

CIRCULAR DATED 22 JUNE 2009

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited (the "SGX-ST") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of new units in Starhill Global Real Estate Investment Trust ("Starhill Global REIT") to be issued for the purpose of the Rights Issue (as defined herein) (the "Rights Units") on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not an indication of the merits of Starhill Global REIT, the Rights Issue or the Rights Units.

If you have sold or transferred all your units in Starhill Global REIT ("Units"), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



(Constituted in the Republic of Singapore
pursuant to a trust deed dated 8 August 2005 (as amended))

MANAGED BY

YTL PACIFIC STAR REIT MANAGEMENT LIMITED

**CIRCULAR TO UNITHOLDERS
IN RELATION TO:**

- (1) **THE PROPOSED WHITEWASH RESOLUTION; AND**
- (2) **THE PROPOSED TRUST DEED SUPPLEMENT TO FACILITATE EQUITY FUND RAISINGS**

Sole Financial Adviser for the Rights Issue



Joint Lead Managers and Underwriters for the Rights Issue



Independent Financial Adviser to the Independent Directors of YTL Pacific Star REIT Management Limited

DMG & Partners
SECURITIES



IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	:	11 July 2009 at 2.30 p.m.
Date and time of Extraordinary General Meeting	:	13 July 2009 at 2.30 p.m.
Place of Extraordinary General Meeting	:	Hilton Singapore Ballroom 1 581 Orchard Road Singapore 238883

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CORPORATE INFORMATION

Directors of YTL Pacific Star REIT Management Limited (the manager of Starhill Global REIT (the “Manager”))	:	Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping (Executive Chairman) Mr Franklin Heng Ang Tee (Chief Executive Officer & Executive Director) Dato’ Yeoh Seok Kian (Non-Executive Director) Dr Hong Hai (Lead Independent Non-Executive Director) Mr Michael Hwang (Independent Non-Executive Director) Mr Keith Tay Ah Kee (Independent Non-Executive Director)
Registered Office of the Manager	:	391B Orchard Road #21-08 Ngee Ann City Tower B Singapore 238874
Trustee of Starhill Global REIT (the “Trustee”)	:	HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #14-01 HSBC Building Singapore 049320
Legal Adviser for the Rights Issue and to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Sole Financial Adviser	:	DBS Bank Ltd 6 Shenton Way DBS Building, Tower One Singapore 068809
Joint Lead Managers and Underwriters (the “Joint Lead Managers and Underwriters”)	:	DBS Bank Ltd 6 Shenton Way DBS Building, Tower One Singapore 068809 Merrill Lynch (Singapore) Pte Ltd 1 Temasek Avenue #28-01 Millenia Tower Singapore 039192 Credit Suisse (Singapore) Limited One Raffles Link #03/#04-01 South Lobby Singapore 039393
Legal Adviser to the Joint Lead Managers and Underwriters as to Singapore Law	:	TSMP Law Corporation 6 Battery Road #33-01 Singapore 049909
Legal Adviser to the Joint Lead Managers and Underwriters as to U.S. Federal Law	:	Jones Day 3 Church Street #14-02 Samsung Hub Singapore 049483

- Legal Adviser to the Trustee** : Shook Lin & Bok LLP
1 Robinson Road
#18-00 AIA Tower
Singapore 048542
- Unit Registrar and Unit Transfer Office** : Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street
#08-01 Samsung Hub
Singapore 049483
- Independent Financial Adviser to the Independent Directors of the Manager** : DMG & Partners Securities Pte Ltd
#22-01 Ocean Towers
20 Raffles Place
Singapore 048620

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SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 28 to 34 of this Circular.

Summary of Approvals Sought

The Manager seeks approvals from unitholders of Starhill Global REIT (“**Unitholders**”) for the resolutions set out below:

(1) Resolution 1: The Proposed Whitewash Resolution (Ordinary Resolution)

The Manager is proposing a rights issue (the “**Rights Issue**”) on a basis of one Rights Unit for every one existing Unit (“**Existing Units**”, and the basis of the Rights Issue, the “**Rights Ratio**”) held as at 5.00 p.m. on 21 July 2009 (the “**Rights Issue Books Closure Date**”), at an issue price of S\$0.35 per Rights Unit (the “**Rights Issue Price**”), to raise gross proceeds of approximately S\$337.3 million comprising an offer of 963,724,106 Rights Units to be made on a fully underwritten and renounceable basis to Eligible Unitholders (as defined herein).

The Rights Issue will be fully underwritten by the Joint Lead Managers and Underwriters pursuant to the management and underwriting agreement entered into between the Manager and the Joint Lead Managers and Underwriters dated 22 June 2009 (the “**Underwriting Agreement**”), which is subject to, among other things:

- (a) an irrevocable undertaking provided by YTL Corporation Berhad (“**YTL**”) to the Manager and the Joint Lead Managers and Underwriters on 22 June 2009 (the “**YTL Pro Rata Undertaking**”), pursuant to which YTL will procure that the Relevant Entities¹ accept, and/or procure any one or more subsidiaries of YTL, whether existing or to be incorporated by YTL (“**YTL Subsidiaries**”), to subscribe for the Relevant Entities’ respective provisional allocation of Rights Units (the “**YTL Proportionate Rights Units**”); and
- (b) a sub-underwriting agreement entered into between YTL and the Joint Lead Managers and Underwriters on 22 June 2009 (the “**YTL Sub-Underwriting Agreement**”), pursuant to which YTL agrees, either directly or indirectly through one or more of the Relevant Entities and/or any one or more of the YTL Subsidiaries, (collectively, the “**Subscribing Entities**”), to subscribe for up to 75.0% of the total number of Rights Units, to the extent that they are not validly subscribed for under the Rights Issue, less the YTL Proportionate Rights Units, subject to the passing of the Whitewash Resolution (as defined herein) (the “**YTL Sub-Underwritten Units**”, and together with the YTL Proportionate Rights Units, the “**YTL Commitment Rights Units**”).

¹ “**Relevant Entities**” refers to subsidiaries of YTL which hold either direct or indirect interest in Units, being YTL Cayman Limited (“**YTL Cayman**”) and Starhill Global REIT Investments Limited (“**SGRIL**”).

In order for the Rights Issue to proceed on an underwritten basis as described in this Circular, the Manager is therefore seeking approval from Unitholders, other than YTL, parties acting in concert with it and parties which are not independent of YTL (the “**Independent Unitholders**”) for a waiver of their rights to receive a mandatory offer from YTL and parties acting in concert with it (“**Mandatory Offer**”) for all the remaining issued Units not owned or controlled by YTL and parties acting in concert with it, in the event that they incur a mandatory bid obligation pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) as a result of:

- (i) YTL and the Subscribing Entities acquiring Rights Units through:
 - (I) taking up provisional allotments of Rights Units allotted and issued to them; and/or
 - (II) if applicable, through applying for Excess Rights Units (as defined herein); and/or
 - (III) if applicable, acquiring “nil-paid” rights entitlements on the open market during the “nil-paid” rights trading period and subsequently exercising the “nil-paid” rights entitlements to acquire Rights Units (“**YTL Nil-Paid Rights Units**”); and/or
- (ii) YTL and the Subscribing Entities subscribing for the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement

(the “**Whitewash Resolution**”).

(See paragraphs 1 and 2 of the Letter to Unitholders for further details on the Rights Issue and paragraph 3 of the Letter to Unitholders for further details on the Whitewash Resolution.)

(2) **Resolution 2: The Proposed Trust Deed Supplement to Facilitate Equity Fund Raisings (Extraordinary Resolution)**

The Manager proposes to supplement the trust deed constituting Starhill Global REIT dated 8 August 2005 (as amended) (the “**Trust Deed**”) for the purposes of allowing the Manager to (i) fix the issue price for new Units offered by way of a renounceable rights issue at a discount of more than 50.0% of the prevailing Market Price² of the Units and (ii) obtain Unitholders’ approval for the issue of Units, where such approval is required under the Trust Deed, by way of an Ordinary Resolution instead of an Extraordinary Resolution (the “**Trust Deed Supplement to Facilitate Equity Fund Raisings**”).

(See paragraph 4 of the Letter to Unitholders for further details.)

² “**Market Price**” is defined under Clause 5.2.4 of the Trust Deed as the volume weighted average price for a Unit (if applicable, of the same class) for all trades on the SGX-ST or any other recognised stock exchange in the ordinary course of trading for the period of 10 Business Days immediately preceding the relevant Business Day and, if applicable, in accordance with the listing rules or for such other period of Business Days as may be permitted by any other relevant recognised stock exchange. “**Business Day**” refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the Extraordinary General Meeting (“EGM”) is indicative only and is subject to change at the Manager’s absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event	Date and Time
Last date and time for lodgement of Proxy Forms	: 11 July 2009 at 2.30 p.m.
Date and time of the EGM	: 13 July 2009 at 2.30 p.m.
The Proposed Rights Issue	
Date on which the Transfer Books and Register of Unitholders of Starhill Global REIT will be closed to determine the provisional allotments of Eligible Unitholders under the Rights Issue	: 21 July 2009 at 5.00 p.m.
Commencement of “nil-paid” rights trading period	: 24 July 2009
Close of “nil-paid” rights trading period	: 3 August 2009
Close of the Rights Issue	: 7 August 2009
Expected date of issue of Rights Units	: 18 August 2009
Expected date of commencement of trading of the Rights Units on the SGX-ST	: 19 August 2009

STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore
pursuant to a trust deed dated 8 August 2005 (as amended))

Directors of the Manager

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping (Executive Chairman)
Mr Franklin Heng Ang Tee (Chief Executive Officer
& Executive Director)
Dato' Yeoh Seok Kian (Non-Executive Director)
Dr Hong Hai (Lead Independent Non-Executive Director)
Mr Michael Hwang (Independent Non-Executive Director)
Mr Keith Tay Ah Kee (Independent Non-Executive Director)

Registered Office

391B Orchard Road
#21-08 Ngee Ann City Tower B
Singapore 238874

22 June 2009

To: Unitholders of Starhill Global Real Estate Investment Trust

Dear Sir/Madam

1. INFORMATION ON THE UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE

1.1 The Rights Issue

The Manager is proposing the Rights Issue on a basis of one Rights Unit for every one Existing Unit held as at the Rights Issue Books Closure Date to raise gross proceeds of approximately S\$337.3 million comprising an offer of 963,724,106 Rights Units to be made on a fully underwritten and renounceable basis to Eligible Unitholders.

The Manager's authority to issue the Rights Units is based on the recent measure introduced by the SGX-ST on 19 February 2009 allowing for a pro rata rights issue of units of a real estate investment trust ("**REIT**") of up to 100% of the issued units of the REIT, without the requirement for either a general or specific mandate from unitholders¹.

1.2 Rationale for the Rights Issue

The Rights Issue is part of Starhill Global REIT's long term proactive capital management strategy. While Starhill Global REIT presently has a strong capital position, the proceeds from the Rights Issue may be utilised by Starhill Global REIT to pare down some of its existing debt, to capitalise on acquisition opportunities and/or for asset enhancement initiatives, and/or for other general corporate and working capital purposes.

The Rights Issue would also offer Eligible Unitholders the opportunity to subscribe for their pro rata entitlement to the Rights Units ("**Rights Entitlements**") at a discount to the market price and Unitholders who do not wish to subscribe for the Rights Units may choose to sell their provisional allotments of Rights Units during the "nil-paid" rights trading period to realise the value of their Rights Entitlements.

¹ As clarified by the SGX-ST in its advisory. There is also no inconsistency with the Trust Deed in this regard.

1.3 Valuation

Given the current volatile market conditions and in conjunction with the Rights Issue, the Manager has taken the prudent view to update the valuations of Starhill Global REIT's property portfolio. Starhill Global REIT's property portfolio has been revalued from S\$2,103.3 million as at 31 December 2008 to S\$1,954.6 million as at 15 June 2009, representing a decline of approximately 7.1%.

1.4 Use of Proceeds

The Manager intends to utilise the net proceeds of approximately S\$326.1 million from the Rights Issue towards the following:

Uses	Proportion of Net Proceeds of Rights Issue (in percentage terms)
Repayment of debt, acquisition opportunities (as and when they may arise) and asset enhancement initiatives	90% - 100%
General corporate and working capital purposes	0% - 10%

The use of the proceeds of the Rights Issue for working capital purposes may include the settlement or unwinding, at the discretion of the Manager, of a cross currency swap transaction for a notional amount of S\$82.0 million (¥6.6 billion) ("**CCS**"), which was entered into by the Trustee, in its capacity as trustee of Starhill Global REIT, on 20 July 2007 to hedge the currency exposure in relation to the acquisition of its Japanese assets. The CCS will mature on 20 November 2009. The value of the CCS (loss of S\$21.3 million as at 31 March 2009) will vary depending on movements in the relevant foreign exchange rates. The Manager is presently evaluating the various options available, including settlement and unwinding of the CCS.

For illustrative purposes, the following table sets out Starhill Global REIT's gearing position should the Manager elect to repay selected borrowings:

	As at 31 March 2009		
	Actual	Pro Forma before the Rights Issue (adjusted for revaluation)	Pro Forma after the Rights Issue (adjusted for revaluation)
Total Borrowings⁽¹⁾ (S\$ million)	670.1	670.1	434.1
Total Assets (S\$ million)	2,155.2	2,006.5 ⁽²⁾	2,096.6 ⁽²⁾
Gearing (%)	31.1	33.4	20.7

Notes:

- (1) Total borrowings of the Starhill Global REIT and its subsidiaries ("**Starhill Global REIT Group**") as at 31 March 2009, comprising (i) S\$380.0 million term loan (repayable on 20 September 2010), (ii) S\$190.0 million term loan and S\$30.0 million revolving credit facility (repayable on 10 September 2010), (iii) S\$35.0 million revolving credit facility (out of which S\$16.0 million is outstanding as at 31 March 2009, repayable on 31 March 2010), (iv) ¥3.1 billion bond facility (equivalent to S\$47.9 million as at 31 March 2009, repayable in May 2012) and (v) RMB34.3 million loan from a third party (carrying amount of RMB28.0 million or S\$6.2 million as at 31 March 2009 representing the discounted value of the loan, repayable in equal and annual instalments with the final instalment due in August 2014).
- (2) Total assets of the Starhill Global REIT Group as at 31 March 2009, adjusted based on the latest valuation as at 15 June 2009.

The Manager believes that a reduction in gearing would be viewed positively, especially in light of current market conditions.

Notwithstanding the above, the Manager reserves the right to deploy the net proceeds of the Rights Issue at its absolute discretion based on the potential uses as set out in the first table of this sub-paragraph 1.4 above.

The pro forma financial effects of the Rights Issue have been calculated based on the assumption that S\$236.0 million of debt facilities as at 31 March 2009, would be repaid, as the Manager has not finalised any plans for making acquisitions or asset enhancements. The amount of debt of S\$236.0 million which is assumed to be repaid is purely and strictly for illustrative purposes only. The actual amount of debt to be repaid by the Manager may differ, depending on the opportunities to make acquisitions and/or asset enhancements which are available at the relevant times. In the event that the actual amount of debt to be repaid by the Manager is different from what the Manager has assumed, the pro forma financial effects of the Rights Issue would be different as well. The Manager is continuously evaluating opportunities to make acquisitions, carry out asset enhancements, and other means of enhancing returns for the benefit of Unitholders.

Pending deployment, the net proceeds from the Rights Issue may be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

It should be noted that Starhill Global REIT is currently not under pressure from its bankers to repay any of its existing borrowings and has sufficient resources to meet its current capital commitments. The Manager is of the opinion that, after taking into consideration Starhill Global REIT's internal resources and its available loan facilities and the net proceeds of the Rights Issue, the working capital available to Starhill Global REIT is sufficient to meet its present obligations as and when they fall due.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Rights Issue via SGXNET as and when such funds are materially utilised.

Please refer to paragraph 2 for an illustration of the financial impact of the asset revaluation and the Rights Issue.

1.5 Principal Terms of the Rights Issue

The following is a summary of the principal terms and conditions of the Rights Issue:

Issue Size : The Rights Issue is expected to raise gross proceeds of approximately S\$337.3 million.

The number of Rights Units to be issued under the Rights Issue is 963,724,106 Rights Units based on the Rights Ratio, which also reflects the number of Rights Units fully underwritten by the Joint Lead Managers and Underwriters.

In order for the Rights Issue to proceed on an underwritten basis, as described in this Circular, the Manager is therefore seeking approval from Independent Unitholders for the Whitewash Resolution.

Basis of Provisional Allotments	:	Each Eligible Unitholder is entitled to subscribe for one Rights Unit for every one Existing Unit standing to the credit of his securities account with The Central Depository (Pte) Limited (“ CDP ” and the securities account, the “ Securities Account ”) as at the Rights Issue Books Closure Date.
Rights Issue Price	:	<p>S\$0.35 for each Rights Unit. The Rights Units are payable in full upon acceptance and/or application.</p> <p>The Rights Issue Price represents a discount of approximately 45.3% to the closing price of S\$0.64 per Unit on the SGX-ST on 19 June 2009 (the “Closing Price”), a discount of approximately 46.8% to the 30-day volume weighted average price immediately preceding 22 June 2009 of S\$0.658 per Unit (the “30-day VWAP”) and a discount of approximately 29.3% to the theoretical ex-rights price (“TERP”) of S\$0.495 per Unit.</p>
Status of the Rights Units	:	<p>The Rights Units will, upon allotment and issue, rank <i>pari passu</i> in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 July 2009 to 30 September 2009 as well as all distributions thereafter.</p> <p>For the avoidance of doubt, the Rights Units will not be entitled to Starhill Global REIT’s distribution for the period from 1 April 2009 to 30 June 2009 which is expected to be paid on 28 August 2009.</p>
Eligible Unitholders	:	Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and such Unitholders who the Manager, on behalf of Starhill Global REIT, and in consultation with the Joint Lead Managers and Underwriters determine, may be offered Rights Units without breaching applicable securities laws.
Eligibility of Unitholders to participate in the Rights Issue	:	<p>Eligible Unitholders are at liberty to accept in part or in full, decline, renounce or trade on the SGX-ST (during the “nil-paid” rights trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for the Excess Rights Units.</p> <p>The procedures for acceptance, excess applications and payment by Eligible Unitholders will be set out in the offer information statement in connection with the Rights Issue to be lodged with the Monetary Authority of Singapore (“MAS”) and issued to Eligible Unitholders (the “Offer Information Statement”).</p>

No provisional allotment of Rights Units will be made to Ineligible Unitholders (as defined herein) and no purported acceptance thereof or application thereof by Ineligible Unitholders will be valid. Ineligible Unitholders should refer to the paragraphs under the heading “Ineligible Unitholders” below.

Trading of the Rights Units : Upon the listing and quotation of the Rights Units on the Main Board of the SGX-ST, the Rights Units will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Main Board of the SGX-ST, each board lot of Units will comprise 1,000 Units. All dealings in and transactions (including transfers) of the Rights Units effected through the SGX-ST and/or CDP shall be made in accordance with the “Terms and Conditions for Operation of Securities Account with CDP”, as the same may be amended from time to time, copies of which are available from CDP.

Governing Law : Laws of the Republic of Singapore.

The above terms and conditions of the Rights Issue are subject to such changes as the Manager may deem fit. The final terms and conditions of the Rights Issue will be set out in the Offer Information Statement to be despatched by the Manager to Eligible Unitholders in due course.

The Rights Issue is conditional upon, *inter alia*, the lodgement of the Offer Information Statement with the MAS.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Rights Units on the Main Board of the SGX-ST. The SGX-ST’s in-principle approval is not an indication of the merits of Starhill Global REIT, the Rights Issue or the Rights Units.

The Manager has provided undertakings to the SGX-ST to:

- (i) make periodic announcements on the specific utilisation of the proceeds from the Rights Issue as and when such proceeds are materially disbursed; and
- (ii) provide a status report on the use of the proceeds from the Rights Issue in the annual reports of Starhill Global REIT.

AS THE RIGHTS ISSUE IS MADE ON A RENOUNCEABLE BASIS, THE PROVISIONAL ALLOTMENTS OF RIGHTS UNITS CAN BE RENOUNCED IN FAVOUR OF A THIRD PARTY OR TRADED ON THE SGX-ST.

The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the “nil-paid” rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the “nil-paid” rights trading period or (B) that have not been validly taken up by the original allottees, renouncees of the provisional allotments or the purchasers of “nil-paid” rights Units (collectively, “**Excess Rights Units**”) will be issued to satisfy Excess Rights Units applications as the Manager may, in its discretion, deem fit.

In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any). YTL, the Subscribing Entities, other Substantial Unitholders² and directors of the Manager (the “**Directors**”) will rank last in priority.

Eligible Unitholders

Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and such Unitholders who the Manager, on behalf of Starhill Global REIT, in consultation with the Joint Lead Managers and Underwriters determine, may be offered Rights Units without breaching applicable securities laws.

Eligible Unitholders will be at liberty to accept in part or in full, decline or otherwise renounce or trade (during the “nil-paid” rights trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for Excess Rights Units in excess of their Rights Entitlements.

Eligible Unitholders who have subscribed for or purchased Units under the Central Provident Fund Investment Scheme (“**CPFIS**”) and/or the Supplementary Retirement Scheme (“**SRS**”) can only accept their Rights Entitlements by instructing the relevant banks in which they hold their CPFIS accounts and/or SRS accounts to do so on their behalf. Any application made directly to CDP or through ATMs will be rejected.

Unitholders holding Units through a finance company or depository agent may only subscribe for the Rights Entitlements through their respective finance company or depository agent.

Subscription for the Rights Entitlements arising from Units acquired under the CPFIS-Ordinary Account (“CPFIS-OA**”), where the Rights Entitlements are of a type included under the CPFIS-OA, can only be made using Central Provident Fund (“**CPF**”) funds. In the event of insufficient CPF funds or stock limit, Unitholders should top-up their CPF funds with the relevant bank in which they hold their CPFIS accounts to ensure that they may subscribe for their Rights Entitlements.**

Ineligible Unitholders

No provisional allotment of Rights Units will be made to Unitholders other than Eligible Unitholders (“**Ineligible Unitholders**”) and no purported acceptance thereof or application therefore by Ineligible Unitholders will be valid.

The making of the Rights Issue may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries (other than in Singapore) where Unitholders may have as their addresses registered with CDP, the Rights Issue will not be extended to Ineligible Unitholders. Save as provided herein, Ineligible Unitholders who wish to participate in the Rights Issue will have to provide CDP with addresses in Singapore for the service of notices and documents and any other evidence of eligibility at least three Market Days prior to the Rights Issue Books Closure Date. Save as provided herein and for the avoidance of doubt, the Ineligible Unitholders are not eligible to participate in the Rights Issue.

² “**Substantial Unitholders**” refer to Unitholders with an interest in one or more Units constituting not less than 5.0% of all Units in issue.

The “nil-paid” Rights Entitlements and the Rights Units will not be registered under the U.S. Securities Act of 1933, as amended (“**Securities Act**”), or under the securities laws of any state of the U.S. and, accordingly, they may not be offered, sold, resold, granted, delivered, allotted, taken up, transferred or renounced, directly or indirectly, in the U.S. or to U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from the registration requirements of the Securities Act.

If it is practicable to do so, the Manager may, at its absolute discretion, arrange for Rights Entitlements which would otherwise have been allotted to Ineligible Unitholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the Rights Entitlements commence. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Ineligible Unitholders in proportion to their respective unitholdings determined as at the Rights Issue Books Closure Date and sent to them by ordinary post, provided that where the amount to be distributed to any Ineligible Unitholder is less than S\$10.00, the Manager shall be entitled to retain or deal with such net proceeds as the Manager may, in its absolute discretion, deem fit for the sole benefit of Starhill Global REIT and no Ineligible Unitholder shall have any claim whatsoever against the Manager, the Joint Lead Managers and Underwriters, the Trustee or CDP in connection herewith.

1.6 Rights Issue Price, Proceeds and Rights Units to be issued

The Manager expects to raise gross proceeds of approximately S\$337.3 million under the Rights Issue.

Based on the 963,724,106 Units in issue as at the latest practicable date prior to the issue of this Circular (the “**Latest Practicable Date**”), the Manager intends to issue a total of 963,724,106 Rights Units on the basis of the Rights Ratio, at the Rights Issue Price.

The Rights Issue Price represents:

- (i) a discount of approximately 45.3% to the Closing Price being the last trading day of the Units prior to the announcement of the Rights Issue;
- (ii) a discount of approximately 46.8% to the 30-day VWAP;
- (iii) a discount of approximately 29.3% to the TERP. For the avoidance of doubt, the TERP is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of Starhill Global REIT}^3 + \text{Gross proceeds from the Rights Issue}}{\text{Units in issue after the Rights Issue}}$$

- (iv) a discount of 56.4% to the pro forma net asset value (“**NAV**”) per Unit after completion of the Rights Issue of S\$0.802 per Unit.

³ Based on the Closing Price.

1.7 Costs of the Rights Issue

If Starhill Global REIT proceeds with the Rights Issue, the Manager estimates that Starhill Global REIT will have to bear:

- (i) management, underwriting and selling commissions and related expenses of approximately S\$8.0 million (excluding goods and service tax payable); and
- (ii) professional and other fees and expenses of approximately S\$2.5 million (excluding goods and service tax payable) in connection with the Rights Issue,

together with any goods and services tax payable thereon.

1.8 Underwriting of the Rights Issue and the Commitment of YTL

1.8.1 Underwriting of the Rights Issue

The Rights Issue is fully underwritten by the Joint Lead Managers and Underwriters on the terms and subject to the conditions of the Underwriting Agreement.

The Joint Lead Managers and Underwriters will be entitled to a commission (the “**Underwriting Commission**”) of:

- (i) 1.75% of the Rights Issue Price multiplied by the number of YTL Proportionate Rights Units of 256,101,000 Units, representing approximately 26.6% of the Rights Units (which is equivalent to approximately S\$1.6 million);
- (ii) 2.50% of the Rights Issue Price multiplied by the number of YTL Sub-Underwritten Units of 466,692,080 Units, representing approximately 48.4% of the Rights Units (which is equivalent to approximately S\$4.1 million); and
- (iii) 2.75% of the Rights Issue Price multiplied by 240,931,026 Units, representing approximately 25.0% of the Rights Units being 963,724,106 Units which are fully underwritten by the Joint Lead Managers and Underwriters under the terms of the Underwriting Agreement less the aggregate of the YTL Proportionate Rights Units of 256,101,000 Units and the YTL Sub-Underwritten Units of 466,692,080 Units (which is equivalent to approximately S\$2.3 million),

together with any goods and services tax payable thereon.

It should be noted that the Underwriting Agreement may be terminated upon the occurrence of certain events, including those of a *force majeure* nature, but the Joint Lead Managers and Underwriters will not be entitled to rely on *force majeure* to terminate the Underwriting Agreement after the date on which ex-rights trading commences, in compliance with Rule 818 of the Listing Manual of the SGX-ST (the “**Listing Manual**”).

1.8.2 YTL Commitment

To demonstrate its support for Starhill Global REIT and the Rights Issue, YTL, which owns an aggregate interest of approximately 26.6% in Starhill Global REIT through the Relevant Entities as at 18 June 2009, being the Latest Practicable Date, has:

- (i) provided the YTL Pro Rata Undertaking, pursuant to which YTL will procure that the Relevant Entities accept, and/or procure any one or more YTL Subsidiaries to subscribe for the YTL Proportionate Rights Units; and

- (ii) entered into the YTL Sub-Underwriting Agreement with the Joint Lead Managers and Underwriters, pursuant to which YTL agrees, either directly or indirectly through one or more of the Subscribing Entities, to subscribe for the YTL Commitment Rights Units.

Under the terms of the YTL Pro Rata Undertaking and the YTL Sub-Underwriting Agreement, YTL and the Subscribing Entities may subscribe for a total of up to 75.0% of the Rights Units.

Pursuant to the YTL Sub-Underwriting Agreement, the Joint Lead Managers and Underwriters agree to pay to YTL from the Underwriting Commission:

- (a) a fee of 1.75% of the Rights Issue Price multiplied by the number of YTL Proportionate Rights Units of 256,101,000 Units, representing approximately 26.6% of the Rights Units (which is equivalent to approximately S\$1.6 million); and
- (b) a fee of 2.25% of the Rights Issue Price multiplied by the number of YTL Sub-Underwritten Units of 466,692,080 Units, representing approximately 48.4% of the Rights Units (which is equivalent to approximately S\$3.7 million),

together with any goods and services tax payable thereon (the “**Sub-Underwriting Fee**”).

The Sub-Underwriting Fee payable to YTL will be paid by the Joint Lead Managers and Underwriters from the Underwriting Commission and the percentage level of the commission payable by the Joint Lead Managers and Underwriters to YTL pursuant to the YTL Sub-Underwriting Agreement will not be more than the percentage level of the commission which the Joint Lead Managers and Underwriters receive pursuant to the Underwriting Agreement.

Given the current challenging market conditions, the Joint Lead Managers and Underwriters have indicated that they will only underwrite the Rights Issue if YTL enters into the YTL Sub-Underwriting Agreement. By committing to this arrangement, YTL is demonstrating its support for Starhill Global REIT and facilitating the underwriting of the Rights Issue by the Joint Lead Managers and Underwriters, thereby ensuring a successful Rights Issue. As YTL is making an upfront commitment, it will be assuming market risks for the entire Rights Issue period and forgoing its ability to trade its Rights Entitlements.

Further, YTL, either by itself and/or through the Subscribing Entities, has the option to apply for Excess Rights Units which are the Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the “nil-paid” rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the “nil-paid” rights trading period or (B) that have not been validly taken up by the original allottees, renounees of the provisional allotments or the purchasers of “nil-paid” rights, (the Excess Rights Units acquired by YTL and/or through the Subscribing Entities, the “**YTL Excess Rights Units**”). In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any). YTL, the Subscribing Entities, other Substantial Unitholders and Directors will rank last in priority.

Separately, YTL may directly and/or through the Subscribing Entities choose to acquire YTL Nil-Paid Rights Units. The acquisition of the YTL Excess Rights Units and the YTL

Nil-Paid Rights Units may, when aggregated with the YTL Commitment Rights Units, result in YTL acquiring, directly or indirectly, more than 75.0% of all the Rights Units.

The acquisition of the YTL Excess Rights Units and the YTL Nil-Paid Rights Units would be offset against the YTL Commitment Rights Units which YTL has committed to subscribe pursuant to the YTL Sub-Underwriting Agreement.

1.8.3 Board Confirmation

The board of directors of the Manager (the “**Board**”)⁴ has considered the terms of the:

- (i) Underwriting Agreement (including the commission payable to the Joint Lead Managers and Underwriters) and is of the view that it has been entered into on an arm’s length basis and on normal commercial terms; and
- (ii) the YTL Sub-Underwriting Agreement (including the Sub-Underwriting Fee payable to YTL) and is of the view that the terms are fair, and not prejudicial to Starhill Global REIT and to other Unitholders and are in the interest of Starhill Global REIT and its Unitholders as a whole,

on the basis that:

- (A) given the recent months of market uncertainty and volatility, the execution risks posed by the long rights issue execution period and the likely material adverse consequences of an unsuccessful rights issue, it is important for the Rights Issue to be underwritten;
- (B) the Joint Lead Managers and Underwriters have indicated that they will only underwrite the Rights Issue if YTL enters into the YTL Sub-Underwriting Agreement and the entry into the YTL Sub-Underwriting Agreement will facilitate the underwriting of the Rights Issue by the Joint Lead Managers and Underwriters, thereby ensuring a successful Rights Issue; and
- (C) as YTL is making an upfront commitment, it will be assuming market risks for the entire Rights Issue period and forgoing its ability to trade its Rights Entitlements.

None of the Directors dissented with the above opinion.

The Directors of the Manager who own Units as at the date of this Circular (being Mr Franklin Heng Ang Tee, Dr Hong Hai, Mr Michael Hwang and Mr Keith Tay Ah Kee) have indicated that they intend to fully take up their pro rata entitlements under the Rights Issue.

1.8.4 Listing Approval

The details of the conditions imposed by the SGX-ST’s in-principle approval of the listing and quotation of the Rights Units are, *inter alia*, as follows:

- (i) compliance with the continued listing requirements of the Listing Manual of the SGX-ST (the “**Listing Manual**”);

⁴ For good corporate governance, Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping and Dato’ Yeoh Seok Kian abstained from taking part in any decisions or recommendations relating to the YTL Sub-Underwriting Agreement as they are, *inter alia*, directors of YTL.

- (ii) no material variance in respect of the information or details on the terms of the Rights Issue;
- (iii) submission of an undertaking from Starhill Global REIT to make periodic announcements on the use of proceeds as and when the funds from the Rights Issue are materially disbursed and to provide a status report on the use of the Rights Issue proceeds in the annual report;
- (iv) preference being given to the rounding of odd lots in the allotment of any Excess Rights Units. Directors and Substantial Unitholders should rank last in priority in the allotment of any Excess Rights Units; and
- (v) submission of a notification as required in Rule 864(4) of the Listing Manual, if applicable, upon any significant changes affecting the matter in the listing application.

1.8.5 Waiver from the Singapore Code of Take-over and Mergers

On 10 June 2009, the Securities Industry Council (the “**SIC**”) granted a waiver (the “**SIC Waiver**”) of the requirement by YTL and parties acting in concert with it to make a Mandatory Offer for Units under the Code as a result of YTL and the Subscribing Entities: (i) subscribing for the YTL Proportionate Rights Units pursuant to the YTL Pro Rata Undertaking and the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement and/or (ii) subscribing for the YTL Excess Rights Units pursuant to an application for the Excess Rights Units whether directly and/or through the Subscribing Entities (the “**YTL Excess Application**”) and/or (iii) acquiring the YTL Nil-Paid Rights Units under the Rights Issue, subject to, *inter alia*, the approval of the Whitewash Resolution by Independent Unitholders at a general meeting (Resolution 1).

1.8.6 Manager and YTL Lock-Up

The Manager, has pursuant to the Underwriting Agreement, agreed not to, among other things, offer, issue or contract to issue any Units⁵, and make any announcements in connection with any of the foregoing transactions, until the date falling 60 days after the date on which the Rights Units are listed on the SGX-ST.

YTL has, pursuant to the YTL Sub-Underwriting Agreement, agreed not to offer, sell, contract to sell or otherwise dispose of (excluding pledging or otherwise encumbering the Units in favour of financial institutions), directly or indirectly, any of the Units held by YTL and/or the Subscribing Entities (subject to the terms and conditions therein), during the period from the date on which the Rights Units are listed on the SGX-ST to the date falling 60 days after the date on which the Rights Units are listed on the SGX-ST.

1.9 Status of the Rights Units

The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 July 2009 to 30 September 2009 as well as all distributions thereafter.

⁵ Save for the issue of the Rights Units and issue of Units to the Manager as part payment of its management fees which may subsequently be sold in the open market.

For the avoidance of doubt, the Rights Units will not be entitled to Starhill Global REIT's distribution for the period from 1 April 2009 to 30 June 2009 which is expected to be paid on 28 August 2009.

Eligible Unitholders who validly accept, in full, their Rights Entitlements, will receive such amount of the accrued distributions for the period from 1 July 2009 to 30 September 2009 which they would have been entitled to had the Rights Issue not occurred. Eligible Unitholders who decide not to accept in full their Rights Entitlements can, where applicable, make arrangements to trade their "nil-paid" rights on the SGX-ST under the book-entry (scripless) settlement system.

For Ineligible Unitholders, the Manager may, at its absolute discretion and if it is practicable to do so, arrange for the "nil-paid" rights which would otherwise have been provisionally allotted to Ineligible Unitholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the "nil-paid" rights commence. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that the proceeds from such sales can at least cover the expenses to be incurred in relation thereto.

The Manager is of the view that the above arrangement is fair to existing Unitholders.

2. FINANCIAL IMPACT OF THE ASSET REVALUATION AND THE RIGHTS ISSUE

2.1 Assumptions

The pro forma financial effects of the Rights Issue on the distribution per Unit ("DPU") and NAV per Unit and the pro forma capitalisation of Starhill Global REIT Group presented below, are strictly for illustrative purposes and were prepared based on the audited consolidated financial statements of the Starhill Global REIT Group for the year ended 31 December 2008 (the "**Starhill Global REIT Group FY 2008 Audited Financial Statements**"), taking into account the estimated costs of the Rights Issue and assuming that:

- 2.1.1** net proceeds of S\$326.1 million would have been raised assuming that 963,724,106 Rights Units would have been issued at a Rights Issue Price of S\$0.35 per Unit pursuant to the Rights Issue assuming that the Rights Ratio is one Rights Unit for every one Existing Unit;
- 2.1.2** approximately S\$235.0 million to S\$237.0 million⁶ of the net proceeds would have been used for repayment of part of Starhill Global REIT's existing debt; and
- 2.1.3** S\$89.1 million to S\$91.1 million of the net proceeds would have been retained for asset acquisitions, asset enhancements and working capital purposes.

Notwithstanding the above, the Manager reserves the right to deploy the net proceeds of the Rights Issue at its absolute discretion based on the potential uses as set out in the first table of paragraph 1.4 above.

The pro forma financial effects of the Rights Issue have been calculated based on the assumption that S\$237.0 million debt facilities as at 31 December 2008 and S\$235.0 million as at 1 January 2008, as the case may be, would be repaid, as the Manager has not finalised any plans for making acquisitions or asset enhancements. The amount of debt which is assumed to be repaid is purely and strictly for illustrative purposes only. The actual amount of debt to be repaid by the Manager may differ, depending on the opportunities to make acquisitions and/or asset enhancements which are available at the relevant times. In the event that the actual amount of debt to be repaid by the Manager is different from what the Manager has assumed, the pro forma financial effects of the Rights Issue would be different as well. The Manager is continuously evaluating opportunities to make acquisitions, carry out asset enhancements, and other means of enhancing returns for the benefit of Unitholders.

⁶ The difference of S\$2.0 million relates to a short-term debt amount that fluctuated during financial year ("FY") 2008.

It should be noted that the pro forma financial information in this Circular has not been prepared in connection with an offering registered with the U.S. Securities and Exchange Commission (the “SEC”) under the Securities Act and consequently is not compliant with the SEC’s rules on presentation of pro forma financial statements. Furthermore, this exercise has not been carried out in accordance with accounting standards generally accepted in the U.S. and accordingly should not be relied upon as if it has been carried out in accordance with those standards.

2.2 Pro Forma DPU

The table below sets out the pro forma financial effects of the Rights Issue on Starhill Global REIT’s DPU for FY2008, based on the Starhill Global REIT Group FY 2008 Audited Financial Statements, as if the Rights Issue would have been completed on 1 January 2008 and borrowings of S\$235.0 million would have been repaid on 1 January 2008.

	FY 2008	Pro Forma After Asset Revaluation and Rights Issue
Distributable Income (S\$'000)	69,427	74,838 ⁽²⁾
Issued Units ⁽¹⁾ ('000)	960,680	1,924,404
DPU FY 2008 (cents)	7.17	3.85
DPU Yield (%)	11.2 ⁽³⁾	7.8 ⁽⁴⁾

Notes:

- (1) Units in issue as at 31 December 2008 include 2,746,493 Units issuable as partial payment of the management fee for the period from 1 October 2008 to 31 December 2008.
- (2) After adding back (i) the Starhill Global REIT Group FY 2008 interest expense incurred on the borrowings assumed to be repaid and (ii) amortisation expense on transaction costs associated with the borrowings.
- (3) Based on closing price of S\$0.64 as at 19 June 2009.
- (4) Based on TERP of S\$0.495.

2.3 Pro Forma NAV

The table below sets out the pro forma financial effects of the asset revaluation and the Rights Issue on the NAV per Unit as at 31 December 2008, based on the Starhill Global REIT Group FY 2008 Audited Financial Statements, as if the asset revaluation occurred on 31 December 2008 and the Rights Issue would have been completed on 31 December 2008 and borrowings of S\$237.0 million would have been repaid on 31 December 2008.

	As at 31 December 2008	Pro Forma After Asset Revaluation	Pro Forma After Asset Revaluation and Rights Issue
NAV ⁽¹⁾ (S\$'000)	1,365,763	1,217,094	1,543,190
Issued Units ⁽²⁾ ('000)	960,680	960,680	1,924,404
NAV per Unit (S\$)	1.42	1.27	0.802

Notes:

- (1) Adjusted for distribution payable on 27 February 2009 of Starhill Global REIT’s distributable income for the period from 1 October 2008 to 31 December 2008.
- (2) Units in issue as at 31 December 2008 include 2,746,493 Units issuable as partial payment of the management fee for the period from 1 October 2008 to 31 December 2008.

2.4 Pro Forma Capitalisation

The following table sets out the pro forma capitalisation of the Starhill Global REIT Group as at 31 December 2008 based on the assumptions that the asset revaluation had occurred on 31 December 2008, the Rights Issue would have been completed on 31 December 2008 and borrowings of S\$237.0 million would have been repaid on 31 December 2008.

	As at 31 December 2008 (S\$ million)	Pro forma After Asset Revaluation (S\$ million)	Pro forma After Asset Revaluation and Rights Issue (S\$ million)
Short-term debt	17.0	17.0	—
Long-term debt	654.3	654.3	434.3
Total debt	671.3	671.3	434.3
Unitholders' funds	1,365.8	1,217.1	1,554.4
Expenses relating to Rights Issue	—	—	(11.2)
Total Unitholders' funds⁽¹⁾	1,365.8	1,217.1	1,543.2
Total Capitalisation	2,037.1	1,888.4	1,977.5

Note:

(1) Adjusted for distribution payable on 27 February 2009 of Starhill Global REIT's distributable income for the period 1 October 2008 to 31 December 2008.

3. THE PROPOSED WHITEWASH RESOLUTION

3.1 Rule 14 of the Code

In order for the Rights Issue to proceed on an underwritten basis, the Manager is seeking approval from Independent Unitholders for a waiver of their rights to receive a Mandatory Offer from YTL and parties acting in concert with it for all the remaining issued Units not owned or controlled by YTL and parties acting in concert with it, in the event that YTL and the Subscribing Entities incur a mandatory bid obligation pursuant to Rule 14 of the Code as a result of: (i) taking up the YTL Proportionate Rights Units allotted and issued to them pursuant to the YTL Pro Rata Undertaking and/or, (ii) if applicable, through applying for YTL Excess Rights Units pursuant to the YTL Excess Application and/or, (iii) if applicable, acquiring YTL Nil-Paid Rights Units, and/or (iv) subscribing for the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement.

YTL and the Subscribing Entities may possibly, upon (i) taking up the YTL Proportionate Rights Units under the YTL Pro Rata Undertaking and/or (ii) if applicable, applying for YTL Excess Rights Units pursuant to the YTL Excess Application and/or (iii) if applicable, acquiring YTL Nil-Paid Rights Units pursuant to the Rights Issue and/or (iv) subscribing for the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement, end up acquiring additional Units which exceeds the threshold pursuant to Rule 14.1(a) of the Code. Rule 14.1(a) of the Code states that YTL and parties acting in concert with it would be required to make a Mandatory Offer if YTL and the Subscribing Entities acquire additional Units which increases their aggregate unitholding in Starhill Global REIT to 30.0% or more.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Code, YTL and parties acting in concert with it would then be required to make a Mandatory Offer. The SIC has granted this waiver subject to, *inter alia*, the Whitewash Resolution being approved by Independent Unitholders at an EGM.

As at the Latest Practicable Date, YTL, through its subsidiaries being YTL Cayman⁷ and SGRIL⁸, holds an aggregate indirect interest of approximately 26.6% in Starhill Global REIT, with YTL Cayman having a direct interest in 9,000,000 Units and SGRIL having a direct interest in 247,101,000 Units.

If all Unitholders (including YTL and the Subscribing Entities) accept their Rights Entitlements in full, the unitholdings of YTL and the Subscribing Entities after the completion of the Rights Issue and upon the acceptance of all of their provisional allotments under the Rights Issue will remain unchanged at approximately 26.6% (“**Whitewash Scenario 1**”).

In the scenario where YTL and the Subscribing Entities subscribe for not only their YTL Proportionate Rights Units but also subscribe for all the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement and assuming that YTL and the Subscribing Entities do not apply for any Excess Rights Units and/or acquire any YTL Nil-Paid Rights Units, the aggregated unitholding of YTL and the Subscribing Entities immediately after the completion of the Rights Issue and upon the subscription of the YTL Commitment Rights Units will be approximately 50.8% (“**Whitewash Scenario 2**”).

The maximum possible increase in the unitholdings of YTL and the Subscribing Entities would occur in the scenario where none of the other Unitholders subscribe for their Rights Entitlement, and YTL and the Subscribing Entities subscribe for not only the YTL Proportionate Rights Units but also subscribe for all the Excess Rights Units (*i.e.* such that 100% of the Rights Units are taken up by YTL and the Subscribing Entities). In this case, the aggregated unitholding of YTL and the Subscribing Entities after the completion of the Rights Issue and upon the subscription of the YTL Commitment Rights Units and the YTL Excess Rights Units will be approximately 63.3% (“**Whitewash Scenario 3**”).

The following table sets out the respective unitholdings of YTL and the Subscribing Entities in the scenarios outlined above, based on a one-for-one Rights Ratio for the Rights Issue.

	Before the Rights Issue ⁽¹⁾	After the Rights Issue		
		Whitewash Scenario 1	Whitewash Scenario 2	Whitewash Scenario 3
Issued Units	963,724,106	1,927,448,212	1,927,448,212	1,927,448,212
Number of Units held by YTL and the Subscribing Entities	256,101,000	512,202,000	978,894,080	1,219,825,106
Number of Units held by Unitholders, other than YTL and the Subscribing Entities	707,623,106	1,415,246,212	948,554,132	707,623,106
% of issued Units held by YTL and the Subscribing Entities	26.6	26.6	50.8	63.3
% of Issued Units held by Unitholders, other than YTL and the Subscribing Entities	73.4	73.4	49.2	36.7

Note:

(1) As at the Latest Practicable Date.

⁷ YTL Cayman is a wholly-owned subsidiary of YTL.

⁸ SGRIL is a wholly-owned subsidiary of YTL Cayman.

3.1.1 Directors' and Substantial Unitholders' Interests

The following table sets out the unitholdings of the Directors. Based on the Register of Directors' Unitholdings maintained by the Manager, the Directors and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Unitholder	Direct Interest No. of Units	% ⁽¹⁾	Deemed Interest No. of Units	% ⁽¹⁾
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	—	—	—	—
Dato' Yeoh Seok Kian	—	—	—	—
Mr Franklin Heng Ang Tee ⁽²⁾	—	—	500,000	0.05
Dr Hong Hai	200,000	0.02	—	—
Mr Michael Hwang ⁽³⁾	—	—	15,000	0 ⁽⁴⁾
Mr Keith Tay Ah Kee	100,000	0.01	—	—

Notes:

- (1) The percentage interest is based on total issued Units of 963,724,106 as at the Latest Practicable Date.
- (2) Deemed interest held through nominee, Hong Leong Finance Limited.
- (3) Deemed interest held through nominee, UBS AG.
- (4) Less than 0.01%.

The following table sets out the unitholdings of the Substantial Unitholders. Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders of Starhill Global REIT⁹ and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Unitholder	Direct Interest No. of Units	% ⁽¹⁾	Deemed Interest No. of Units	% ⁽¹⁾
SGRIL ⁽²⁾	—	—	247,101,000	25.64
YTL Cayman ⁽³⁾	9,000,000	0.93	247,101,000	25.64
YTL ⁽⁴⁾	—	—	256,101,000	26.57
Yeoh Tiong Lay & Sons Holdings Sdn Bhd ⁽⁴⁾	—	—	256,101,000	26.57
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay ⁽⁴⁾	—	—	256,101,000	26.57
American International Assurance Company, Limited and related entities ⁽⁵⁾	94,516,000	9.81	109,016,000	11.31

Notes:

- (1) The percentage interest is based on the total issued Units of 963,724,106 as at the Latest Practicable Date.
- (2) Deemed interest through nominee, HSBC (Singapore) Nominees Pte Ltd.
- (3) Deemed interest by virtue of 247,101,000 Units held by SGRIL.
- (4) Deemed interest by virtue of 247,101,000 Units held by SGRIL and 9,000,000 Units held by YTL Cayman.
- (5) AIG Global Investment Corporation (Singapore) Ltd, American International Group, Inc., AIG Life Holdings (International) LLC, American International Reinsurance Company, Ltd., and American International Assurance Company (Bermuda) Ltd, and Jill M. Considine, Chester B. Feldberg and Douglas L. Foshee (as joint trustees of AIG Credit Facility Trust).

⁹ The Substantial Unitholders do not have different voting rights from ordinary Unitholders.

3.2 Application for waiver from Rule 14 of the Code

An application was made to the SIC on 21 May 2009 for the waiver of the obligation of YTL and parties acting in concert with it to make a Mandatory Offer under Rule 14 of the Code should the obligation to do so arise as a result of the Rights Issue. The SIC granted the SIC Waiver on 10 June 2009, subject to, *inter alia*, the satisfaction of the following conditions:

- (i) a majority of Unitholders present and voting at a general meeting, held before the issue of Rights Units approve by way of a poll, the Whitewash Resolution to waive their rights to receive a general offer from YTL and parties acting in concert with it;
- (ii) the Whitewash Resolution is separate from other resolutions;
- (iii) YTL, parties acting in concert with it and parties not independent of them abstain from voting on the Whitewash Resolution;
- (iv) YTL and parties acting in concert with it did not acquire or are not to acquire any Units or instruments convertible into and options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in this Circular):
 - (a) during the period between the announcement of the Rights Issue and the date Unitholders' approval is obtained for the Whitewash Resolution; and
 - (b) in the six months prior to the announcement of the Rights Issue, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Manager in relation to the Rights Issue;
- (v) Starhill Global REIT appoints an independent financial adviser to advise the Independent Unitholders on the Whitewash Resolution;
- (vi) Starhill Global REIT sets out clearly in this Circular:
 - (a) details of the Rights Issue and the acquisition of the Rights Units by YTL and the Subscribing Entities;
 - (b) the dilution effect to existing Unitholders of the subscription by YTL and the Subscribing Entities of (i) the YTL Proportionate Rights Units under the YTL Pro Rata Undertaking and, if applicable, upon subscription for the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement, as well as (ii) subscription of the YTL Excess Rights Units pursuant to the YTL Excess Application and/or the acquisition of the YTL Nil-Paid Rights Units pursuant to the Rights Issue;
 - (c) the number and percentage of Units as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units held by YTL and parties acting in concert with it as at the Latest Practicable Date;
 - (d) the number and percentage of Units to be issued to YTL and the Subscribing Entities pursuant to the YTL Pro Rata Undertaking and the YTL Sub-Underwriting Agreement, as well as the acquisition of the YTL Excess Rights Units and/or the YTL Nil-Paid Rights Units;
 - (e) a specific and prominent reference to the fact that the subscription by YTL and the Subscribing Entities for the YTL Proportionate Rights Units pursuant to the YTL Pro Rata Undertaking and, if applicable, the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement, as well as the YTL Excess Rights Units and/or the

YTL Nil-Paid Rights Units could result in YTL and the Subscribing Entities holding Units carrying over 49.0% of the voting rights of Starhill Global REIT based on its enlarged issued unitholdings, and the fact that YTL and the Subscribing Entities will be free to acquire further Units without incurring any obligation under Rule 14 of the Code to make a general offer for Starhill Global REIT; and

- (f) that Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from YTL and parties acting in concert with it at the highest price paid by YTL and parties acting in concert with it for Units in the six months preceding the commencement of the offer;
- (vii) this Circular states that the waiver granted by SIC to YTL and parties acting in concert with it from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions set out in sub-paragraphs 3.2(i) to 3.2(vi) above;
- (viii) Starhill Global REIT obtains SIC's approval in advance for the paragraphs of this Circular that refer to the Whitewash Resolution; and
- (ix) to rely on the Whitewash Resolution, the acquisition of the Rights Units by YTL and the Subscribing Entities pursuant to the Rights Issue must be completed within three months of the date of approval of the Whitewash Resolution.

To the best of the knowledge of the Manager and YTL, YTL and parties acting in concert with it hold, in aggregate, 256,101,000 Units representing approximately 26.6% of the voting rights of Starhill Global REIT as at the Latest Practicable Date.

Independent Unitholders should note that by voting for the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from YTL and parties acting in concert with it at the highest price paid or agreed to be paid by YTL and parties acting in concert with it for Units in the six months preceding the subscription by YTL and the Subscribing Entities of YTL Proportionate Rights Units and YTL Excess Rights Units and/or the subscription of YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement and/or acquisition of YTL Nil-Paid Rights Units resulting in an obligation to make a Mandatory Offer¹⁰.

Independent Unitholders should further note that YTL and the Subscribing Entities, may choose to apply for any number of Excess Rights Units and/or acquire the YTL Nil-Paid Rights Units under the Rights Issue and in the event that none of the Rights Units provisionally allotted to Eligible Unitholders other than YTL and the Subscribing Entities are subscribed for by such Unitholders or by the purchasers of the Rights Entitlements and YTL and the Subscribing Entities accept their provisional allotments and subscribe for all the Excess Rights Units and/or acquire YTL Nil-Paid Rights Units under the Rights Issue such that 100% of the Rights Units are taken up by YTL and/or the Subscribing Entities, the proportionate aggregate interest of YTL and the Subscribing Entities in the issued Units will be approximately 63.3% at the completion of the Rights Issue. As YTL and the Subscribing Entities would then hold more than 49.0% of the issued Units, they

¹⁰ Save for the following, YTL and the Subscribing Entities have not bought any Units in the last six months since the Latest Practicable Date:

- (a) the acquisition of 247,101,000 Units by YTL through its indirect wholly-owned subsidiary SGRIL pursuant to a sale and purchase agreement dated 28 October 2008 entered into between YTL, Macquarie Bank Limited and Macquarie Real Estate Singapore Pte. Ltd. as novated to SGRIL pursuant to a novation agreement dated 24 December 2008;
- (b) the acquisition of 9,000,000 Units by YTL Cayman through open market purchases from 7 November 2008 to 9 January 2009; and
- (c) the Units issued to the Manager as part payment of its base management fees for the Singapore assets of Starhill Global REIT for Q4 2008 and Q1 2009.

would be free to thereafter acquire further Units without incurring any obligation under Rule 14 of the Code to make a Mandatory Offer.

3.3 Rationale for the Whitewash Resolution

The Whitewash Resolution is to enable YTL, either by itself and/or through one or more of the Subscribing Entities, to:

- (i) subscribe for the YTL Proportionate Rights Units pursuant to the YTL Pro Rata Undertaking and the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement; and
- (ii) apply for the YTL Excess Rights Units and/or acquire the YTL Nil-Paid Rights Units pursuant to the Rights Issue.

The rationale for allowing YTL to, either by itself and/or through one or more of the Subscribing Entities, (i) subscribe for the YTL Proportionate Rights Units pursuant to the YTL Pro Rata Undertaking and the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement and/or (ii) apply for the YTL Excess Rights Units and/or acquire the YTL Nil-Paid Rights Units, is set out below.

Rationale to subscribe for the YTL Proportionate Rights Units and the YTL Sub-Underwritten Units

Given the current challenging market conditions, the Joint Lead Managers and Underwriters have confirmed that they will only underwrite the Rights Issue if YTL enters into the YTL Sub-Underwriting Agreement. By committing to this arrangement, YTL is demonstrating its support for Starhill Global REIT and facilitating the underwriting of the Rights Issue by the Joint Lead Managers and Underwriters, thereby ensuring a successful Rights Issue.

Rationale to allow YTL to apply for YTL Excess Rights Units and/or acquire the YTL Nil-Paid Rights Units

The Manager is of the view that YTL and the Subscribing Entities should not be treated differently from any other Unitholder and should be given the opportunity to apply for Excess Rights Units and/or acquire YTL Nil-Paid Rights Units. In addition, any YTL Excess Application, to be made by YTL at its discretion, will further demonstrate YTL's support for and confidence in the Rights Issue and its long-term commitment to Starhill Global REIT and will ensure a successful Rights Issue.

In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any). YTL, the Subscribing Entities, other Substantial Unitholders and Directors will rank last in priority.

3.4 Advice of the Independent Financial Adviser

The Manager has appointed DMG & Partners Securities Pte Ltd as the independent financial adviser (the "IFA") to advise the independent directors of the Manager (the "Independent Directors")¹¹ in relation to the Whitewash Resolution. A copy of the letter issued by the IFA (the "IFA Letter") to the Independent Directors, containing its advice in full, is set out in **Appendix A** of this Circular and Unitholders are advised to read the IFA Letter carefully.

¹¹ The Independent Directors being Dr Hong Hai, Mr Michael Hwang and Mr Keith Tay Ah Kee.

Having considered the factors and made the assumptions set out in its letter, and subject to the qualifications set out therein from a financial point of view, the IFA is of the view that the Whitewash Resolution is on normal commercial terms and is not prejudicial to the interests of Starhill Global REIT and its Independent Unitholders.

From a financial point of view, the IFA is of the view that the Independent Directors can recommend that Independent Unitholders vote in favour of the Whitewash Resolution to be proposed at the EGM.

4. THE PROPOSED TRUST DEED SUPPLEMENT TO FACILITATE EQUITY FUND RAISINGS

4.1 The Trust Deed Supplement to Facilitate Equity Fund Raisings

The Manager is seeking Unitholders' approval under Clause 29.1.1 of the Trust Deed to supplement the Trust Deed with the Trust Deed Supplement to Facilitate Equity Fund Raisings for the purposes of allowing the Manager to (i) fix the issue price for new Units offered by way of a renounceable rights issue at a discount of more than 50.0% of the prevailing Market Price of the Units and (ii) obtain Unitholders' approval for the issue of Units, where such approval is required under the Trust Deed, by way of an Ordinary Resolution instead of an Extraordinary Resolution.

(See **Appendix B** of this Circular for further details of the Trust Deed Supplement to Facilitate Equity Fund Raisings.)

4.2 Rationale for the Trust Deed Supplement to Facilitate Equity Fund Raisings

The current financial crisis has adversely affected the ability of REITs to raise funds from financial institutions through the issue of Units and/or debt financing.

The Manager believes that allowing it to obtain Unitholders' approval for the issue of Units, where specific approval is required, by way of an Ordinary Resolution instead of an Extraordinary Resolution is in line with recently constituted REITs whose trust deeds require approval to be obtained only by way of an Ordinary Resolution.

In addition, the Manager believes that the removal of the existing limit in the Trust Deed (which currently requires the issue price of Units offered by way of renounceable pro rata rights issues to be not less than 50.0% of the prevailing Market Price of Units) will give the Manager the flexibility of offering new Units to Unitholders under a renounceable rights issue at a more attractive price by issuing such Units at a discount of more than 50.0% of the prevailing Market Price of the Units. The removal of any limit on the minimum issue price of Units to be offered by way of renounceable rights issues is also in line with the Listing Manual and the trust deeds of a number of recently constituted REITs listed on the SGX-ST which do not set any limit on the discount at which new Units to be offered by way of renounceable rights issues may be priced.

5. RECOMMENDATIONS

5.1 On the Proposed Whitewash Resolution

The Whitewash Resolution will enable YTL, either by itself and/or through one or more of the Subscribing Entities, to:

- (i) subscribe for the YTL Proportionate Rights Units pursuant to the YTL Pro Rata Undertaking and the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement; and/or

- (ii) subscribe for the YTL Excess Rights Units and/or acquire YTL Nil-Paid Rights Units pursuant to the Rights Issue,

without having to make a Mandatory Offer under Rule 14 of the Code.

The Independent Directors have been recommended by the IFA to, and accordingly, advise Independent Unitholders to read the following sections of this Letter to Unitholders carefully: section 1, section 1.2, section 1.8.1, section 1.8.2, section 1.8.3, section 1.8.6, section 2 and section 3.2.

The Independent Directors have considered and concurred with the advice of the IFA in relation to the Whitewash Resolution. The Independent Directors believe that the Whitewash Resolution would be beneficial to, and is in the interests of, Starhill Global REIT.

(See paragraph 3.3 above for details of the rationale for the Whitewash Resolution and paragraph 3.4 above for the advice of the IFA.)

Accordingly, the Independent Directors recommend that Independent Unitholders vote in favour of the Whitewash Resolution (Resolution 1).

5.2 On the Proposed Trust Deed Supplement to Facilitate Equity Fund Raisings

Having regard to the rationale for the Trust Deed Supplement to Facilitate Equity Fund Raisings as set out in paragraph 4.2 above, the Directors believe that the Trust Deed Supplement to Facilitate Equity Fund Raisings would be beneficial to, and is in the interests of, Starhill Global REIT.

Accordingly, the Directors recommend that Unitholders vote in favour of the resolution relating to the Trust Deed Supplement to Facilitate Equity Fund Raisings (Resolution 2).

6. EXTRAORDINARY GENERAL MEETING

The EGM will be held on Monday, 13 July 2009 at 2.30 p.m. at Hilton Singapore, Ballroom 1, 581 Orchard Road, Singapore 238883, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM, which is set out on pages C-1 to C-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about each of these resolutions. Approval by way of an Extraordinary Resolution is required in respect of the resolution relating to the Trust Deed Supplement to Facilitate Equity Fund Raisings (Resolution 2). Approval by way of an Ordinary Resolution is required in respect of the Whitewash Resolution (Resolution 1).

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by CDP as at 48 hours before the EGM.

7. ABSTENTIONS FROM VOTING

Pursuant to the SIC Waiver granted in relation to the Whitewash Resolution, YTL, parties acting in concert with it (as determined for the purposes of the Rights Issue) and parties not independent of YTL are required to abstain from voting on the Whitewash Resolution (Resolution 1).

8. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar's registered office at 3 Church Street, #08-01 Samsung Hub, Singapore 049483 not later than 2.30 p.m. on 11 July 2009, being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of one or more of the resolutions must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolutions.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects as at the date of this Circular and there is no omission of material facts which would make any statement in this Circular misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

10. JOINT LEAD MANAGERS AND UNDERWRITERS' RESPONSIBILITY STATEMENTS

The Joint Lead Managers and Underwriters confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, based on information made available by the Manager, the information about the Rights Issue contained in paragraphs 1.5, 1.6, and 1.8 above constitutes true disclosure of all material facts about the Rights Issue as at the date of this Circular and that there are no omission of material facts which would make any statement about the Rights Issue contained in the said paragraphs misleading in any material respect as at the date of this Circular.

11. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they are included in this Circular.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 391B Orchard Road, #21-08 Ngee Ann City Tower B, Singapore 238874¹² from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (i) the IFA Letter;
- (ii) the YTL Pro Rata Undertaking; and
- (iii) the written consent of the IFA.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Starhill Global REIT is in existence.

Yours faithfully

YTL PACIFIC STAR REIT MANAGEMENT LIMITED
(as manager of Starhill Global REIT)
Company Registration No. 200502123C

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
Executive Chairman

¹² Prior appointment with the Manager (telephone: +65 68358633) will be appreciated.

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Starhill Global REIT is not necessarily indicative of the future performance of Starhill Global REIT.

This Circular 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 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 costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of EGM and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the U.S. It is not an offer of securities for sale into the U.S. The "nil-paid" Rights Entitlements and the Rights Units will not be registered under the Securities Act or under the securities laws of any state of the U.S. and, accordingly, the "nil-paid" Rights Entitlements and the Rights Units may be offered, delivered and sold in the U.S. only pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

30-day VWAP	:	The volume weighted average price for a Unit for all trades on the SGX-ST for the period of 30 Market Days immediately preceding 22 June 2009 of S\$0.658 per Unit
Board	:	The board of directors of the Manager
Business Day	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
CCS	:	The cross currency transaction entered into by the Trustee, in its capacity as the trustee of Starhill Global REIT, for a notional amount of S\$82.0 million (¥6.6 billion)
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 22 June 2009
Closing Price	:	The closing price of S\$0.64 per Unit on the SGX-ST on 19 June 2009
Code	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
CPF	:	Central Provident Fund
CPFIS	:	Central Provident Fund Investment Scheme
CPFIS-OA	:	CPFIS-Ordinary Account
Directors	:	The directors of the Manager
DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be held on Monday, 13 July 2009 at 2.30 p.m. at Hilton Singapore, Ballroom 1, 581 Orchard Road, Singapore 238883, to approve the matters set out in the Notice of Extraordinary General Meeting on pages C-1 to C-2 of this Circular
Eligible Unitholders	:	Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with CDP are in Singapore as the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents, and such Unitholders who the Manager, on behalf of Starhill Global REIT, in consultation with the Joint Lead Managers and Underwriters determine, may be offered Rights Units without breaching applicable securities laws

Excess Rights Units	:	The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the “nil-paid” rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the “nil-paid” rights trading period or (B) that have not been validly taken up by the original allottees, renounees of the provisional allotments or the purchasers of the “nil-paid” rights units
Existing Units	:	The Units in issue as at the Rights Issue Books Closure Date
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
FY	:	Financial year
IFA	:	DMG & Partners Securities Pte Ltd
IFA Letter	:	The letter from the IFA to the Independent Directors containing its advice in relation to the Whitewash Resolution
Independent Directors	:	The independent directors of the Manager, being Dr Hong Hai, Mr Michael Hwang and Mr Keith Tay Ah Kee
Independent Unitholders	:	Unitholders other than YTL, parties acting in concert with it and parties which are not independent of YTL
Ineligible Unitholders	:	Unitholders other than Eligible Unitholders
Joint Lead Managers and Underwriters	:	DBS Bank Ltd, Merrill Lynch (Singapore) Pte Ltd and Credit Suisse (Singapore) Limited
Latest Practicable Date	:	18 June 2009, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	YTL Pacific Star REIT Management Limited, in its capacity as manager of Starhill Global REIT
Mandatory Offer	:	A general offer made pursuant to Rule 14 of the Code
Market Day	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
Market Price	:	The volume weighted average price for a unit (if applicable, of the same class) for all trades on the SGX-ST or any other recognised stock exchange in the ordinary course of trading for the period of 10 Business Days immediately preceding the relevant Business Day and, if applicable, in accordance with the listing rules or for such other period of Business Days as may be permitted by any other relevant recognised stock exchange

MAS	:	Monetary Authority of Singapore
NAV	:	Net asset value
Offer Information Statement	:	The offer information statement to be issued by the Manager and lodged with the MAS in connection with the Rights Issue
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
REIT	:	Real estate investment trust
Relevant Entities	:	Comprise the subsidiaries of YTL which hold either a direct or indirect interest in Units, being YTL Cayman and SGRIL
Rights Entitlements	:	The provisional allotments of Rights Units to Eligible Unitholders under the Rights Issue
Rights Issue	:	The proposed issue of new Units on a fully underwritten and renounceable basis to Eligible Unitholders on the basis of one Rights Unit for every one Existing Unit held as at the Rights Issue Books Closure Date at the Rights Issue Price
Rights Issue Books Closure Date	:	5.00 p.m. on 21 July 2009 being the time and date on which the Transfer Books and Register of Unitholders are closed to determine the Rights Entitlements
Rights Issue Price	:	S\$0.35 being the issue price per Rights Unit
Rights Ratio	:	The rights ratio of one Rights Unit for every one Existing Unit
Rights Units	:	The new Units proposed to be issued by way of the Rights Issue
RMB	:	Renminbi, the lawful currency of China
SEC	:	U.S. Securities and Exchange Commission
Securities Account	:	Unitholders' securities accounts with CDP
Securities Act	:	U.S. Securities Act of 1933, as amended
SGRIL	:	Starhill Global REIT Investments Limited, a wholly owned subsidiary of YTL Cayman
SGX-ST	:	Singapore Exchange Securities Trading Limited
SIC	:	Securities Industry Council
SIC Waiver	:	The waiver granted by the SIC dated 10 June 2009
SRS	:	Supplementary Retirement Scheme
Starhill Global REIT	:	Starhill Global Real Estate Investment Trust
Starhill Global REIT Group	:	Starhill Global REIT and its subsidiaries

Starhill Global REIT Group FY 2008 Audited Financial Statements	:	The audited consolidated financial statements of the Starhill Global REIT Group for the year ended 31 December 2008
Subscribing Entities	:	<p>Comprise:</p> <p>(i) one or more of the Relevant Entities; and/or</p> <p>(ii) any one or more YTL Subsidiaries</p>
Substantial Unitholders	:	A Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue
Sub-Underwriting Fee	:	<p>The fee payable by Joint Lead Managers and Underwriters to YTL from the Underwriting Commission pursuant to the YTL Sub-Underwriting Agreement which comprises the following:</p> <p>(a) a fee of 1.75% of the Rights Issue Price multiplied by the number of YTL Proportionate Rights Units of 256,101,000 Units, representing approximately 26.6% of the Rights Units (which is equivalent to approximately S\$1.6 million); and</p> <p>(b) a fee of 2.25% of the Rights Issue Price multiplied by the number of YTL Sub-Underwritten Units of 466,692,080 Units, representing approximately 48.4% of the Rights Units (which is equivalent to approximately S\$3.7 million),</p> <p>together with any goods and services tax payable thereon</p>
TERP	:	<p>The theoretical ex-rights price which is calculated as follows:</p> $\text{TERP} = \frac{\text{Market capitalisation of Starhill Global REIT based on the Closing Price} + \text{Gross proceeds from the Rights Issue}}{\text{Units in issue after the Rights Issue}}$
Trust Deed	:	The trust deed dated 8 August 2005 constituting Starhill Global REIT, as supplemented by the first supplemental deed dated 20 April 2006, the amended and restated deed dated 8 August 2007 and the second amended and restated deed dated 10 December 2007, all entered into between the Trustee and the Manager, as amended, varied, or supplemented from time to time
Trust Deed Supplement to Facilitate Equity Fund Raisings	:	<p>The amendments to the Trust Deed for the purposes of:</p> <p>(i) allowing the Manager to fix the issue price for new Units offered by way of a renounceable rights issue at a discount of more than 50.0% of the prevailing Market Price of the Units; and</p>

		(ii) allowing the Manager to obtain Unitholders' approval for the issue of Units, where such approval is required under the Trust Deed, by way of an Ordinary Resolution instead of an Extraordinary Resolution
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Starhill Global REIT
Underwriting Agreement	:	The management and underwriting agreement entered into between the Manager and the Joint Lead Managers and Underwriters on 22 June 2009
Underwriting Commission	:	The underwriting commission which the Joint Lead Managers and Underwriters will be entitled to pursuant to the Underwriting Agreement which comprises: <ul style="list-style-type: none"> (i) 1.75% of the Rights Issue Price multiplied by the number of YTL Proportionate Rights Units of 256,101,000 Units, representing approximately 26.6% of the Rights Units (which is equivalent to approximately S\$1.6 million); (ii) 2.50% of the Rights Issue Price multiplied by the number of YTL Sub-Underwritten Units of 466,692,080 Units, representing approximately 48.4% of the Rights Units (which is equivalent to approximately S\$4.1 million); and (iii) 2.75% of the Rights Issue Price multiplied by 240,931,026 Units, representing approximately 25.0% of the Rights Units being 963,724,106 Units which are fully underwritten by the Joint Lead Managers and Underwriters under the terms of the Underwriting Agreement less the aggregate of the YTL Proportionate Rights Units of 256,101,000 Units and the YTL Sub-Underwritten Units 466,692,080 Units (which is equivalent to approximately S\$2.3 million) <p>together with goods and services tax payable thereon</p>
Unit	:	A unit representing an undivided interest in Starhill Global REIT
Unitholders	:	Unitholders of Starhill Global REIT
U.S.	:	United States
Whitewash Resolution	:	The proposed whitewash resolution for the waiver of the rights of Independent Unitholders to receive a Mandatory Offer from YTL and parties acting in concert with it for all the remaining Units not owned or controlled by YTL and parties acting in concert with it
Whitewash Scenario 1	:	The scenario which assumes that all Unitholders accept their provisional allotments under the Rights Issue in full, the unitholdings of YTL and the Subscribing Entities after the completion of the Rights Issue and upon the acceptance of all of their provisional allotments under the Rights Issue will remain unchanged at approximately 26.6%

Whitewash Scenario 2	:	The scenario which assumes that YTL and the Subscribing Entities subscribe for not only the YTL Proportionate Rights Units but also subscribes for all the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement and assuming that YTL and the Subscribing Entities do not apply for any Excess Rights Units and/or acquire any YTL Nil-Paid Rights Units
Whitewash Scenario 3	:	The scenario which assumes maximum possible increase in the unitholdings of YTL and the Subscribing Entities where none of the other Unitholders subscribe for their Rights Entitlements, and YTL and the Subscribing Entities subscribe for not only the YTL Proportionate Rights Units but also subscribe for all the Excess Rights Units (<i>i.e.</i> such that 100% of the Rights Units are taken up by YTL and the Subscribing Entities)
YTL	:	YTL Corporation Berhad
YTL Cayman	:	YTL Cayman Limited, a wholly-owned subsidiary of YTL
YTL Commitment Rights Units	:	The aggregate number of YTL Sub-Underwritten Units which YTL has committed to subscribe pursuant to the YTL Sub-Underwriting Agreement (including the YTL Proportionate Rights Units which YTL has committed to subscribe pursuant to the YTL Pro Rata Undertaking)
YTL Excess Application	:	The application(s) by YTL, directly and/or through the Subscribing Entities, for any Excess Rights Units at the close of the Rights Issue
YTL Excess Rights Units	:	Excess Rights Units acquired directly by YTL and/or through the Subscribing Entities
YTL Nil-Paid Rights Units	:	“Nil-paid” rights entitlements acquired by YTL on the open market during the “nil-paid” rights trading period and the subsequent exercise of the “nil-paid” rights entitlements to acquire Rights Units
YTL Proportionate Rights Units	:	The respective provisional allocation of Rights Units of the Relevant Entities
YTL Pro Rata Undertaking	:	The undertaking provided by YTL to the Manager and the Joint Lead Managers and Underwriters on 22 June 2009, pursuant to which YTL will procure that the Relevant Entities accept, and/or procure any one or more YTL Subsidiaries to subscribe for, the YTL Proportionate Rights Units
YTL Subsidiaries	:	Subsidiaries of YTL, whether existing or to be incorporated by YTL
YTL Sub-Underwriting Agreement	:	The sub-underwriting agreement entered into between YTL and the Joint Lead Managers and Underwriters on 22 June 2009

YTL Sub-Underwritten Units	:	The Rights Units to be subscribed by YTL (either directly or indirectly) pursuant to the YTL Sub-Underwriting Agreement in addition to the YTL Proportionate Rights Units
S\$ and cents	:	Singapore dollars and cents
%	:	Per centum or percentage
¥	:	Yen, the lawful currency of Japan

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

**LETTER FROM DMG & PARTNERS SECURITIES PTE LTD TO
THE INDEPENDENT DIRECTORS**

22 June 2009

The Independent Directors of
YTL Pacific Star REIT Management Limited
(as Manager of Starhill Global Real Estate Investment Trust)
391B Orchard Road
#21-08 Ngee Ann City Tower B
Singapore 238874

Dear Sirs,

THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT UNITHOLDERS OF STARHILL GLOBAL REIT TO RECEIVE A MANDATORY OFFER FROM YTL AND PARTIES ACTING IN CONCERT WITH IT FOR ALL THE REMAINING ISSUED UNITS OF STARHILL GLOBAL REIT NOT OWNED OR CONTROLLED BY THEM (THE “WHITEWASH RESOLUTION”)

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meanings when used herein.

1. INTRODUCTION

1.1 *The Rights Issue*

The Manager is proposing the Rights Issue to raise gross proceeds of approximately S\$337.3 million comprising an offer of 963,724,106 Rights Units to be made on a fully underwritten and renounceable basis to Eligible Unitholders on a basis of one Rights Unit for every one Existing Unit held as at 5.00 p.m. on 21 July 2009, at the Rights Issue Price of S\$0.35 per Rights Unit.

1.2 *Underwriting of the Rights Issue and the Commitment of YTL*

Underwriting of the Rights Issue

The Rights Issue is fully underwritten by the Joint Lead Managers and Underwriters on the terms and subject to the conditions of the Underwriting Agreement.

Please refer to section 1.8.1 of the Circular for full details on the underwriting of the Rights Issue.

Commitment of YTL

To demonstrate its support for Starhill Global REIT and the Rights Issue, YTL, which owns an aggregate interest of approximately 26.6% in Starhill Global REIT through the Relevant Entities as at 18 June 2009, being the Latest Practicable Date, has:

- (i) provided the YTL Pro Rata Undertaking, pursuant to which YTL will procure that the Relevant Entities accept, and/or procure any one or more YTL Subsidiaries to subscribe for the YTL Proportionate Rights Units; and

- (ii) entered into the YTL Sub-Underwriting Agreement with the Joint Lead Managers and Underwriters, pursuant to which YTL agrees, either directly or indirectly through one or more of the Subscribing Entities, to subscribe for the YTL Commitment Rights Units.

Under the terms of the YTL Pro Rata Undertaking and the YTL Sub-Underwriting Agreement, YTL and the Subscribing Entities may subscribe for a total of up to 75.0% of the Rights Units.

Please refer to section 1.8.2 of the Circular for full details on YTL's commitment to subscribe for Rights Units pursuant to the Rights Issue ("**YTL Commitment**").

1.3 The Whitewash Resolution

In order for the Rights Issue to proceed on an underwritten basis, the Manager is seeking approval from Independent Unitholders for a waiver of their rights to receive a Mandatory Offer from YTL and parties acting in concert with it for all the remaining issued Units not owned or controlled by YTL and parties acting in concert with it, in the event that YTL and the Subscribing Entities incur a mandatory bid obligation pursuant to Rule 14 of the Code as a result of: (i) taking up the YTL Proportionate Rights Units allotted and issued to them pursuant to the YTL Pro Rata Undertaking and/or, (ii) if applicable, through applying for YTL Excess Rights Units pursuant to the YTL Excess Application and/or, (iii) if applicable, acquiring YTL Nil-Paid Rights Units, and/or (iv) subscribing for the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Code, YTL and parties acting in concert with it would then be required to make a Mandatory Offer. The SIC has granted this waiver subject to, *inter alia*, the Whitewash Resolution being approved by Independent Unitholders at an EGM and that independent financial advice be provided to the Independent Unitholders on the Whitewash Resolution.

DMG & Partners Securities Pte Ltd ("**DMG**") has been appointed as the Independent Financial Adviser to the Independent Directors to advise them, from a financial point of view, on whether the Whitewash Resolution is on normal commercial terms and is not prejudicial to the interests of Starhill Global REIT and its Independent Unitholders.

This letter forms part of the Circular dated 22 June 2009 which provides, *inter alia*, details of the Rights Issue and the Whitewash Resolution and the recommendation of the Independent Directors thereon.

2. TERMS OF REFERENCE

We were neither a party to the negotiations in relation to the Rights Issue, nor were we involved in the deliberations leading up to the decision by the Manager to enter into the Rights Issue.

We make no representations or warranties in relation to the merits of the Rights Issue other than to express an opinion, from a financial point of view, on whether the Whitewash Resolution is on normal commercial terms and is not prejudicial to the interests of Starhill Global REIT and its Independent Unitholders. Our terms of reference do not require us to evaluate or comment on the strategic or commercial merits or risks of the Rights Issue or on the prospects of Starhill Global REIT or any of its related companies (as defined in the Companies Act of Singapore). Such evaluations or comments remain the responsibility of the Directors and management of the Manager although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our recommendations as set out in this letter.

We were also not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to any other proposals for transactions similar to the Rights Issue. In this regard, we are not addressing the relative merits of the Rights Issue as compared to any alternative transaction previously considered by the Manager or which otherwise may have been available to Starhill Global REIT currently or in the future, and such comparison and consideration remain the responsibility of the Directors.

In the course of our evaluation and for the purpose of our opinion in relation to the Whitewash Resolution, we have held discussions with the Directors and the management of the Manager. We have examined the information contained in the Circular as well as publicly available information collated by us and information provided to us by the Directors and management of the Manager. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. Whilst care has been exercised in reviewing the information, which we have relied on, we have not independently verified the information. We have nevertheless made enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors made pursuant to the Directors' Responsibility Statement set out under section 9 of the Circular that the Directors collectively and individually accept responsibility for the accuracy of the information given in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in the Circular are fair and accurate in all material respects and there are no omission of material facts which would make any statement in the Circular misleading in any material respect.

In addition, we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, property, plant and equipment) of Starhill Global REIT and we have not been furnished with any such evaluation or appraisal.

Our recommendations are based upon market, economic, industry and other conditions prevailing as at the Latest Practicable Date, and information made available to us as at the Latest Practicable Date. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our recommendations in light of any subsequent development after the Latest Practicable Date that may affect our recommendations contained therein. Unitholders should further take note of any announcements relevant to their consideration of the Rights Issue, which may be released after the Latest Practicable Date.

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any individual Independent Unitholder. **As different Independent Unitholders would have different investment objectives and profiles, we would advise the Directors to advise that any individual Independent Unitholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.**

Starhill Global REIT has been advised by its own professional adviser(s) in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter) and our responsibility is as set out above in relation to this IFA Letter. Accordingly, we take no responsibility for, and express no views, whether expressed or implied, on the contents of the Circular (except for this IFA Letter).

We have prepared this IFA Letter for the use of the Independent Directors in connection with their consideration of the Whitewash Resolution and their advice and recommendations to the Independent Unitholders in respect thereof. The recommendations made to the Independent Unitholders in relation to the Whitewash Resolution remain the responsibility of the Independent Directors.

Other than for this intended purpose, this IFA Letter should not be used for any other purposes and/or by other persons without the prior consent of DMG.

Our recommendations in relation to the Whitewash Resolution should be considered in the context of the entirety of our advice as set out in this IFA Letter.

3. THE RIGHTS ISSUE

Details relating to the principal terms of the Rights Issue are set out in section 1 of the Circular. We recommend that Independent Directors advise Independent Unitholders to read the information carefully.

Unitholders should take note that the terms and conditions of the Rights Issue set out in the Circular are subject to such changes as the Manager may deem fit. The final terms and conditions of the Rights Issue will be set out in the Offer Information Statement to be despatched by the Manager to Eligible Unitholders in due course.

4. UNDERWRITING OF THE RIGHTS ISSUE, THE YTL COMMITMENT AND THE BOARD CONFIRMATION

4.1 *Underwriting of the Rights Issue*

Details relating to the underwriting of the Rights Issue have been extracted from section 1.8.1 of the Circular and set out in italics below. We recommend that Independent Directors advise Independent Unitholders to read this section of the Circular carefully. All terms and expressions used in this extract below shall have the same meaning as those defined in the Circular, unless otherwise stated.

“The Rights Issue is fully underwritten by the Joint Lead Managers and Underwriters on the terms and subject to the conditions of the Underwriting Agreement.

The Joint Lead Managers and Underwriters will be entitled to a commission (the “**Underwriting Commission**”) of:

- (i) 1.75% of the Rights Issue Price multiplied by the number of YTL Proportionate Rights Units of 256,101,000 Units, representing approximately 26.6% of the Rights Units (which is equivalent to approximately S\$1.6 million);*
- (ii) 2.50% of the Rights Issue Price multiplied by the number of YTL Sub-Underwritten Units of 466,692,080 Units, representing approximately 48.4% of the Rights Units (which is equivalent to approximately S\$4.1 million); and*
- (iii) 2.75% of the Rights Issue Price multiplied by 240,931,026 Units, representing approximately 25.0% of the Rights Units being 963,724,106 Units which are fully underwritten by the Joint Lead Managers and Underwriters under the terms of the Underwriting Agreement less the aggregate of the YTL Proportionate Rights Units of 256,101,000 Units and the YTL Sub-Underwritten Units of 466,692,080 Units (which is equivalent to approximately S\$2.3 million),*

together with any goods and services tax payable thereon.

It should be noted that the Underwriting Agreement may be terminated upon the occurrence of certain events, including those of a force majeure nature, but the Joint Lead Managers and Underwriters will not be entitled to rely on force majeure to terminate the Underwriting Agreement after the date on which ex-rights trading commences, in compliance with Rule 818 of the Listing Manual of the SGX-ST (the “Listing Manual”).”

4.2 YTL Commitment

Details relating to YTL’s commitment has been extracted from section 1.8.2 of the Circular and set out in italics below. We recommend that Independent Directors advise Independent Unitholders to read this section of the Circular carefully. All terms and expressions used in this extract below shall have the same meaning as those defined in the Circular, unless otherwise stated.

“To demonstrate its support for Starhill Global REIT and the Rights Issue, YTL, which owns an aggregate interest of approximately 26.6% in Starhill Global REIT through the Relevant Entities as at 18 June 2009, being the Latest Practicable Date, has:

- (i) provided the YTL Pro Rata Undertaking, pursuant to which YTL will procure that the Relevant Entities accept, and/or procure any one or more YTL Subsidiaries to subscribe for the YTL Proportionate Rights Units; and*
- (ii) entered into the YTL Sub-Underwriting Agreement with the Joint Lead Managers and Underwriters, pursuant to which YTL agrees, either directly or indirectly through one or more of the Subscribing Entities, to subscribe for the YTL Commitment Rights Units.*

Under the terms of the YTL Pro Rata Undertaking and the YTL Sub-Underwriting Agreement, YTL and the Subscribing Entities may subscribe for a total of up to 75.0% of the Rights Units.

Pursuant to the YTL Sub-Underwriting Agreement, the Joint Lead Managers and Underwriters agree to pay to YTL from the Underwriting Commission:

- (a) a fee of 1.75% of the Rights Issue Price multiplied by the number of YTL Proportionate Rights Units of 256,101,000 Units, representing approximately 26.6% of the Rights Units (which is equivalent to approximately S\$1.6 million); and*
- (b) a fee of 2.25% of the Rights Issue Price multiplied by the number of YTL Sub-Underwritten Units of 466,692,080 Units, representing approximately 48.4% of the Rights Units (which is equivalent to approximately S\$3.7 million);*

together with any goods and services tax payable thereon (the “Sub-Underwriting Fee”).

The Sub-Underwriting Fee payable to YTL will be paid by the Joint Lead Managers and Underwriters from the Underwriting Commission and the percentage level of the commission payable by the Joint Lead Managers and Underwriters to YTL pursuant to the YTL Sub-Underwriting Agreement will not be more than the percentage level of the commission which the Joint Lead Managers and Underwriters receive pursuant to the Underwriting Agreement.

Given the current challenging market conditions, the Joint Lead Managers and Underwriters have indicated that they will only underwrite the Rights Issue if YTL enters into the YTL Sub-Underwriting Agreement. By committing to this arrangement, YTL is demonstrating its support for Starhill Global REIT and facilitating the underwriting of the Rights Issue by the Joint Lead Managers and Underwriters, thereby ensuring a

successful Rights Issue. As YTL is making an upfront commitment, it will be assuming market risks for the entire Rights Issue period and forgoing its ability to trade its Rights Entitlements.

Further, YTL, either by itself and/or through the Subscribing Entities, has the option to apply for Excess Rights Units which are Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the “nil-paid” rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the “nil-paid” rights trading period or (B) that have not been validly taken up by the original allottees, renounees of the provisional allotments or the purchasers of “nil-paid” rights, (the Excess Rights Units acquired by YTL and/or through the Subscribing Entities, the “**YTL Excess Rights Units**”). In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any). YTL, the Subscribing Entities, other Substantial Unitholders and Directors will rank last in priority.

Separately, YTL may directly and/or through the Subscribing Entities choose to acquire YTL Nil-Paid Rights Units. The acquisition of the YTL Excess Rights Units and the YTL Nil-Paid Rights Units may, when aggregated with the YTL Commitment Rights Units, result in YTL acquiring, directly or indirectly, more than 75.0% of all the Rights Units.

The acquisition of the YTL Excess Rights Units and the YTL Nil-Paid Rights Units would be offset against the YTL Commitment Rights Units which YTL has committed to subscribe pursuant to the YTL Sub-Underwriting Agreement.”

4.3 Board Confirmation

Details relating to the board confirmation have been extracted from section 1.8.3 of the Circular and set out in italics below. We recommend that Independent Directors advise Independent Unitholders to read this section of the Circular carefully. All terms and expressions used in this extract below shall have the same meaning as those defined in the Circular, unless otherwise stated.

“The board of directors of the Manager (the “**Board**”) ¹ has considered the terms of the:

- (i) Underwriting Agreement (including the commission payable to the Joint Lead Managers and Underwriters) and is of the view that it has been entered into on an arm’s length basis and on normal commercial terms; and
- (ii) the YTL Sub-Underwriting Agreement (including the Sub-Underwriting Fee payable to YTL) and is of the view that the terms are fair, and not prejudicial to Starhill Global REIT and to other Unitholders and are in the interest of Starhill Global REIT and its Unitholders as a whole,

on the basis that:

- (A) given the recent months of market uncertainty and volatility, the execution risks posed by the long rights issue execution period and the likely material adverse consequences of an unsuccessful rights issue, it is important for the Rights Issue to be underwritten;

¹ For good corporate governance, Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping and Dato’ Yeoh Seok Kian abstained from taking part in any decisions or recommendations relating to the YTL Sub-Underwriting Agreement as they are, *inter alia*, directors of YTL.

- (B) *the Joint Lead Managers and Underwriters have indicated that they will only underwrite the Rights Issue if YTL enters into the YTL Sub-Underwriting Agreement and the entry into the YTL Sub-Underwriting Agreement will facilitate the underwriting of the Rights Issue by the Joint Lead Managers and Underwriters, thereby ensuring a successful Rights Issue; and*
- (C) *as YTL is making an upfront commitment, it will be assuming market risks for the entire Rights Issue period and forgoing its ability to trade its Rights Entitlements.*

None of the Directors dissented with the above opinion.

The Directors of the Manager who own Units as at the date of this Circular (being Mr Franklin Heng Ang Tee, Dr Hong Hai, Mr Michael Hwang and Mr Keith Tay Ah Kee) have indicated that they intend to fully take up their pro rata entitlements under the Rights Issue.”

5. WHITEWASH RESOLUTION

As at the Latest Practicable Date, YTL, through its subsidiaries being YTL Cayman² and SGRIL³, holds an aggregate indirect interest of approximately 26.6% in Starhill Global REIT.

YTL and the Subscribing Entities may possibly, upon (i) taking up the YTL Proportionate Rights Units under the YTL Pro Rata Undertaking and/or (ii) if applicable, applying for YTL Excess Rights Units pursuant to the YTL Excess Application and/or (iii) if applicable, acquiring YTL Nil-Paid Rights Units pursuant to the Rights Issue and/or (iv) subscribing for the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement, end up acquiring additional Units which exceeds the threshold pursuant to Rule 14.1(a) of the Code. Rule 14.1(a) of the Code states that YTL and parties acting in concert with it would be required to make a Mandatory Offer if YTL and the Subscribing Entities acquire additional Units which increases their aggregate unitholding in Starhill Global REIT to 30.0% or more.

The SIC had on 10 June 2009, granted a waiver of the requirement for YTL and parties acting in concert with it from the obligation to make a Mandatory Offer under Rule 14 of the Code in relation to the Rights Issue subject to certain conditions as set out in section 3.2 of the Circular. We recommend that Independent Directors advise Independent Unitholders to read the information carefully.

Independent Unitholders should note that by voting for the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from YTL and parties acting in concert with it at the highest price paid or agreed to be paid by YTL and parties acting in concert with it for Units in the six months preceding the subscription by YTL and the Subscribing Entities of YTL Proportionate Rights Units and YTL Excess Rights Units and/or the subscription of YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement and/or acquisition of YTL Nil-Paid Rights Units resulting in an obligation to make a Mandatory Offer⁴.

² YTL Cayman is a wholly-owned subsidiary of YTL.

³ SGRIL is a wholly-owned subsidiary of YTL Cayman.

⁴ Save for the following, YTL and the Subscribing Entities have not bought any Units in the last six months since the Latest Practicable Date:

- (a) the acquisition of 247,101,000 Units by YTL through its indirect wholly-owned subsidiary SGRIL pursuant to a sale and purchase agreement dated 28 October 2008 entered into between YTL, Macquarie Bank Limited and Macquarie Real Estate Singapore Pte. Ltd. as novated to SGRIL pursuant to a novation agreement dated 24 December 2008;
- (b) the acquisition of 9,000,000 Units by YTL Cayman through open market purchases from 7 November 2008 to 9 January 2009; and
- (c) the Units issued to the Manager as part payment of its management fees for the Singapore assets of Starhill Global REIT for Q4 2008 and Q1 2009.

Independent Unitholders should further note that YTL and the Subscribing Entities, may choose to apply for any number of Excess Rights Units and/or acquire the YTL Nil-Paid Rights Units under the Rights Issue and in the event that none of the Rights Units provisionally allotted to Eligible Unitholders other than YTL and the Subscribing Entities are subscribed for by such Unitholders or by the purchasers of the Rights Entitlements and YTL and the Subscribing Entities accept their provisional allotments and subscribe for all the Excess Rights Units and/or acquire YTL Nil-Paid Rights Units under the Rights Issue such that 100% of the Rights Units are taken up by YTL and/or the Subscribing Entities, the proportionate aggregate interest of YTL and the Subscribing Entities in the issued Units will be approximately 63.3% at the completion of the Rights Issue. As YTL and the Subscribing Entities would then hold more than 49.0% of the issued Units, they would be free to thereafter acquire further Units without incurring any obligation under Rule 14 of the Code to make a Mandatory Offer.

6. EVALUATION OF THE WHITEWASH RESOLUTION

In the course of our evaluation of the Whitewash Resolution, we have given due consideration to, *inter alia*, the following factors:

- (a) Pricing of the Rights Units;
- (b) Rationale for the Rights Issue;
- (c) Financial impact of the Rights Issue;
- (d) Dilution impact to the Independent Unitholders and potential third party takeovers;
- (e) Rights Units offered on a *pro-rata* basis;
- (f) Rights Issue made on a renounceable basis;
- (g) Manager and YTL Lock-Up;
- (h) Underwriting of the Rights Issue is contingent on the YTL Commitment;
- (i) Fee payable to YTL in relation to the YTL Sub-Underwriting Agreement;
- (j) Sub-underwriting of the Rights Issue by major shareholders of other listed issuers; and
- (k) Support from YTL.

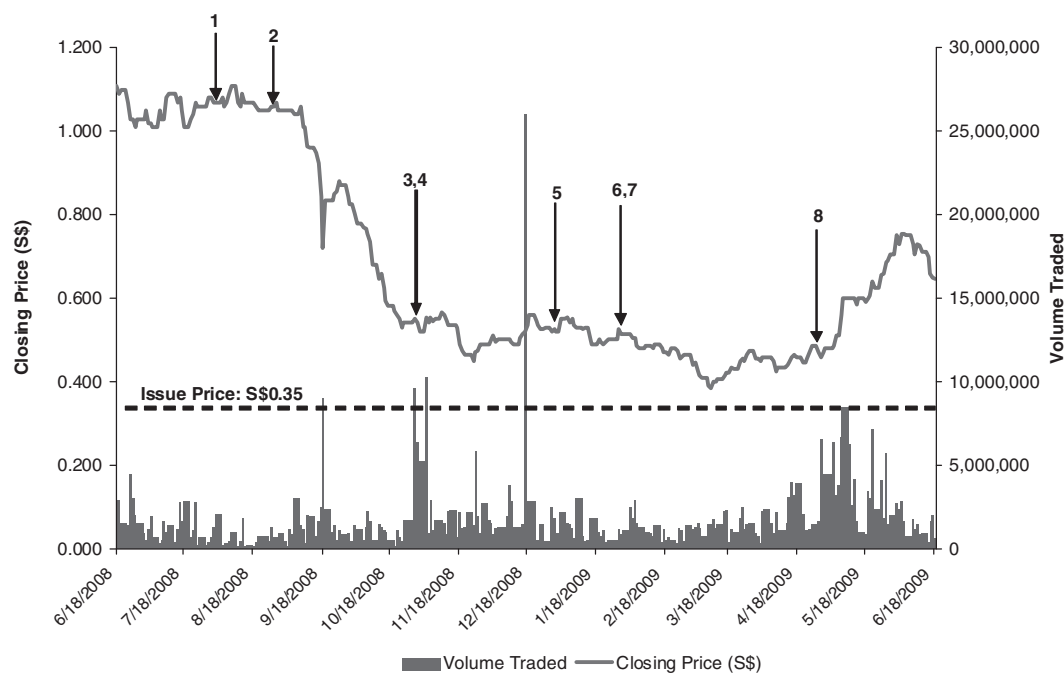
6.1 Pricing of the Rights Units

In our evaluation of the pricing of Rights Issue Price, we have considered the following:

- (a) Price performance of the Units; and
- (b) Selected precedent rights issues.

Price performance of the Units

We set out below a chart of the closing price of the Units for the period of 12 months preceding the Latest Practicable Date.



Source: Bloomberg, Starhill Global REIT's announcements from the SGX-ST's website

Notes:

- (1) 30 July 2008: Release of Q2 2008 financial statement and dividend announcement.
- (2) 25 August 2008: Refinancing of loans of S\$220 million with club deal.
- (3) 28 October 2008: Signing of a sale and purchase agreement between Macquarie Real Estate Singapore Pte Ltd, Macquarie Bank Limited and YTL, for the acquisition of approximately 26% interest in Macquarie Prime Real Estate Investment Trust (now known as Starhill Global REIT) ("MP REIT") and signing of a sale and purchase agreement between Macquarie Bank Limited and YTL, for the acquisition of 50% interest in Prime REIT Management Holdings Pte Ltd (now known as YTL Pacific Star REIT Management Holdings Pte Ltd) ("PRMH").
- (4) 29 October 2008: Release of Q3 2008 financial statement and dividend announcement.
- (5) 31 December 2008: Completion of the acquisition of approximately 26% interest in MP REIT and 50% interest in PRMH by Starhill Global REIT Investments Limited ("SGRI") and Starhill Global REIT Management Limited ("SGRM") respectively (the "Transaction"). With the completion of the Transaction, the name of MP REIT was changed to Starhill Global REIT. The name of PRMH was also changed to YTL Pacific Star REIT Management Holdings Pte Ltd.
- (6) 30 January 2009: Independent valuations of the properties reflected in Starhill Global REIT's balance sheet.
- (7) 30 January 2009: Release of full year financial statement and dividend announcement.
- (8) 27 April 2009: Release of Q1 2009 financial statement and dividend announcement.

We have considered whether current and historical Unit prices of Starhill Global REIT are reasonable indicators for assessing the financial value of the Units at a given point in time. Under ordinary circumstances, the market valuation of units traded on a recognised stock exchange may be affected by, *inter alia*, its relative liquidity, the size of its free float, the extent of research coverage and investor interest it attracts, and the general market sentiment at a given point in time.

Set out in the table below are the highest closing price, lowest closing price, volume weighted average price (“**VWAP**”) of the Units and the discount of the Rights Issue Price to the VWAP for the relevant reference periods prior to the Latest Practicable Date and as at 19 June 2009.

Reference Periods	Highest Closing Price (\$)	Lowest Closing Price (\$)	VWAP⁽¹⁾ (\$)	Discount of Rights Issue Price over VWAP (%)
Last 12 months	1.110	0.385	0.632	44.6
Last 6 months	0.755	0.385	0.536	34.7
Last 3 months	0.755	0.420	0.559	37.4
Last 1 month	0.755	0.590	0.675	48.1
19 June 2009	N.A.	N.A.	0.640 ⁽²⁾	45.3

Source: Bloomberg

Notes:

- (1) The VWAP is weighted based on the transacted prices of the Units for the trading days in the respective periods.
(2) Closing price of the Units on 19 June 2009 (the “**Closing Price**”).

Based on the above, we note that the Rights Issue Price of S\$0.35:

- (a) is below the lowest closing prices of the Units for the 12-month, 6-month, 3-month and 1-month period prior to the Latest Practicable Date;
- (b) represents a discount of approximately 48.1% to the volume weighted average closing price of the Units of approximately S\$0.675 for the 1-month period prior to the Latest Practicable Date;
- (c) represents a discount of approximately 37.4% to the volume weighted average closing prices of the Units of approximately S\$0.559 for the 3-month period prior to the Latest Practicable Date;
- (d) represents a discount of approximately 34.7% to the volume weighted average closing price of the Units of approximately S\$0.536 for the 6-month period prior to the Latest Practicable Date;
- (e) represents a discount of approximately 44.6% to the volume weighted average closing price of the Units of approximately S\$0.632 for the 12-month period prior to the Latest Practicable Date; and
- (f) represents a discount of approximately 45.3% to the Closing Price.

Selected precedent rights issue

We have reviewed selected precedent rights issues announced by companies listed on SGX-ST during the 6-month period preceding the Latest Practicable Date, where the rights issues are on a fully underwritten basis or where there are irrevocable undertakings provided by substantial shareholders/unitholders. In our review, we have excluded rights issues of preference shares, convertible bonds and those with free warrants attached.

For each rights issue, we have considered the premium or discount implied by the issue price to the last traded price before its respective announcement date and to its respective TERP.

Company	Date of announcement	Terms of rights issue	Issue price of rights share (S\$)	LTP ⁽¹⁾ (S\$)	Discount of issue price to LTP	TERP ⁽²⁾ (S\$)	Discount of issue price to TERP
Neptune Orient Lines Limited	2-Jun-09	3 for 4	1.300	1.530	15.03%	1.431	9.15%
CapitaCommercial Trust	22-May-09	1 for 1	0.590	1.060	44.34%	0.825	28.48%
Keppel Land Limited	24-Apr-09	9 for 10	1.090	1.880	42.02%	1.506	27.62%
Sing Holdings Limited	11-Mar-09	1 for 2	0.100	0.165	39.39%	0.143	30.07%
Chartered Semiconductor Manufacturing Ltd	9-Mar-09	27 for 10	0.070	0.250	72.00%	0.119	41.18%
Equation Corp Limited	12-Feb-09	2 for 5	0.020	0.030	33.33%	0.027	25.93%
CapitaMall Trust	9-Feb-09	9 for 10	0.820	1.450	43.45%	1.152	28.82%
CapitaLand Limited	9-Feb-09	1 for 2	1.300	2.360	44.92%	2.007	35.23%
Craft Print International Limited	19-Jan-09	1 for 2	0.050	0.065	23.08%	0.060	16.67%
Osim International Ltd	14-Jan-09	2 for 9	0.055	0.075	26.67%	0.071	22.97%
Serial System Ltd	31-Dec-08	1 for 5	0.055	0.065	15.38%	0.063	12.70%
Jasper Investments Limited	31-Dec-08	3 for 4	0.130	0.200	35.00%	0.170	23.53%
Mirach Energy Limited	29-Dec-08	3 for 1	0.022	0.035	37.14%	0.025	12.00%
DBS Group Holdings Ltd	22-Dec-08	1 for 2	5.420	9.850	44.97%	8.373	35.27%
Low ⁽³⁾					15.03%		9.15%
Mean ⁽³⁾					34.21%		23.73%
Median ⁽³⁾					37.14%		25.93%
High ⁽³⁾					44.97%		35.27%
Starhill Global REIT		1 for 1	0.350	0.640⁽⁴⁾	45.31%⁽⁴⁾	0.495⁽⁴⁾	29.29%⁽⁴⁾

Source: Bloomberg, rights issue announcements of companies on the SGX-ST website

Notes:

- (1) Last traded price prior to the announcement date of the rights issue.
- (2) The TERP is calculated as follows:

$$\text{TERP} = (\text{Market capitalisation prior to the announcement date of the rights issue price} + \text{gross proceeds from the rights issue}) \div \text{total shares/units outstanding after the rights issue}.$$
- (3) The discount of the issue price to LTP and TERP for Chartered Semiconductor Manufacturing Ltd are considered to be outliers and hence, have been excluded from the computations of the low, mean, median and high discounts for the selected precedent rights issue.
- (4) Based on the Closing Price.

Based on the Rights Issue Price of S\$0.35 and the table above, we note that:

- (a) the discount of 45.31% of the Rights Issue Price to the Closing Price of S\$0.640, is above the range of corresponding discounts of 15.03% and 44.97% for the selected precedent rights issues;
- (b) the discount of 45.31% of the Rights Issue Price to the Closing Price of S\$0.640 is larger than the mean and median discount of 34.21% and 37.14% respectively for the selected precedent rights issues;
- (c) the discount of 29.29% of the Rights Issue Price to the TERP is within the range of corresponding discounts of 9.15% and 35.27% for the selected precedent rights issues; and
- (d) the discount of 29.29% of the Rights Issue Price to the TERP is larger than the mean and median of 23.73% and 25.93% respectively for the selected precedent rights issues.

The Independent Directors should note that the circumstances of each company is unique and that these companies might not be identical to Starhill Global REIT in terms of business activities, product lines, size of operations, market capitalisation, asset base, risk profile, geographical spread of activities, client base, accounting policies, track record, future prospects and other relevant criteria. The circumstances and terms of the selected precedent rights issues are different from Starhill Global REIT's Rights Issue, and are largely dependent on the market sentiments prevailing at the time of such issues. Further, the list of selected precedent rights issues is by no means exhaustive and information relating to the said companies was compiled from publicly available information.

Accordingly, the Independent Directors should note that the above is for illustrative purposes and serves as a general guide only.

6.2 Rationale for the Rights Issue

The rationale for the Rights Issue has been extracted from section 1.2 of the Circular and set out in italics below. We recommend that Independent Directors advise Independent Unitholders to read this section of the Circular carefully. All terms and expressions used in this extract below shall have the same meaning as those defined in the Circular, unless otherwise stated.

“The Rights Issue is part of Starhill Global REIT's long term proactive capital management strategy. While Starhill Global REIT presently has a strong capital position, the proceeds from the Rights Issue may be utilised by Starhill Global REIT to pare down some of its existing debt, to capitalise on acquisition opportunities and/or for asset enhancement initiatives, and/or for other general corporate and working capital purposes.”

*The Rights Issue would also offer Eligible Unitholders the opportunity to subscribe for their pro rata entitlement to the Rights Units (“**Rights Entitlements**”) at a discount to the market price and Unitholders who do not wish to subscribe for the Rights Units may choose to sell their provisional allotments of Rights Units during the “nil-paid” rights trading period to realise the value of their Rights Entitlements.”*

6.3 Financial impact of the Rights Issue

The financial impact of the Rights Issue is set out in section 2 of the Circular for illustration purposes only.

We recommend that the Independent Directors advise the Independent Unitholders to read this section of the Circular carefully.

6.4 Dilution impact to the Independent Unitholders and potential third party takeovers

As at the Latest Practicable Date, YTL, through its subsidiaries being YTL Cayman and SGRIL, holds an aggregate indirect interest of approximately 26.6% in Starhill Global REIT.

If all Unitholders (including YTL and the Subscribing Entities) accept their Rights Entitlements in full, the unitholdings of YTL and the Subscribing Entities after the completion of the Rights Issue and upon the acceptance of all of their provisional allotments under the Rights Issue will remain unchanged at approximately 26.6%. Likewise, the collective unitholdings of the Independent Unitholders will remain unchanged.

In the scenario where YTL and the Subscribing Entities subscribe for not only their YTL Proportionate Rights Units but also subscribe for all the YTL Sub-Underwritten Units pursuant to the YTL Sub-Underwriting Agreement and assuming that YTL and the Subscribing Entities do not apply for any Excess Rights Units and/or acquire any YTL Nil-Paid Rights Units, the aggregated unitholding of YTL and the Subscribing Entities immediately after the completion of the Rights Issue and upon the subscription of the YTL Commitment Rights Units will be approximately 50.8%, and accordingly, the collective unitholdings of the Independent Unitholders will be diluted.

The maximum possible increase in the unitholdings of YTL and the Subscribing Entities would occur in the scenario where none of the other Unitholders subscribe for their Rights Entitlement, and YTL and the Subscribing Entities subscribe for not only YTL Proportionate Rights Units but also subscribe for all the Excess Rights Units (*i.e.* such that 100% of the Rights Units are taken up by YTL and the Subscribing Entities). In this case, the aggregated unitholding of YTL and the Subscribing Entities after the completion of the Rights Issue and upon the subscription of the YTL Commitment Rights Units and the YTL Excess Rights Units will be approximately 63.3%, and accordingly, the collective unitholdings of the Independent Unitholders will be diluted.

In view of the potential dilution of the collective unitholdings of the Independent Unitholders in the event none or insufficient Independent Unitholders subscribe for their Rights Entitlements, YTL and parties acting in concert with it may increase their aggregated unitholdings to more than 50.0% of the unitholding of Starhill Global REIT. Independent Unitholders would not be precluded from considering any third party offer by voting for the Whitewash Resolution as a result of this potential dilution in their collective unitholdings. However, in the event that the Whitewash Resolution is approved by a majority of the Independent Unitholders, YTL and parties acting in concert with it may increase their aggregated unitholdings to more than 50.0% of the unitholding of Starhill Global REIT which might result in Starhill Global REIT being a relatively less favourable target for third party offers, assuming that it is the intention of the offerors to acquire a significant interest or control in Starhill Global REIT, should YTL and parties acting in concert with it intend to retain majority control in Starhill Global REIT.

6.5 Rights Units offered on a pro-rata basis

The Rights Issue is being offered on a pro-rata basis to all Eligible Unitholders who will be at liberty to accept, decline, renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of the Rights Units. In addition, Eligible Unitholders (including YTL and parties acting in concert with it) are eligible to apply for additional Rights Units in excess of their provisional allotments under the Rights Issue except that preference will be given to the rounding of odd lots and the Directors and Substantial Unitholders will rank last in priority. Accordingly, the Independent Unitholders will not be disadvantaged in the allocation of their applications for Excess Rights Units.

6.6 Rights Issue made on a renounceable basis

As the Rights Issue is made on a renounceable basis, the provisional allotments of the Rights Units can be renounced in favour of a third party or traded on the SGX-ST. Eligible Unitholders will be at liberty to accept in part or in full, decline or otherwise renounce or trade (during the "nil-paid" rights trading period prescribed by the SGX-ST) their provisional allotments of Rights Units. Accordingly, the Independent Unitholders will not be disadvantaged by the Rights Issue.

6.7 Manager and YTL Lock-Up

Details relating to the lock up arrangements for the Manager and YTL have been extracted from section 1.8.6 of the Circular and set out in italics below. We recommend that Independent Directors advise Independent Unitholders to read this section of the Circular carefully. All terms and expressions used in this extract below shall have the same meaning as those defined in the Circular, unless otherwise stated.

"The Manager has pursuant to the Underwriting Agreement, agreed not to, among other things, offer, issue or contract to issue any Units⁵, and make any announcements in connection with any of the foregoing transactions, until the date falling 60 days after the date on which the Rights Units are listed on the SGX-ST.

YTL has, pursuant to the YTL Sub-Underwriting Agreement, agreed not to offer, sell, contract to sell or otherwise dispose of (excluding pledging or otherwise encumbering the Units in favour of financial institutions) directly or indirectly, any of the Units held by YTL and/or the Subscribing Entities (subject to the terms and conditions therein), during the period from the date on which the Rights Units are listed on the SGX-ST to the date falling 60 days after the date on which the Rights Units are listed on the SGX-ST."

6.8 Underwriting of the Rights Issue is contingent on the YTL Commitment

We note from section 1.8.2 of the Circular that given the current challenging market conditions, the Joint Lead Managers and Underwriters have indicated that they will only underwrite the Rights Issue if YTL enters into the YTL Sub-Underwriting Agreement.

In addition, we also note from section 1.8.3 of the Circular that the Directors are of the view that the YTL Sub-Underwriting Agreement will facilitate the underwriting of the Rights Issue by the Joint Lead Managers and Underwriters, thereby ensuring a successful Rights Issue.

⁵ Save for the issue of the Rights Units and issue of Units to the Manager as part payment of its management fees which may be subsequently sold in the open market.

6.9 Fee payable to YTL in relation to the YTL Sub-Underwriting Agreement

Pursuant to the YTL Sub-Underwriting Agreement, the Joint Lead Managers and Underwriters agree to pay to YTL from the Underwriting Commission:

- (a) a fee of 1.75% of the Rights Issue Price multiplied by the number of YTL Proportionate Rights Units of 256,101,000 Units, representing approximately 26.6% of the Rights Units (which is equivalent to approximately S\$1.6 million); and
- (b) a fee of 2.25% of the Rights Issue Price multiplied by the number of YTL Sub-Underwritten Units of 466,692,080 Units, representing approximately 48.4% of the Rights Units (which is equivalent to approximately S\$3.7 million);

together with any goods and services tax payable thereon (the “**Sub-Underwriting Fee**”).

The Sub-Underwriting Fee payable to YTL will be paid by the Joint Lead Managers and Underwriters from the Underwriting Commission and the percentage level of the commission payable by the Joint Lead Managers and Underwriters to YTL pursuant to the YTL Sub-Underwriting Agreement will not be more than the percentage level of the commission which the Joint Lead Managers and Underwriters receive pursuant to the Underwriting Agreement.

6.10 Sub-underwriting of rights issues by major shareholders of other listed issuers

Effective 13 January 2009, the SGX has set in place new measures allowing listed issuers greater flexibility in raising funds through the rights issue framework which includes, *inter alia*, allowing sub-underwriting arrangements with major shareholders.

Following the implementation of these new measures, there have been several such arrangements whereby major shareholders commit to take up their entitlements and/or sub-underwrite a portion of the excess rights shares for a fee.

6.11 Support from YTL

By entering into the YTL Sub-Underwriting Agreement, YTL is facilitating the underwriting of the Rights issue by the Joint Lead Managers and Underwriters, thereby ensuring a successful Rights Issue.

In addition, as YTL is also making an upfront commitment in the form of the YTL Pro Rata Undertaking and YTL Sub-Underwriting Agreement, it will be assuming market risks for the entire Rights Issue period and forgoing its ability to trade its Rights Entitlements.

We believe that the above underscores YTL’s support for the Rights Issue and demonstrates its commitment to and confidence in the prospects of Starhill Global REIT.

7. RECOMMENDATION

In arriving at our recommendation in respect of the Whitewash Resolution, we have considered, *inter alia*, the following factors summarized below which we consider to be pertinent in our assessment of the Whitewash Resolution.

- (a) Pricing of the Rights Units
 - The discount of 45.31% of the Rights Issue Price to the Closing Price of S\$0.640, is above the range of corresponding discounts of 15.03% and 44.97% for the selected precedent rights issues.

- The discount of 45.31% of the Rights Issue Price to the Closing Price of S\$0.640 is larger than the mean and median discount of 34.21% and 37.14% respectively for the selected precedent rights issues.
 - The discount of 29.29% of the Rights Issue Price to the TERP is within the range of corresponding discounts of 9.15% and 35.27% for the selected precedent rights issues.
 - The discount of 29.29% of the Rights Issue Price to the TERP is larger than the mean and median of 23.73% and 25.93% respectively for the selected precedent rights issues.
- (b) Rationale for the Rights Issue
- Details relating to the rationale for the Rights Issue are set out in section 1.2 of the Circular and section 6.2 of this IFA Letter.
- (c) Financial impact of the Rights Issue
- Details relating to the financial impact of the Rights Issue are set out in section 2 of the Circular.
- (d) Dilution impact to the Independent Unitholders and potential third party takeovers
- Details on the potential dilution impact of the Rights Issue are set out in section 6.4 of this IFA Letter.
 - In view of the potential dilution of the collective unitholdings of the Independent Unitholders in the event none or insufficient Independent Unitholders subscribe for their Rights Entitlements, YTL and parties acting in concert with it may increase their aggregated unitholdings to more than 50.0% of the unitholding of Starhill Global REIT. Independent Unitholders would not be precluded from considering any third party offer by voting for the Whitewash Resolution as a result of this potential dilution in their collective unitholdings. However, in the event that the Whitewash Resolution is approved by a majority of the Independent Unitholders, YTL and parties acting in concert with it may increase their aggregated unitholdings to more than 50.0% of the unitholding of Starhill Global REIT which might result in Starhill Global REIT being a relatively less favourable target for third party offers, assuming that it is the intention of the offerors to acquire a significant interest or control in Starhill Global REIT, should YTL and parties acting in concert with it intend to retain majority control in Starhill Global REIT.
- (e) Rights Units offered on a *pro-rata* basis
- The Rights Issue is being offered on a pro-rata basis to all Eligible Unitholders who will be at liberty to accept, decline, renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of the Rights Units. In addition, Eligible Unitholders (including YTL and parties acting in concert with it) are eligible to apply for additional Rights Units in excess of their provisional allotments under the Rights Issue except that preference will be given to the rounding of odd lots and the Directors and Substantial Unitholders will rank last in priority. Accordingly, the Independent Unitholders will not be disadvantaged in the allocation of their applications for Excess Rights Units.

- (f) Rights Issue made on a renounceable basis
- As the Rights Issue is made on a renounceable basis, the provisional allotments of the Rights Units can be renounced in favour of a third party or traded on the SGX-ST. Eligible Unitholders will be at liberty to accept in part or in full, decline or otherwise renounce or trade (during the “nil-paid” rights trading period prescribed by the SGX-ST) their provisional allotments of Rights Units. Accordingly, the Independent Unitholders will not be disadvantaged by the Rights Issue.
- (g) Manager and YTL Lock-Up
- Details relating to the lock up arrangements for the Manager and YTL are set out in section 1.8.6 of the Circular and section 6.7 of this IFA letter.
- (h) Underwriting of the Rights Issue is contingent on the YTL Commitment
- Details relating to the underwriting of the Rights Issue being contingent on the YTL Commitment are set out in section 6.8 of this IFA Letter.
- (i) Fee payable to YTL in relation to the YTL Sub-Underwriting Agreement
- Details relating to the fee payable to YTL in relation to the YTL Sub-Underwriting Agreement are set out in section 6.9 of this IFA Letter.
- (j) Sub-underwriting of rights issues by major shareholders of other listed issuers
- Details relating to the sub-underwriting of rights issues by major shareholders of other listed issuers are set out in section 6.10 of this IFA Letter.
- (k) Support from YTL
- Details relating to the support from YTL are set out in section 6.11 of this IFA Letter.

BASED ON THE ANALYSIS UNDERTAKEN BY US AND SUBJECT TO THE QUALIFICATIONS AND ASSUMPTIONS MADE IN THIS IFA LETTER, WE ARE OF THE OPINION THAT FROM A FINANCIAL POINT OF VIEW, THE PROPOSED WHITEWASH RESOLUTION IS ON NORMAL COMMERCIAL TERMS AND IS NOT PREJUDICIAL TO THE INTERESTS OF STARHILL GLOBAL REIT AND ITS INDEPENDENT UNITHOLDERS. WE THEREFORE ADVISE INDEPENDENT DIRECTORS TO RECOMMEND THAT INDEPENDENT UNITHOLDERS VOTE IN FAVOUR OF THE WHITEWASH RESOLUTION TO BE PROPOSED AT THE FORTHCOMING EGM.

Our recommendation is based upon market, economic, industry and other conditions prevailing as at the Latest Practicable Date, and information made available to us as at the Latest Practicable Date.

The recommendation made by the Independent Directors remains their responsibility. While a copy of this letter may be reproduced in the Circular, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case.

This letter is governed by and to be construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein. Nothing herein shall confer or be deemed or is intended to confer any right or benefit to any third party and the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore and any amendments thereto shall not apply.

Yours faithfully
For and on behalf of
DMG & Partners Securities Pte Ltd

Brendan Goh
Director
Head of Corporate Finance

Chua Ser Miang
Director
Corporate Finance

PROPOSED TRUST DEED SUPPLEMENT TO FACILITATE EQUITY FUND RAISINGS

The proposed form of the amendments to the Trust Deed upon Unitholders' approval of Resolution 2 (the Trust Deed Supplement to Facilitate Equity Fund Raisings) is as follows:

- that Clause 5.2.6(i) of the Trust Deed relating to the issue price of a Unit for a rights issue be amended in accordance with the following deletion indicated by the deleted text and addition indicated by the underlined text below:

“(i) the Issue Price of a Unit for a rights issue offered on a pro rata basis to all existing Holders ~~must not be less than 50 per cent. (or such other percentage shall be set at such discount to the Market Price of Units (if applicable, of the same Class) determined pursuant to Clause 5.2.4, as the Manager sees fit, subject to any limit on such discount as may, from time to time, be prescribed~~permitted by SGX-ST or any other relevant Recognised Stock Exchange) ~~of the Market Price of Units determined pursuant to Clause 5.2.4 (if applicable, of the same Class) on the Business Day preceding the day on which the intention to make the offer or issue is announced. If required and not waived by the SGX-ST or any other Recognised Stock Exchange on which the Trust is Listed, any such rights entitlement must be tradable on the SGX-ST or, as the case may be, such Recognised Stock Exchange. The Trustee must ensure that such a rights issue is made at a price that is in accordance with the terms specified in this Clause 5.2.6(i);~~”

- that Clauses 5.2.7(ii) of the Trust Deed relating to the issue of Units requiring specific approval of Unitholders by Extraordinary Resolution be amended in accordance with the following deletion indicated by the deleted text and addition indicated by the underlined text below:

“(ii) with the specific prior approval of Holders by ~~Extra~~Ordinary Resolution at a meeting to be convened by the Manager in accordance with the Schedule hereto if:

- (a) the issue of Units exceeds any of the thresholds in Clauses 5.2.7(i)(a) and 5.2.7(i)(b). Only Clause 5.2.6(iv), Clause 5.2.7(i)(a), Clause 5.2.7(i)(b), this Clause 5.2.7(ii)(a) and Clause 5.2.7(ii)(b) of Clause 5.2 shall apply to any issue of Units to the Manager in payment of the Manager's Base Fee, Performance, Acquisition Fee or Divestment Fee;
- (b) the issue of Units made to the Manager in payment of the Manager's Base Fee, Performance Fee, Acquisition Fee or Divestment Fee exceeds any of the thresholds in Clauses 5.2.7(i)(a) and 5.2.7(i)(b). Only Clause 5.2.6(iv), Clause 5.2.7(i)(a), Clause 5.2.7(i)(b), Clause 5.2.7(ii)(a) and this Clause 5.2.7(ii)(b) of Clause 5.2 shall apply to any issue of Units to the Manager in payment of the Manager's Base Fee, Performance, Acquisition Fee or Divestment Fee; or”

- that Paragraph 4(i) of the Schedule to the Trust Deed relating to resolutions at a meeting of Unitholders requiring sanction by way of Extraordinary Resolution be amended in accordance with the following deletions indicated by the deleted text and additions indicated by the underlined text below:

“(i) A meeting of Holders duly convened and held in accordance with the provisions of this Schedule shall be competent by Extraordinary Resolution:

- (a) to sanction any modification, alteration or addition to the provisions of this Deed which shall be agreed by the Trustee and the Manager as provided in Clause 29 of this Deed;

- (b) to sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the Base Fee, the Performance Fee, the Acquisition Fee and the Divestment Fee as provided in Clause 15 of this Deed and the Trustee's remuneration as provided in Clause 16 of this Deed;
- (e) ~~to sanction any issue of Units by the Manager under the circumstances set out for an issue of Units other than by way of an issue of Units pursuant to Clause 5.2.6 or 5.2.7 of this Deed;~~
- ~~(d)~~(c) to remove the Auditors as provided in Clause 23.4 of this Deed;
- ~~(e)~~(d) to remove the Trustee as provided in Clause 24.3.4 of this Deed;
- ~~(f)~~(e) to remove the Manager as provided in Clause 25.1.5 of this Deed; and
- ~~(g)~~(f) to direct the Trustee to take any action pursuant to Section 295 of the Securities and Futures Act, including the removal of the Manager as provided in Clause 25.1.5 of this Deed; and"

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Starhill Global Real Estate Investment Trust ("**Starhill Global REIT**") will be held on Monday, 13 July 2009 at 2.30 p.m. at Hilton Singapore, Ballroom 1, 581 Orchard Road, Singapore 238883, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. THE PROPOSED WHITEWASH RESOLUTION

That subject to the conditions in the letter from the Securities Industry Council dated 10 June 2009 being fulfilled, unitholders of Starhill Global REIT ("**Unitholders**"), other than YTL Corporation Berhad ("**YTL**"), parties acting in concert with it and parties which are not independent of YTL, hereby (on a poll taken) waive their rights to receive a mandatory offer from YTL and parties acting in concert with it, which includes:

- (a) the subsidiaries of YTL which hold either a direct or indirect interest in units in Starhill Global REIT ("**Units**"), being YTL Cayman Limited and Starhill Global REIT Investments Limited; and
- (b) any one or more subsidiaries of YTL whether existing or to be incorporated by YTL

(collectively the "**Subscribing Entities**"), which will be subscribing for Units issued under the underwritten renounceable rights issue as described in the circular to Unitholders dated 22 June 2009 (the "**Circular**") issued by YTL Pacific Star REIT Management Limited, as manager of Starhill Global REIT (the "**Rights Issue**" and the Units issued pursuant to the Rights Issue, the "**Rights Units**"), for all the remaining issued Units not owned or controlled by YTL and parties acting in concert with it, in the event that they incur a mandatory bid obligation pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") as a result of:

- (i) YTL and the Subscribing Entities acquiring Rights Units through:
 - (I) taking up provisional allotments of Rights Units allotted and issued to them; and/or
 - (II) if applicable, through applying for Excess Rights Units (as defined in the Circular); and/or
 - (III) if applicable, acquiring "nil-paid" rights entitlements on the open market during the "nil-paid" rights trading period and subsequently exercising the "nil-paid" rights entitlements to acquire Rights Units; and/or
- (ii) YTL and the Subscribing Entities subscribing for Rights Units pursuant to the sub-underwriting agreement dated 22 June 2009 entered into between YTL and the Joint Lead Managers and Underwriters.

EXTRAORDINARY RESOLUTION

2. THE PROPOSED TRUST DEED SUPPLEMENT TO FACILITATE EQUITY FUND RAISINGS

That:

- (i) approval be and is hereby given to supplement the trust deed dated 8 August 2005 constituting Starhill Global REIT (as amended) with the Trust Deed Supplement to Facilitate Equity Fund Raisings (as defined in the Circular) set out in Appendix B of the Circular; and
- (ii) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required as the Manager), such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Starhill Global REIT to give effect to the Trust Deed Supplement to Facilitate Equity Fund Raisings.

BY ORDER OF THE BOARD

YTL Pacific Star REIT Management Limited
(Company Registration No. 200502123C)
(as manager of Starhill Global Real Estate Investment Trust)

Patricia Ong
Joint Company Secretary
Singapore
22 June 2009

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A unitholder of Starhill Global Real Estate Investment Trust ("**Starhill Global REIT**") and a unitholder of Starhill Global REIT, "**Unitholder**") entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of Starhill Global REIT, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Unit Registrar's registered office at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, not less than 48 hours before the time set for the Extraordinary General Meeting.
6. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with YTL Pacific Star REIT Management Limited, as manager of Starhill Global REIT, (the "**Manager**")) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Manager.
9. All Unitholders will be bound by the outcome of the Extraordinary General Meeting regardless of whether they have attended or voted at the Extraordinary General Meeting.
10. At any meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by five or more Unitholders present in person or by proxy, or holding or representing one-tenth in value of the Units represented at the meeting. Unless a poll is so demanded, a declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
11. On a show of hands, every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.

STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 8 August 2005 (as amended))

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT

1. For investors who have used their CPF money to buy units in Starhill Global Real Estate Investment Trust, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We _____ (Name)

of _____ (Address)

being a unitholder/unitholders of Starhill Global Real Estate Investment Trust ("**Starhill Global REIT**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

or, both of whom failing, the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Extraordinary General Meeting of Starhill Global REIT to be held on Monday 13 July 2009 at 2.30 p.m. at Hilton Singapore, Ballroom 1, 581 Orchard Road, Singapore 238883 and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Extraordinary General Meeting.

	Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	No. of Votes For**	No. of Votes Against**
1	To approve the Whitewash Resolution (Ordinary Resolution)				
2	To approve the Trust Deed Supplement to Facilitate Equity Fund Raisings (Extraordinary Resolution)				

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2009

Total number of Units held

Signatures of Unitholders/Common Seal



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2nd fold here

Affix
Postage
Stamp

Boardroom Corporate & Advisory Services Pte. Ltd.
(as unit registrar of Starhill Global Real Estate Investment Trust)
3 Church Street
#08-01 Samsung Hub
Singapore 049483

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