,964	10,929	2,064	1,767
Marketing expenses	903	1,093	747	927
Impairment loss recognised on trade receivables	939	379	163	235
Administrative expenses	1,792	1,360	1,074	715
	46,784	46,627	26,868	26,749

17. Dividend income from subsidiaries

Represents dividend income from certain subsidiaries (Note 6).

18. Management fees and performance fees

Management fees include Base Fee payable to the Manager, asset management fees payable to the asset manager of the Japan Properties and fees payable to the servicer of the Malaysia Properties, which is a wholly-owned subsidiary of the Manager. Base Fee paid/payable to the Manager for the year ended 30 June 2019 amounted to approximately $14,936,000 (2018: $15,167,000). Approximately $51,000 (2018: $69,000) and $859,000 (2018: $858,000) were paid/payable to the asset manager of the Japan Properties and servicer of the Malaysia Properties for the year ended 30 June 2019 respectively.

The Manager has elected to receive 100% of its base management fees in cash for the years ended 30 June 2019 and 30 June 2018.

No performance fee was earned by the Manager for the years ended 30 June 2019 and 30 June 2018. The performance of the Trust Index was approximately 83% and 72% below the Benchmark Index as at 30 June 2019 and 30 June 2018 respectively.

19. Trust expenses

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Auditor's remuneration	399	424	240	230
Trustee's fees	479	485	479	485
Others [(1)]	3,806	3,214	2,750	1,825
	4,684	4,123	3,469	2,540

[(1)] Included in other trust expenses are (i) non-audit fees paid/payable to the auditors of the Group of approximately $107,000 (2018: $150,000); and (ii) fees paid/payable to the valuers of the Group's investment properties of approximately $142,000 (2018: $168,000) for the year ended 30 June 2019.

20. Finance expenses

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Interest costs	37,181	35,622	24,437	22,369
Amortisation of borrowing costs	1,516	2,637	847	1,854
	38,697	38,259	25,284	24,223

21. Income tax

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current tax				
Current year	3,371	3,952	852	907
Deferred tax				
Origination/(Reversal) of temporary differences	108	(506)	–	–
	3,479	3,446	852	907

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Reconciliation of effective tax rate				
Total return before tax and distribution	69,066	87,690	24,526	77,584
Income tax using Singapore tax rate of 17% (2018: 17%)	11,741	14,907	4,169	13,189
Net effect of different tax rates in other countries	2,932	821	–	–
Withholding tax	3,267	3,956	852	907
Income not subject to tax	(10,758)	(8,122)	–	(2,239)
Non-deductible items	9,196	5,559	8,730	2,725
Tax transparency	(12,899)	(13,675)	(12,899)	(13,675)
	3,479	3,446	852	907

22. Earnings per unit

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Earnings attributable to unitholders	65,587	84,244	23,674	76,677
Basic earnings per unit (cents) (1)	3.01	3.86	1.09	3.52
Earnings per unit on a fully diluted basis (cents) (1)	3.01	3.86	1.09	3.52

(1) In computing the basic and diluted earnings per unit, the earnings attributable to unitholders and the weighted average number of units in issue of 2,181,204,435 (2018: 2,181,204,435) as at 30 June 2019 are used and have been calculated on a time-weighted basis, where applicable.

23. 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 China Property in Chengdu and two properties in Tokyo, Japan). The segments are as follows:

- Wisma Atria Property
- Ngee Ann City 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.

	Wisma Atria Property (Singapore)		**Ngee Ann City Property (Singapore)**		**Australia Properties (Australia)**		**Malaysia Properties (Malaysia)**		**Other Properties (China/Japan)**		**Total**	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Group												
Revenue and expenses												
External revenue	61,778	65,845	65,370	63,891	46,186	46,382	28,179	27,867	4,677	4,829	206,190	208,814
Depreciation of plant and equipment	–	–	–	–	–	–	–	–	15	12	15	12
Reportable segment net property income	46,835	51,026	53,445	51,961	28,265	28,658	27,278	26,938	3,583	3,604	159,406	162,187
Other material non-cash items:												
Change in fair value of investment properties	(20,244)	(666)	(11,797)	(830)	(4,952)	(7,130)	15,139	(13,339)	1,539	(704)	(20,315)	(22,669)
Unallocated items:												
Finance income											956	900
Non-property expenses											(20,530)	(19,070)
Finance expenses											(38,697)	(38,259)
Change in fair value of derivative instruments											(11,932)	4,467
Foreign exchange gain											178	134
Total return for the year before tax											69,066	87,690
Income tax											(3,479)	(3,446)
Total return for the year											65,587	84,244

Group	Wisma Atria Property (Singapore) 2019 $'000	Wisma Atria Property (Singapore) 2018 $'000	Ngee Ann City Property (Singapore) 2019 $'000	Ngee Ann City Property (Singapore) 2018 $'000	Australia Properties (Australia) 2019 $'000	Australia Properties (Australia) 2018 $'000	Malaysia Properties (Malaysia) 2019 $'000	Malaysia Properties (Malaysia) 2018 $'000	Other Properties (China/Japan) 2019 $'000	Other Properties (China/Japan) 2018 $'000	Total 2019 $'000	Total 2018 $'000
Assets and liabilities												
Reportable segment assets	978,847	997,895	1,138,520	1,150,443	491,677	519,246	371,157	367,702	88,519	87,272	3,068,720	3,122,558
Unallocated assets											73,261	68,951
Total assets											3,141,981	3,191,509
Reportable segment liabilities	(17,896)	(18,154)	(18,848)	(19,248)	(5,384)	(6,116)	(5,668)	(5,376)	(3,743)	(4,744)	(51,539)	(53,638)
Unallocated liabilities											(1,160,421)	(1,147,575)
Total liabilities											(1,211,960)	(1,201,213)
Other segmental information												
Capital expenditure	673	612	16	260	6,757	8,950	197	3,871	31	9	7,674	13,702
Non-current assets	978,000	997,000	1,138,000	1,150,000	489,745	516,898	370,818	367,385	88,324	87,097	3,064,887	3,118,380

Geographical segments

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

Major tenants

The four largest tenants located at Ngee Ann City Property, Malaysia Properties (including some office leases at Singapore Properties), Myer Centre Adelaide and David Jones Building accounted for approximately 22.9%, 10.5%, 7.0% and 4.7% (2018: 21.6%, 15.1%, 7.0% and 4.8%) of the Group's gross rent as at 30 June 2019 respectively.

24. Capital and financial risk management

Capital management

The Group's objective when managing capital is to be prudent and optimise unitholders' return through a mix of available capital sources. The Group monitors capital on the basis of both the gearing ratio and interest service coverage ratio and maintains them within the approved limits. The Group assesses its capital management approach as a key part of the Group's overall strategy, and this is continuously reviewed by the Manager. The Group's gearing as at 30 June 2019 is 36.1% (2018: 35.5%) and the interest service coverage ratio for the year ended 30 June 2019 is 3.8 times (2018: 4.1 times).

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

Financial risk management

Overview

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

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

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

Credit risk

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

Exposure to credit risk

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

		Group		Trust	
	Note	**2019** **\$'000**	**2018** **\$'000**	**2019** **\$'000**	**2018** **\$'000**
Derivative financial instruments	7	302	2,208	302	2,206
Trade and other receivables	8	3,221	3,518	4,590	2,645
Cash and cash equivalents	9	72,946	66,730	11,517	20,420
		76,469	72,456	16,409	25,271

The Group has established credit procedures for its tenants, obtains security deposits and/or bank guarantees (where applicable), and monitors their balances on an ongoing basis. Where applicable, credit evaluations are performed by the Group before lease agreements are entered into with tenants.

The tenant profile of the Group is generally well-diversified, except for four (2018: four) largest tenants (Note 23), which accounted for approximately 45.1% (2018: 48.5%) of the Group's gross rent as at 30 June 2019.

The Group and the Trust held cash and cash equivalents of approximately \$72.9 million and \$11.5 million respectively as at 30 June 2019 (2018: \$66.7 million and \$20.4 million respectively), largely with financial institutions which are regulated. Given these banks' sound credit ratings of between BBB+ to AA- or its equivalent issued by international rating agencies, the Group does not expect these counterparties to fail to meet their obligations.

Liquidity risk

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

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations. As at 30 June 2019, the Group has undrawn and committed long-term revolving credit facilities of up to \$310 million (2018: \$190 million) to cover the net current liabilities of the Group , as well as cash and cash equivalents of approximately \$72.9 million (2018: \$66.7 million).

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

Foreign currency risk

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

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

	A$ $'000	RM $'000	RMB $'000	JPY $'000	Total $'000
Group					
2019					
Net balance sheet exposure	302,348	277,587	28,653	16,602	625,190
2018					
Net balance sheet exposure	323,478	259,215	29,646	13,347	625,686

The Trust's exposures to various foreign currencies (expressed in Singapore dollar equivalent), which relate primarily to its financial instruments as at balance sheet date are as follows:

	A$ $'000	RM $'000	RMB $'000	JPY $'000	Total $'000
Trust					
2019					
Net balance sheet exposure	1,982	–	–	(42,976)	(40,994)
2018					
Net balance sheet exposure	1,602	–	–	(41,719)	(40,117)

Income hedging

Approximately 62% (2018: 62%) of the Group's revenue is derived in Singapore dollars for the year ended 30 June 2019. The Group has used a combination of local currency denominated loans and short-term foreign exchange forward contracts to partially hedge its overseas net income, where appropriate.

The Group continues to proactively monitor the exchange rates and may use more foreign exchange forward contracts or other suitable financial derivatives to hedge the impact of exchange rate fluctuations on the distributions to unitholders, where appropriate.

Capital hedging

In managing the currency risks associated with the capital values of the Group's overseas assets, borrowings are denominated in the same currency as the underlying assets to the extent feasible, to provide a natural currency hedge. As the investments in overseas assets are generally long-term in nature, the remaining net positions of the foreign exchange risk on such investments are not hedged.

Hedge of a net investment in Japan

As at 30 June 2019, the Group's investment in its Japan subsidiary is hedged by a JPY-denominated unsecured bank loan with a carrying amount of JPY3.7 billion ($46.5 million) (2018: JPY4.05 billion ($49.9 million)) which mitigates the currency risk arising from the subsidiary's net assets. The loan is designated as a net investment hedge.

The Group determines the existence of an economic relationship between the above hedging instrument and hedged item based on the currency and amount. The Group has assessed the effectiveness of the above hedging relationship at the reporting date by comparing changes in the carrying amount of the loan that is attributable to changes in the exchange rate with the changes in the net investment in the foreign operation due to movements in the exchange rate.

Sensitivity analysis

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

	Group $'000	Trust $'000
2019		
A$	(30,235)	(198)
RM	(27,759)	–
RMB	(2,865)	–
JPY	(1,660)	4,298
Financial derivatives		
- A$	1,052	1,052
2018		
A$	(32,348)	(160)
RM	(25,922)	–
RMB	(2,964)	–
JPY	(1,335)	4,172
Financial derivatives		
- A$	466	466
- RM	507	–

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

Interest rate risk

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

The Group has hedged approximately 90% (2018: 96%) of its debt as at 30 June 2019 using a combination of derivative financial instruments and fixed rate debt. The weighted average interest rate was approximately 3.28% (2018: 3.13%) per annum as at 30 June 2019.

As at 30 June 2019, the Group has largely hedged its exposure to changes in interest rates on its variable rate borrowings by entering into the following contracts:

(i) Interest rate swaps, with a notional contract amount of $375 million (2018: $625 million) and A$208 million (2018: A$208 million), whereby it receives a variable rate equal to the Singapore swap offer rate and Australia bank bill swap bid rate on the notional amount and pays a fixed interest rate ranging from 1.71% to 2.41% (2018: 1.23% to 2.41%) per annum.

(ii) Interest rate caps, with a notional contract amount of JPY6.3 billion (2018: JPY6.3 billion and A$63 million), whereby the benchmark interest rate is capped at 1.0% (2018: 1.0% to 5.5%) per annum.

Sensitivity analysis

A change of 1% in interest rate at the reporting date would increase/(decrease) total return by the amounts shown below, arising mainly as a result of lower/higher interest expense on variable rate borrowings that are not hedged by interest rate swaps and caps, and changes in fair value of the interest rate derivatives. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Total return	
	1% increase	**1% decrease**
	$'000	**$'000**
Group		
2019		
Variable rate instruments	(1,600)	1,056
Financial derivatives	14,943	(14,629)
	13,343	(13,573)
2018		
Variable rate instruments	(890)	356
Financial derivatives	18,197	(17,655)
	17,307	(17,299)
Trust		
2019		
Variable rate instruments	(1,515)	1,050
Financial derivatives	9,412	(9,168)
	7,897	(8,118)
2018		
Variable rate instruments	(806)	350
Financial derivatives	13,149	(12,621)
	12,343	(12,271)

Measurement of fair values

Financial derivatives

The fair values of financial derivatives are estimated based on banks' quotes. These quotes are largely tested for reasonableness by discounting estimated future cash flows based on terms and maturity of each contract and using market rates for a similar instrument at the measurement date.

Other financial assets and liabilities

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

Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. Other non-derivative financial liabilities include interest-bearing borrowings and trade and other payables.

Fair value hierarchy

The different levels of the fair value hierarchy have been defined as follows:

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

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are presented in the table below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value		
	Note	Mandatorily at FVTPL $'000	Amortised cost $'000	Other financial liabilities $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group							
2019							
Financial assets measured at fair value							
Derivative financial instruments	7	302	–	–	–	302	–
Financial assets not measured at fair value							
Trade and other receivables	8	–	3,221	–	–	–	–
Cash and cash equivalents	9	–	72,946	–	–	–	–
		–	76,167	–			
Financial liabilities measured at fair value							
Derivative financial instruments	7	(11,432)	–	–	–	(11,432)	–
Financial liabilities not measured at fair value							
Trade and other payables [1]	10	–	–	(27,883)	–	–	–
Security deposits	10	–	–	(30,665)	–	(29,318)	–
Variable rate borrowings (excluding medium term notes)	12	–	–	(729,559)	–	(729,559)	–
Medium term notes	12	–	–	(402,549)	–	(413,986)	–
		–	–	(1,190,656)			

[1] Excluding security deposits and deferred income.

		Carrying amount			Fair value		
	Note	Designated at fair value $'000	Loans and receivables $'000	Other financial liabilities $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group							
2018							
Financial assets measured at fair value							
Derivative financial instruments	7	2,208	–	–	–	2,208	–
Financial assets not measured at fair value							
Trade and other receivables	8	–	3,518	–	–	–	–
Cash and cash equivalents	9	–	66,730	–	–	–	–
		–	70,248	–			
Financial liabilities measured at fair value							
Derivative financial instruments	7	(1,441)	–	–	–	(1,441)	–
Financial liabilities not measured at fair value							
Trade and other payables [(1)]	10	–	–	(29,248)	–	–	–
Security deposits	10	–	–	(31,330)	–	(31,693)	–
Variable rate borrowings (excluding medium term notes)	12	–	–	(724,620)	–	(724,620)	–
Medium term notes	12	–	–	(405,709)	–	(406,000)	–
		–	–	(1,190,907)			

(1) Excluding security deposits and deferred income.

		Carrying amount			Fair value		
	Note	Mandatorily at FVTPL $'000	Amortised cost $'000	Other financial liabilities $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Trust							
2019							
Financial assets measured at fair value							
Derivative financial instruments	7	302	–	–	–	302	–
Financial assets not measured at fair value							
Trade and other receivables	8	–	4,590	–	–	–	–
Cash and cash equivalents	9	–	11,517	–	–	–	–
		–	16,107	–			
Financial liabilities measured at fair value							
Derivative financial instruments	7	(4,685)	–	–	–	(4,685)	–
Financial liabilities not measured at fair value							
Trade and other payables [1]	10	–	–	(19,759)	–	–	–
Security deposits	10	–	–	(24,257)	–	(24,310)	–
Variable rate borrowings (excluding medium term notes)	12	–	–	(524,325)	–	(524,325)	–
Medium term notes	12	–	–	(294,712)	–	(306,149)	–
		–	–	(863,053)			

[1] Excluding security deposits and deferred income.

		Carrying amount			Fair value		
	Note	Designated at fair value $'000	Loans and receivables $'000	Other financial liabilities $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Trust							
2018							
Financial assets measured at fair value							
Derivative financial instruments	7	2,206	–	–	–	2,206	–
Financial assets not measured at fair value							
Trade and other receivables	8	–	2,645	–	–	–	–
Cash and cash equivalents	9	–	20,420	–	–	–	–
		–	23,065	–			
Financial liabilities measured at fair value							
Derivative financial instruments	7	(538)	–	–	–	(538)	–
Financial liabilities not measured at fair value							
Trade and other payables [1]	10	–	–	(20,098)	–	–	–
Security deposits	10	–	–	(24,473)	–	(24,645)	–
Variable rate borrowings (excluding medium term notes)	12	–	–	(507,335)	–	(507,335)	–
Medium term notes	12	–	–	(294,619)	–	(292,732)	–
		–	–	(846,525)			

(1) Excluding security deposits and deferred income.

25. Operating leases

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

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	178,344	185,833	121,655	121,215
Between one and five years	505,737	402,079	288,280	290,946
More than five years	501,859	266,794	41,014	87,719
	1,185,940	854,706	450,949	499,880

26. Capital commitments

Capital commitments (contracted but not provided) as at 30 June 2019 comprise of approximately $4.8 million (2018: $4.3 million) capital expenditure, professional fees and asset redevelopment works for the Group's investment properties, and approximately $57.2 million asset enhancement works for Starhill Gallery in Malaysia.

27. Related parties

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

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

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Property rental income from the Manager and Property Manager	1,013	1,017	1,013	1,017
Property rental income from related parties of the Manager	29,286	29,045	1,107	1,178
Leasing commission fees paid to the Property Manager	(991)	(663)	(991)	(663)
Property management fees paid to the Property Manager	(3,812)	(3,873)	(3,812)	(3,873)

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Management fees paid to the Manager	(14,936)	(15,167)	(14,936)	(15,167)
Divestment fee paid to the Manager	–	(32)	–	(32)
Trustee fees paid to the Trustee	(479)	(485)	(479)	(485)
Reimbursements paid to the Property Manager	(909)	(665)	(909)	(665)
Asset redevelopment fees paid to related party of the Manager [(1)]	–	(3,556)	–	–
Servicer fees paid to a wholly-owned subsidiary of the Manager	(859)	(858)	–	–

[(1)] Comprises fees paid/payable to related party of the Manager for acting as turnkey contractor to carry out the asset redevelopment works at Lot 10 Property.

28. Subsequent events

Subsequent to the year ended 30 June 2019, the Manager declared a distribution of 1.10 cents per unit in respect of the period from 1 April 2019 to 30 June 2019, which was paid on 29 August 2019.

29. Financial ratios

	Group	
	2019	**2018**
	%	**%**
Ratio of expenses to weighted average net assets [(1)]	1.04	0.99
Portfolio turnover rate [(2)]	–	0.32

[(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.

30. New accounting standards, interpretations and amendments not yet adopted

A number of new standards, amendments to standards and interpretations that have been issued as of the balance sheet date but are not yet effective for the year ended 30 June 2019 have not been applied in preparing these financial statements. These include FRS 116 *Leases* which is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted.

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. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. However, FRS 116 requires more extensive disclosures to be provided by a lessor. FRS 116 replaces existing lease accounting guidance, including FRS 17 and related interpretations.

The Group plans to adopt the standard for the year ending 30 June 2020, using the modified retrospective approach and expects to measure its lease liabilities by applying a single discount rate to the leases. The Group plans to apply 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 Group does not expect the impact on the financial statements from the adoption of this standard to be significant.

APPENDIX V
UNAUDITED FINANCIAL STATEMENTS OF STARHILL GLOBAL REIT AND ITS SUBSIDIARIES FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2019

The information in this Appendix V has been extracted and reproduced from the unaudited financial statements of Starhill Global REIT and its Subsidiaries for the three months ended 30 September 2019 and has not been specifically prepared for inclusion in this Information Memorandum.

STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

TABLE OF CONTENT

INTRODUCTION

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

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

These financial statements for the quarter from 1 July 2019 to 30 September 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 July 2019 to 30 September 2019 ("1Q FY19/20") and the comparative figures are in relation to the period from 1 July 2018 to 30 September 2018 ("1Q FY18/19").

As at 30 September 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 FIRST QUARTER ENDED 30 SEPTEMBER 2019

	Group 01/07/19 to 30/09/19 S$'000	Group 01/07/18 to 30/09/18 S$'000	Increase / (Decrease) %
Gross revenue [(1)]	47,979	52,022	(7.8%)
Net property income [(1)]	36,905	40,436	(8.7%)
Income available for distribution	25,334	26,213	(3.4%)
Income to be distributed to Unitholders	24,679	25,084	(1.6%)

Footnote:

(1) The decline in revenue and net property income for 1Q 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 1Q FY19/20 decreased by 2.4% and 1.7% over 1Q FY18/19 respectively.

	Group 01/07/19 to 30/09/19	Group 01/07/18 to 30/09/18	Increase / (Decrease)
	Cents per unit		%
Distribution per unit ("DPU")			
For the quarter from 1 July to 30 September [(1)]	1.13	1.15	(1.7%)
Annualised (based on the three months ended 30 September)	4.48	4.56	(1.8%)

Footnote:

(1) The computation of DPU for the quarter ended 30 September 2019 is based on total number of units entitled to the distributable income for the period from 1 July 2019 to 30 September 2019 of 2,183,997,615 (2018: 2,181,204,435 units). Please refer to Section 6 for more details.

DISTRIBUTION DETAILS

Distribution period	1 July 2019 to 30 September 2019
Distribution amount to Unitholders	1.13 cents per unit
Books closure date	6 November 2019
Payment date	29 November 2019

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

Statement of Total Return and Distribution (1Q FY19/20 vs 1Q FY18/19)

	Notes	Group 01/07/19 to 30/09/19 S$'000	Group 01/07/18 to 30/09/18 S$'000	Increase / (Decrease) %	Trust 01/07/19 to 30/09/19 S$'000	Trust 01/07/18 to 30/09/18 S$'000	Increase / (Decrease) %
Gross revenue	(a)	**47,979**	**52,022**	**(7.8%)**	**31,632**	**31,918**	**(0.9%)**
Maintenance and sinking fund contributions	(b)	(1,685)	(1,749)	(3.7%)	(1,667)	(1,732)	(3.8%)
Property management fees	(c)	(1,379)	(1,369)	0.7%	(949)	(966)	(1.8%)
Property tax	(d)	(4,905)	(5,028)	(2.4%)	(3,006)	(3,125)	(3.8%)
Other property expenses	(e)	(3,105)	(3,440)	(9.7%)	(717)	(877)	(18.2%)
Property expenses		**(11,074)**	**(11,586)**	**(4.4%)**	**(6,339)**	**(6,700)**	**(5.4%)**
Net property income		**36,905**	**40,436**	**(8.7%)**	**25,293**	**25,218**	**0.3%**
Finance income	(f)	297	215	38.1%	17	35	(51.4%)
Interest income from subsidiaries		-	-	-	1,284	1,461	(12.1%)
Dividend income from subsidiaries		-	-	-	14,134	2,224	535.5%
Management fees	(g)	(3,963)	(4,008)	(1.1%)	(3,735)	(3,779)	(1.2%)
Trust expenses	(h)	(807)	(972)	(17.0%)	(613)	(671)	(8.6%)
Finance expenses	(i)	(9,975)	(9,487)	5.1%	(6,630)	(6,011)	10.3%
Non property (expenses)/income		**(14,448)**	**(14,252)**	**1.4%**	**4,457**	**(6,741)**	**NM**
Net income before tax		**22,457**	**26,184**	**(14.2%)**	**29,750**	**18,477**	**61.0%**
Change in fair value of derivative instruments	(j)	(997)	(201)	396.0%	(216)	(150)	44.0%
Foreign exchange gain/(loss)	(k)	533	(392)	NM	271	(3,658)	NM
Total return for the period before tax and distribution		**21,993**	**25,591**	**(14.1%)**	**29,805**	**14,669**	103.2%
Income tax	(l)	(658)	(869)	(24.3%)	(187)	(216)	(13.4%)
Total return for the period after tax, before distribution		**21,335**	**24,722**	**(13.7%)**	**29,618**	**14,453**	**104.9%**
Non-tax deductible/(chargeable) items and other adjustments	(m)	3,999	1,491	168.2%	(4,284)	11,760	NM
Income available for distribution		**25,334**	**26,213**	**(3.4%)**	**25,334**	**26,213**	**(3.4%)**

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, as well as the retail portfolio in Australia including the depreciation of A$ against S$. Excluding Starhill Gallery, the gross revenue for the Group decreased by 2.4% over 1Q FY18/19. Approximately 34% (2018: 39%) of total gross revenue for the three months ended 30 September 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.

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

(e) Other property expenses were lower for the current quarter mainly due to lower allowance for rental arrears for Wisma Atria Property and Australia Properties, as well as lower leasing and upkeep expenses (net of depreciation expenses) for Wisma Atria Property.

(f) Represents interest income from bank deposits and current accounts for the three months ended 30 September 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 payable in units (2018: 100% in cash).

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

(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 quarter mainly due to higher interest costs incurred on the existing S$ borrowings for the three months ended 30 September 2019.

(j) Represents mainly the change in the fair value of A$ and S$ interest rate swaps for the three months ended 30 September 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 three months ended 30 September 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 three months ended 30 September 2019.

(m) See details in the distribution statement below.

Distribution Statement (1Q FY19/20 vs 1Q FY18/19)

	Notes	Group 01/07/19 to 30/09/19 S$'000	Group 01/07/18 to 30/09/18 S$'000	Increase / (Decrease) %	Trust 01/07/19 to 30/09/19 S$'000	Trust 01/07/18 to 30/09/18 S$'000	Increase / (Decrease) %
Total return after tax, before distribution		**21,335**	**24,722**	**(13.7%)**	**29,618**	**14,453**	**104.9%**
Non-tax deductible/(chargeable) items and other adjustments:		3,999	1,491	168.2%	(4,284)	11,760	NM
Management fees payable in units	(n)	2,092	-	NM	2,092	-	NM
Finance costs		154	140	10.0%	251	213	17.8%
Sinking fund contribution		387	452	(14.4%)	387	452	(14.4%)
Change in fair value of derivative instruments		985	301	227.2%	204	170	20.0%
Deferred income tax		39	39	-	-	-	-
Foreign exchange (gain)/loss		(518)	463	NM	(91)	3,707	NM
Other items	(o)	860	96	795.8%	631	1,008	(37.4%)
Net overseas income not distributed to the Trust, net of amount received		-	-	-	(7,758)	6,210	NM
Income available for distribution		**25,334**	**26,213**	**(3.4%)**	**25,334**	**26,213**	**(3.4%)**
Income to be distributed to Unitholders	(p)	**24,679**	**25,084**	**(1.6%)**	**24,679**	**25,084**	**(1.6%)**

Footnotes:

(n) Represents part of the base management fee for the three months ended 30 September 2019 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$0.7 million of income available for distribution for the three months ended 30 September 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 30 September 2019

	Notes	Group 30/09/19 S$'000	Group 30/06/19 S$'000	Trust 30/09/19 S$'000	Trust 30/06/19 S$'000
Non-current assets					
Investment properties	(a)	3,062,289	3,064,861	2,116,880	2,116,000
Plant and equipment		24	26	-	-
Interests in subsidiaries	(b)	-	-	587,095	576,915
		3,062,313	**3,064,887**	**2,703,975**	**2,692,915**
Current assets					
Derivative financial instruments	(c)	292	302	292	302
Trade and other receivables	(d)	4,879	3,846	4,961	4,871
Cash and cash equivalents	(e)	73,244	72,946	11,279	11,517
		78,415	**77,094**	**16,532**	**16,690**
Total assets		**3,140,728**	**3,141,981**	**2,720,507**	**2,709,605**
Non-current liabilities					
Trade and other payables	(f)	26,892	26,581	20,126	20,467
Derivative financial instruments	(c)	12,424	11,432	4,916	4,685
Deferred tax liabilities	(g)	6,108	6,168	-	-
Borrowings	(h)	1,110,982	1,004,271	799,957	799,037
Lease liabilities	(i)	309	-	309	-
		1,156,715	**1,048,452**	**825,308**	**824,189**
Current liabilities					
Trade and other payables	(f)	31,831	32,491	23,098	23,811
Income tax payable	(j)	2,521	3,180	-	-
Borrowings	(h)	22,500	127,837	22,500	20,000
Lease liabilities	(i)	381	-	279	-
		57,233	**163,508**	**45,877**	**43,811**
Total liabilities		**1,213,948**	**1,211,960**	**871,185**	**868,000**
Net assets		**1,926,780**	**1,930,021**	**1,849,322**	**1,841,605**
Represented by:					
Unitholders' funds		1,926,780	1,930,021	1,849,322	1,841,605
		1,926,780	**1,930,021**	**1,849,322**	**1,841,605**

Footnotes:

(a) Investment properties decreased mainly due to negative net movement in foreign currencies in relation to the overseas properties, partially offset by capital expenditure incurred and straight-line rental adjustments 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 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 intended to part finance the asset redevelopment works in Malaysia, as well as net movement in foreign currencies during the current period.

(c) Derivative financial instruments as at 30 September 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 A$ and S$ interest rate swaps during the current period.

(d) The increase in trade and other receivables was mainly due to increase in prepaid expenses and other receivables for Australia and Malaysia Properties.

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

(f) The net decrease in trade and other payables was mainly in line with the lower payables for Singapore Properties (including management fees payable in cash) and Australia Properties, partially offset by higher interest payables and security deposits for the Group, as well as higher payables for China Property.

(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$22.5 million revolving credit facilities ("RCF"), JPY3.7 billion (S$47.4 million) term loan, S$295 million Singapore MTNs, JPY678 million (S$8.7 million) Japan bond, A$208 million (S$194.1 million) term loans and RM330 million (S$108.9 million) Malaysia MTN. The net increase in total borrowings was mainly due to net drawdown of S$2.5 million of short-term RCF during the current period, partially offset by the net movement in foreign currencies.

As at 30 September 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 30/09/19 S$'000	Group 30/06/19 S$'000	Trust 30/09/19 S$'000	Trust 30/06/19 S$'000
Secured borrowings	(a)				
Amount repayable within one year		-	107,848	-	-
Amount repayable after one year		303,059	197,340	-	-
		303,059	**305,188**	**-**	**-**
Unsecured borrowings	(b)				
Amount repayable within one year		22,500	20,000	22,500	20,000
Amount repayable after one year		811,087	810,014	802,401	801,494
Total borrowings		**1,136,646**	**1,135,202**	**824,901**	**821,494**
Less: Unamortised loan acquisition expenses		(3,164)	(3,094)	(2,444)	(2,457)
Total borrowings		**1,133,482**	**1,132,108**	**822,457**	**819,037**

Footnotes:

(a) Secured

During the current period, the Group refinanced its existing senior medium term notes of RM330 million (S$108.9 million) upon maturity via a new unrated issuance of five-year fixed-rate senior medium term notes of the same amount ("Senior MTN") in September 2019. 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. They 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$194.1 million) as at 30 September 2019, comprising:

(i) A$63 million (S$58.8 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$135.3 million) (maturing in November 2021) loan secured by a general security deed over all the assets of SG REIT (SA) Sub-Trust2 and a mortgage over Myer Centre Adelaide. SG REIT (SA) Sub-Trust2 is wholly owned by the Group.

(b) Unsecured

As at 30 September 2019, the Group has outstanding medium term notes of S$295 million issued under its S$2 billion Multicurrency MTN Programme, comprising:

(i) S$100 million unsecured seven-year Singapore MTN (the "Series 002 Notes") (maturing in February 2021) which bear a fixed rate interest of 3.50% per annum payable semi-annually in arrear;

(ii) S$125 million unsecured eight-year Singapore MTN (the "Series 003 Notes") (maturing in May 2023) which bear a fixed rate interest of 3.40% per annum payable semi-annually in arrear; and

(iii) S$70 million unsecured 10-year Singapore MTN (the "Series 004 Notes") (maturing in October 2026) which bear a fixed rate interest of 3.14% per annum payable semi-annually in arrear.

As at 30 September 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 30 September 2019.

(ii) five-year unsecured term loan facility of JPY3.7 billion (S$47.4 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 S$22.5 million is outstanding as at 30 September 2019.

The Group has JPY678 million (S$8.7 million) of Japan bond outstanding as at 30 September 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 (1Q FY19/20 vs 1Q FY18/19)

	Group 01/07/19 to 30/09/19 S$'000	Group 01/07/18 to 30/09/18 S$'000
Operating activities		
Total return for the period before tax and distribution	21,993	25,591
Adjustments for:		
Finance income	(297)	(215)
Depreciation	99	3
Management fees payable in units	2,092	-
Finance expenses	9,975	9,487
Change in fair value of derivative instruments	997	201
Foreign exchange (gain)/loss	(533)	392
Operating income before working capital changes	34,326	35,459
Changes in working capital:		
Trade and other receivables	(1,414)	(1,149)
Trade and other payables	(1,055)	663
Income tax paid	(1,315)	(825)
Cash generated from operating activities	**30,542**	**34,148**
Investing activities		
Capital expenditure on investment properties	(91)	(755)
Interest received on deposits	285	221
Cash flows from/(used in) investing activities	**194**	**(534)**
Financing activities		
Borrowing costs paid	(9,078)	(8,743)
Proceeds from borrowings (1)	188,834	12,000
Repayment of borrowings (1)	(186,334)	(16,279)
Payment of lease liabilities (2)	(100)	-
Distributions paid to Unitholders	(23,993)	(23,775)
Cash flows used in financing activities	**(30,671)**	**(36,797)**
Net increase/(decrease) in cash and cash equivalents	**65**	**(3,183)**
Cash and cash equivalents at the beginning of the period	72,946	66,730
Effects of exchange rate differences on cash	233	(1,150)
Cash and cash equivalents at the end of the period	**73,244**	**62,397**

Footnotes:

(1) The movement during the three months ended 30 September 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$32.5 million RCF. The repayment also includes the settlement of short-term RCF of S$30.0 million during the current period.

(2) 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 (1Q FY19/20 vs 1Q FY18/19)

	Notes	Group 01/07/19 to 30/09/19 S$'000	Group 01/07/18 to 30/09/18 S$'000	Trust 01/07/19 to 30/09/19 S$'000	Trust 01/07/18 to 30/09/18 S$'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)	21,335	24,722	29,618	14,453
Increase in Unitholders' funds resulting from operations		**21,335**	**24,722**	**29,618**	**14,453**
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		(2,729)	(10,417)	-	-
Transfer of translation differences from total return arising from hedge accounting	(b)	(906)	1,014	-	-
Exchange differences on monetary items forming part of net investment in foreign operations		960	(3,875)	-	-
Net loss recognised directly in Unitholders' funds	(c)	**(2,675)**	**(13,278)**	**-**	**-**
Unitholders' transactions					
Units to be issued:					
- Management fees payable in units	(d)	2,092	-	2,092	-
Distributions to Unitholders		(23,993)	(23,775)	(23,993)	(23,775)
Decrease in Unitholders' funds resulting from Unitholders' transactions		**(21,901)**	**(23,775)**	**(21,901)**	**(23,775)**
Unitholders' funds at the end of the period		**1,926,780**	**1,977,965**	**1,849,322**	**1,906,109**

Footnotes:

(a) Change in Unitholders' funds resulting from operations for the Group for the three months ended 30 September 2019 includes a loss in fair value of derivative instruments of S$1.0 million (2018: S$0.2 million) and a net foreign exchange gain of S$0.5 million (2018: loss of S$0.4 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 2,793,180 units to be issued to the Manager in October 2019 as partial satisfaction of its base management fee for the three months ended 30 September 2019.

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

	Notes	Group and Trust 01/07/19 to 30/09/19 Units	Group and Trust 01/07/18 to 30/09/18 Units
Issued units at the beginning of the period		2,181,204,435	2,181,204,435
Creation of units:			
- Management fees issued in units (base fee)	(a)	-	-
- Management fees issued in units (performance fee)	(b)	-	-
Issued units at the end of the period		**2,181,204,435**	**2,181,204,435**
Units to be issued:			
- Management fees payable in units (base fee)	(c)	2,793,180	-
Total issued and issuable units at the end of the period		**2,183,997,615**	**2,181,204,435**

Footnotes:

(a) Commencing from 1Q FY19/20, part of the Manager's base management fee will be payable in units, as per the Circular to Unitholders dated 25 April 2019. Refer to Note (c) below.

(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 October 2019 as partial satisfaction of its base management fee for the three months ended 30 September 2019.

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

Starhill Global REIT did not hold any treasury units and subsidiary holdings as at 30 September 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 01/07/19 to 30/09/19 S$'000	Group 01/07/18 to 30/09/18 S$'000
Total return for the period after tax, before distribution		21,335	24,722
EPU - Basic			
Weighted average number of issued/issuable units	(a)	2,181,234,796	2,181,204,435
Earnings per unit (cents)		0.98	1.13
EPU - Diluted			
Weighted average number of units on a fully diluted basis	(b)	2,183,997,615	2,181,204,435
Earnings per unit (cents)		0.98	1.13
DPU			
Number of units issued and issuable at end of period	(c)	2,183,997,615	2,181,204,435
DPU for the period based on the total number of units entitled to distribution (cents)		1.13	1.15

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 months ended 30 September 2019 are used and have been calculated on a time-weighted basis, where applicable. The weighted average number of units of 2,181,234,796 for the current period (2018: 2,181,204,435) comprises:

(i) The number of units in issue of 2,181,204,435; and

(ii) Weighted average number of units issuable to the Manager of 30,361.

(b) For the purpose of computing the diluted EPU, the weighted average number of units for the three months ended 30 September 2019 is adjusted to include the potential dilutive units assuming issuance of units for the settlement of unpaid base management fees. The weighted average number of units on a fully diluted basis of 2,183,997,615 for the current period (2018: 2,181,204,435) comprises:

(i) The number of units in issue of 2,181,204,435; and

(ii) The estimated number of units issuable to the Manager as partial satisfaction of its base management fee for the three months ended 30 September 2019 of 2,793,180.

(c) The computation of DPU for the three months ended 30 September 2019 are based on number of units entitled to distributions of 2,183,997,615 (2018: 2,181,204,435) which comprises:

(i) The number of units in issue as at 30 September 2019 of 2,181,204,435; and

(ii) The estimated number of units issuable to the Manager as partial satisfaction of its base management fee for the three months ended 30 September 2019 of 2,793,180.

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

	Note	Group 30/09/19	Group 30/06/19	Trust 30/09/19	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	0.85	0.84

Footnote:

(a) The number of units used for computation of NAV and NTA per unit is 2,183,997,615 (2018: 2,181,204,435). This comprises:

(i) The number of units in issue as at 30 September 2019 of 2,181,204,435; and

(ii) The estimated number of units issuable to the Manager as partial satisfaction of its base management fee for the three months ended 30 September 2019 of 2,793,180.

8 Review of the performance
Consolidated Statement of Total Return and Distribution
(1Q FY19/20 vs 1Q FY18/19)

	Group 01/07/19 to 30/09/19 S$'000	Group 01/07/18 to 30/09/18 S$'000	Increase / (Decrease) %
Gross revenue	**47,979**	**52,022**	**(7.8%)**
Property expenses	(11,074)	(11,586)	(4.4%)
Net property income	**36,905**	**40,436**	**(8.7%)**
Non property expenses	(14,448)	(14,252)	1.4%
Net income before tax	**22,457**	**26,184**	**(14.2%)**
Change in fair value of derivative instruments	(997)	(201)	396.0%
Foreign exchange gain/(loss)	533	(392)	NM
Total return for the period before tax and distribution	**21,993**	**25,591**	**(14.1%)**
Income tax	(658)	(869)	(24.3%)
Total return for the period after tax, before distribution	**21,335**	**24,722**	**(13.7%)**
Non-tax deductible items and other adjustments	3,999	1,491	168.2%
Income available for distribution	**25,334**	**26,213**	**(3.4%)**
Income to be distributed to Unitholders	**24,679**	**25,084**	**(1.6%)**

Revenue for the Group in 1Q FY19/20 was S$48.0 million, representing a decrease of 7.8% over 1Q FY18/19. Net property income ("NPI") for the Group was S$36.9 million, representing a decrease of 8.7% over 1Q FY18/19. The decrease in NPI was largely due to lower contributions from Starhill Gallery in relation to its planned asset enhancement, as well as the retail portfolio in Australia including the depreciation of A$ against S$. Excluding Starhill Gallery, the gross revenue and NPI for the Group decreased by 2.4% and 1.7% over 1Q FY18/19 respectively.

Singapore Properties contributed 65.9% of total revenue, or S$31.6 million in 1Q FY19/20, 0.9% lower than in 1Q FY18/19. NPI for 1Q FY19/20 was S$25.3 million, 0.3% higher than in 1Q FY18/19, mainly due to lower operating expenses for Wisma Atria Property (Retail) and the Singapore office portfolio.

Australia Properties contributed 23.1% of total revenue, or S$11.1 million in 1Q FY19/20, 7.4% lower than in 1Q FY18/19. NPI for 1Q FY19/20 was S$6.8 million, 9.5% lower than in 1Q FY18/19, mainly due to lower contributions from the retail portfolio in Australia, in line with the depreciation of A$ against S$.

Malaysia Properties contributed 8.5% of total revenue, or S$4.1 million in 1Q FY19/20, 41.7% lower than in 1Q FY18/19. NPI for 1Q FY19/20 was S$3.8 million, 43.1% lower than in 1Q FY18/19. The decrease in revenue and NPI was mainly in line with the partial income disruption from the planned asset enhancement of Starhill Gallery in 1Q FY19/20. Excluding Starhill Gallery, the gross revenue and NPI for the Malaysia portfolio increased by 0.3% and 0.2% over 1Q FY18/19 respectively.

China and Japan Properties contributed 2.5% of total revenue, or S$1.2 million in 1Q FY19/20. NPI for 1Q FY19/20 was S$0.9 million, 2.9% higher than in 1Q FY18/19.

Non property expenses were S$14.4 million in 1Q FY19/20, 1.4% higher than in 1Q FY18/19, mainly due to higher interest costs incurred on the existing S$ borrowings, partially offset by lower trust expenses.

The change in fair value of derivative instruments in 1Q FY19/20 represents mainly the change in the fair value of A$ and S$ interest rate swaps entered into for the Group's borrowings.

The net foreign exchange gain in 1Q 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 1Q FY19/20 was mainly attributed to lower withholding tax accrued for the Malaysia Properties for the three months ended 30 September 2019.

Income available for distribution for 1Q FY19/20 was S$25.3 million, being 3.4% lower than the corresponding quarter. Income to be distributed to Unitholders was S$24.7 million, 1.6% lower than the corresponding quarter. Approximately S$0.7 million of income available for distribution for 1Q FY19/20 has been retained for working capital requirements.

9 Variance between forecast and the actual results

The Trust has not disclosed any forecast to the market.

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

The global economy is currently in a synchronised slowdown, said International Monetary Fund's (IMF) newest chief, who noted that the IMF expects slower growth in 90% of the world in 2019[1], in view of the uncertain outcome of the pending trade war between the United States and China.

Closer to home, advance estimates showed that the Singapore economy was affected by the global slowdown, rising just 0.1% year-on-year (y-o-y) in the third quarter of 2019, the same pace of growth as in the previous quarter[2]. Weaker sentiments caused retail sales (excluding motor vehicles) to decline by 1.0% y-o-y in August 2019[3]. International visitor arrivals for the first eight months of 2019 rose by 1.9% y-o-y to 12.9 million with Chinese and Japanese visitor arrivals increasing by 5.1% and 7.3% y-o-y respectively[4].

In Singapore, in light of the economic slowdown and less favourable retail climate, some tenants have grown to be increasingly selective and more reluctant to expand[5]. Major movements in prime retail rents for 2H 2019 are not expected and the limited upcoming supply will help to cushion the extent of any potential rental decline[6], based on CBRE Research report. Amid heightened uncertainties around the weaker global growth, cautious sentiment prevailed in the office market in 3Q 2019[5].

In Australia, retail sales for South Australia and Western Australia grew by 2.1% and 1.2% y-o-y respectively for the 12 months to August 2019[7]. In South Australia, Adelaide has become an attractive destination for international retailers[8] as seen from the opening of the first store in Adelaide by H&M[9] and Sephora[10] as well as Mecca Brand's flagship store along Rundle Mall street[8], where the Group's Myer Centre Adelaide is located. In Western Australia, soft trading conditions and the increased availability of space have led some landlords to take a more realistic approach towards rental demands[9]. The Group has anchor leases in Australia, with upmarket departmental store Myer Pty Ltd in Adelaide and David Jones Limited in Perth, contributing approximately 7.1% and 4.6% of its portfolio gross rents respectively as at 30 September 2019.

In Malaysia, all the requisite approvals for the asset enhancement works under the Starhill Gallery master tenancy agreement dated 18 March 2019 were recently obtained and renovation works have commenced. As such, the annual rent of RM52 million (subject to rent rebate of RM26 million per annum) for the first two years of the initial three-year term of the Starhill Gallery master tenancy agreement has commenced in October 2019. Please refer to the Circular to Unitholders dated 25 April 2019 for more information.

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 65.9% of total revenue for 1Q 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.

Following the issuance of the rules and guidelines in relation to the Earnings Stripping Rule (ESR) which is effective from 1 July 2019 to limit the tax deductibility of interest expense on any financial assistance in a controlled transaction at 20% of tax-EBITDA, the Manager is currently seeking clarification with the local tax authority if ESR 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.

<u>Sources</u>

1. The Wall Street Journal, IMF and World Bank's New Leaders Warn of Deteriorating Global Outlook, 8 October 2019
2. Ministry of Trade and Industry Singapore, Singapore's GDP Grew by 0.1 Per Cent in the Third Quarter of 2019, 14 October 2019
3. Singapore Department of Statistics, Retail Sales Index, Food and Beverage Services Index, August 2019, 11 October 2019
4. Singapore Tourism Board, International Visitor Arrivals Statistics, Visitor Arrivals 2019, 8 October 2019
5. CBRE Research, Singapore MarketView, Q3 2019
6. CBRE Research, Singapore MarketView, Q2 2019
7. Australian Bureau of Statistics, Australia Retail Trade August 2019, 4 October 2019
8. Inside Retail Australia, Mecca hits 100-store milestone with Adelaide flagship, 16 April 2019
9. Colliers International, Australia Retail – First Half 2019, 13 June 2019
10. Broadsheet, Sephora announces opening date in Adelaide, 30 September 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 July 2019 to 30 September 2019 ("Unitholders' Distribution")

Distribution rate:

	Unitholders' Distribution
	For the period from 1 July 2019 to 30 September 2019
	Cents
Taxable income component	0.9900
Tax-exempt income component	0.0400
Capital component	0.1000
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 July 2018 to 30 September 2018 ("Unitholders' Distribution")

Distribution rate:

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

Par value of units: Not applicable

Tax rate:

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

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

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

(c) Date payable: 29 November 2019

(d) Books Closure Date: 6 November 2019

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

Not applicable.

13 General mandate for interested person transactions

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

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

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

15 Certification pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Starhill Global REIT for the quarter ended 30 September 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 30 September 2019 (comprising the balance sheets as at 30 September 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	Ho Sing
Chairman	Chief Executive Officer/Director

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

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

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

Lam Chee Kin
Joint Company Secretary
29 October 2019