



SGX-ST Announcement

ENTRY INTO CONDITIONAL SALE AND PURCHASE AGREEMENTS FOR THE ACQUISITION OF STARHILL GALLERY AND LOT 10

1. INTRODUCTION

Further to the announcement entitled "Entry into Heads of Agreement for Acquisition of Starhill Gallery and Lot 10" issued by YTL Pacific Star REIT Management Limited, as manager of Starhill Global Real Estate Investment Trust ("**Starhill Global REIT**", and the manager of Starhill Global REIT, the "**Manager**") on 18 November 2009, the Manager is pleased to announce that certain conditional agreements in relation to the acquisition of each of Starhill Gallery and the Lot 10 Property (collectively, the "**Properties**") from Mayban Trustees Berhad, as trustee of Starhill Real Estate Investment Trust ("**Starhill REIT**" and the trustee of Starhill REIT the "**Vendor**") by Starhill Global REIT through an asset-backed securitisation ("**ABS**") structure (the "**ABS Structure**")¹ at the purchase consideration of RM1,030.0 million (or approximately S\$450.1 million)² (the "**Purchase Consideration**") have been executed today. Starhill REIT is listed on Bursa Malaysia Securities Berhad.

Please see **Appendix A** for an illustration of the Acquisitions under the ABS Structure. Additional information on the Properties is set out in **Appendix B**.

2. TRANSACTIONS SUBJECT TO UNITHOLDERS' APPROVAL

- 2.1. In connection with the above, a draft unitholders' circular (the "**Unitholders' Circular**") together with an application to Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Conversion Units (as defined and described in paragraph 8.1 below) on the Main Board of the SGX-ST (the "**Additional Listing Application**") have been submitted to the SGX-ST for review on 19 March 2010. The listing and quotation of the Conversion Units are subject to the approval of the SGX-ST.
- 2.2. The Unitholders' Circular is for the purpose of seeking the approval of unitholders of Starhill Global REIT ("**Unitholders**") at an extraordinary general meeting for the following:
- (i) the proposed Trust Deed Supplement (as defined and described in paragraph 3 below);
 - (ii) the Acquisitions (as defined and described in paragraph 4.1 below), the CPU Issue (as defined and described in paragraph 4.9 below), the Master Tenancies and the YTL

1 The Securities Commission of Malaysia ("**SCM**") has approved the ABS Structure on 24 February 2010.

2 Based on the exchange rate of RM1.00: S\$0.437 (the "**Exchange Rate**"). Unless otherwise stated, all conversions of RM amounts into S\$ in this announcement shall be based on the Exchange Rate.

Guarantee (both as defined and described in paragraph 5.2 below) (collectively, the “**Transactions**”); and

- (iii) the proposed Whitewash Resolution (as defined and described in paragraph 8.1 below).

Unitholders should note that the Transactions are subject to and contingent upon Unitholders’ approval of the proposed Trust Deed Supplement and the Whitewash Resolution.

3. THE PROPOSED TRUST DEED SUPPLEMENT

The Manager proposes to enter into a supplement to the trust deed constituting Starhill Global REIT (the “**Trust Deed**” and the supplement to the Trust Deed, the “**Trust Deed Supplement**”) with HSBC Institutional Trust Services (Singapore) Limited, as trustee of Starhill Global REIT (the “**Trustee**”) for the purpose of, among others, facilitating the issue of preferred units in Starhill Global REIT (the “**Preferred Units**”) from time to time, in one or more classes, to any person(s) (including, without limitation, itself and/or its Related Parties³), with the prior approval of Unitholders.

(Please see **Appendix C** for the key characteristics of the Preferred Units.)

4. THE ACQUISITIONS

4.1. USE OF ABS STRUCTURE TO ACQUIRE THE PROPERTIES

The proposed acquisitions by Starhill Global REIT of the Properties (the “**Acquisitions**”) will be made through a tax-efficient ABS Structure under which the Properties will be acquired and held by Ara Bintang Berhad, a bankruptcy-remote special purpose vehicle, incorporated in Malaysia (the “**ABS SPV**”) ^{4, 5}. The ABS SPV has today entered into two separate conditional sale and purchase agreements to acquire each of the Properties respectively from the Vendor (collectively, the “**Sale and Purchase Agreements**” and each a “**Sale and Purchase Agreement**”). It is intended that the ABS SPV issues medium term notes pursuant to a 65-year, asset-backed medium term note programme of up to Malaysia Ringgit (“**RM**”) 1.25 billion (or approximately S\$546.3 million) (“**MTN Programme**”) to finance the Acquisitions.

- 4.2. The Properties will be acquired free from encumbrances but subject to a lease in favour of Tenaga Nasional Berhad (“**TNB**”) ⁶ registered over part of the master title upon which Starhill Gallery is located for a TNB substation (“**TNB Lease**”) and all rights granted pursuant to letting documents in respect of the Properties (“**Letting Documents**”) which will be novated and/or assigned to the Master Tenant (as defined herein) upon completion of the Acquisitions.

3 Comprises interested persons (as defined in the Listing Manual of the SGX-ST) and interested parties (as defined in Appendix 2 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“**MAS**”) in relation to real estate investment trusts (the “**Property Funds Appendix**”).

4 The ABS SPV is established specifically in connection with the securitisation of the Properties only.

5 The Manager has determined that Starhill Global REIT will consolidate the ABS SPV.

6 The lease for the sub-station created in favour of TNB is to facilitate supply of electricity to Starhill Gallery. The lease is a common requirement of TNB.

- 4.3. The Acquisitions will be made through the subscription, by a Singapore-incorporated special purpose vehicle, SG REIT (M) Pte. Ltd., wholly-owned by the Trustee (the “**SG SPV**”), of RM705.0 million (or approximately S\$308.1 million) of junior medium-term notes (the “**First Junior MTNs**”) to be issued, on a “limited recourse” basis⁷ by the ABS SPV pursuant to the MTN Programme as well as 100,000 non-redeemable preference shares of RM0.01 each in the ABS SPV (“**NRPS**” and the first issuance of the NRPS, the “**First NRPS**”) ⁸.
- 4.4. The Trustee has today, through the SG SPV, entered into a conditional subscription agreement with, among others, the ABS SPV (the “**Subscription Agreement**”) to subscribe for the First Junior MTNs and the First NRPS.
- 4.5. By subscribing for the First Junior MTNs and the First NRPS issued by the ABS SPV, Starhill Global REIT is investing indirectly in the underlying real estate (being the Properties) and will be receiving cash flow from such real estate, in the form of interest income from the First Junior MTNs and dividend income from the First NRPS. The First Junior MTNs and the First NRPS would enable Starhill Global REIT (through the ABS SPV) to obtain 100.0% ownership of the surplus income generated by the Properties after netting off payments to the Senior MTN holders, fees and expenses in relation to the Transactions and other permitted expenses relating to the Properties.
- 4.6. The First Junior MTNs enable Starhill Global REIT to enjoy the upside in terms of income generated from the Properties pursuant to:
- (i) variable interest income on the Junior MTNs (subject to a cap on the variable coupon payment at 12.0% p.a. for the First Junior MTNs) as compared to the Senior MTNs (as defined herein) which are entitled to a fixed coupon (similar to a fixed rate conventional loan); and
 - (ii) the dividend payments on the First NRPS.
- 4.7. For the first three years, the coupon of the First Junior MTNs is expected to be approximately 7.0%. Please refer to paragraph 7 below for the pro forma financial effects of the Acquisitions. In addition, the First NRPS will also allow Starhill Global REIT to enjoy any capital gains arising from any future disposal of the Properties.
- 4.8. Accordingly, the subscription of the First Junior MTNs and the First NRPS is intended to provide Starhill Global REIT (through its 100.0% ownership of the SG SPV) with the same economic interest as if it has acquired the Properties directly.
- 4.9. At the point of their issuance, the First Junior MTNs and the First NRPS will comprise all of the junior medium-term notes (“**Junior MTNs**”) and NRPS to be issued by the ABS SPV⁹.

7 The recourse of the holders of the MTNs (as defined herein) to the ABS SPV is limited to the assets of the ABS SPV and no petition for the winding-up or dissolution of the ABS SPV may be made by the MTN holders under the terms of the MTNs.

8 It is intended that the First Junior MTNs and all future Junior MTNs to be issued by the ABS SPV be offered only to Starhill Global REIT or its nominees for subscription.

9 The First NRPS will amount to 100.0% of the non-redeemable preference share issue at the time of issuance of the First NRPS. Under the trust deed pertaining to the MTNs to be entered into between the ABS SPV and the trustee for the MTNs (the “**MTN Trust Deed**”), no further NRPS may be issued without the approval of the holders of Senior MTN (as defined herein) and Junior MTNs.

Starhill Global REIT intends to fully finance the subscription of the First Junior MTNs through:

- (i) a cash payment of RM300.0 million (or approximately S\$131.1 million); and
- (ii) the issuance of a principal amount of the S\$ equivalent of RM405.0 million (or approximately S\$177.0 million) of convertible preferred units at S\$1.00 each (the “CPUs” and the issuance of the CPUs, the “CPU Issue”)¹⁰ to the Vendor and/or one or more subsidiaries nominated by the Vendor (collectively, the “Vendor Group”).

The subscription of the First NRPS of RM1,000 (or approximately S\$437) will be fully financed in cash.

4.10. The ABS SPV will also issue RM330.0 million (or approximately S\$144.2 million) of five-year senior medium-term notes (the “Senior MTNs” and together with the Junior MTNs, the “MTNs”) to sophisticated investors¹¹ to part finance the Acquisitions. Unitholders should note that the Acquisitions are contingent upon the successful placement of the Senior MTNs.

4.11. The following table sets out the intended source and application of estimated funds in relation to the Transactions.

Source	RM million	S\$ million
Issuance of CPUs	405.0	177.0
Senior MTNs	330.0	144.2
Cash	308.7	134.9
Issuance of Acquisition Fee Units (as defined herein)	10.3	4.5
Total	1,054.0	460.6

Application	RM million	S\$ million
Acquisition of the Properties ¹²	1,030.0	450.1
Acquisition Fee	10.3	4.5
Transaction costs ¹³	8.7	3.8
MTN related costs ¹⁴	5.0	2.2
Total	1,054.0	460.6

¹⁰ Bank Negara Malaysia has approved the CPU Issue on 23 February 2010 and the SCM has approved the CPU Issue on 24 February 2010.

¹¹ As permitted under the Capital Markets & Services Act 2007, of Malaysia.

¹² Based on purchase consideration of RM629.0 million for Starhill Gallery and RM401.0 million for Lot 10 Property.

¹³ Transaction costs comprise the estimated professional and other fees and expenses expected to be incurred by Starhill Global REIT in connection with the Transactions.

¹⁴ Includes estimated expenses incurred by the ABS SPV in relation to the Acquisitions and upfront expenses in relation to the MTN Programme.

(Please see **Appendix D** for the principal terms of the Junior MTNs, the Senior MTNs and the NRPS.)

5. PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENTS, THE MASTER TENANCY AGREEMENTS AND THE CPU ISSUE

5.1. Principal Terms of the Sale and Purchase Agreements

The Lot 10 Property sale and purchase agreement and the Starhill Gallery sale and purchase agreement are interdependent and the ABS SPV and Vendor shall not be obliged to complete the sale and purchase of either the Lot 10 Property or Starhill Gallery unless the sale and purchase of both the Properties are completed.

Under the Sale and Purchase Agreements, the Purchase Consideration shall be fully satisfied by a payment of RM625.0 million (or approximately S\$273.1 million) (which includes the use of net proceeds from the issuance of the Senior MTNs) in cash and issuance of a principal amount of the S\$ equivalent of RM405.0 million (or approximately S\$177.0 million) of CPUs.

Please see below for the split between the cash component and the CPU component in relation to the purchase consideration of each of the Properties.

Property	Purchase Consideration (RM)	Mode of Consideration	
		Cash (RM)	Principal amount of CPUs ⁽¹⁾ (RM)
Starhill Gallery	629,000,000	381,674,757	247,325,243
Lot 10 Property	401,000,000	243,325,243	157,674,757
Total	1,030,000,000	625,000,000	405,000,000

Note:

- (1) The final issue size of the CPUs will be fixed based on the average RM to S\$ exchange rate based on the Bank Negara Malaysia Interbank Foreign Exchange Mid Rate over the last twenty trading days three Business Days immediately prior to the date of issuance of the CPUs.

Completion of the Acquisitions is conditional upon fulfilment of the conditions precedent set out in the Sale and Purchase Agreements (“**Conditions Precedent**”) within three (3) months from the date of the Sale and Purchase Agreements or such other date mutually agreed upon by the parties in writing, including, (i) the Senior MTNs being fully subscribed; (ii) the approval of Unitholders of, *inter alia*, the Acquisitions at an extraordinary general meeting of Unitholders (the “**EGM**”); (iii) the approval of unitholders of Starhill REIT of the disposal of the Properties; (iv) regulatory approvals; (v) the execution of the Subscription Agreement, Master Tenancy Agreements (as defined herein) and confirmation from the Vendor on the execution of the novation agreements and assignments of the Letting Documents to the Master Tenant and (vi) the ABS SPV being satisfied with the outcome of the due diligence exercise on the Properties.

The legal title to the Lot 10 Property will be transferred to the ABS SPV upon completion of the Acquisitions. However, legal title to Starhill Gallery will not be transferred to the ABS SPV until the strata title to Starhill Gallery (the “**Strata Title**”) has been issued by the relevant Malaysian authority¹⁵.

Pending issuance of the Strata Title and transfer of the Strata Title to the ABS SPV, the Vendor will grant to the ABS SPV a lease over Starhill Gallery for a period of 30 years which is renewable for successive periods of 30 years on a perpetual basis (“**Starhill Gallery Lease**”) and a power of attorney to renew the Starhill Gallery Lease, to collect the Strata Title and to transfer the legal title in favour of the ABS SPV.

Simultaneous with the execution of the Sale and Purchase Agreements, the ABS SPV and the Master Tenant will enter into the Master Tenancy Agreements which will take effect upon completion of the Acquisitions.

Completion of the Acquisitions shall take place within ten (10) business days (or such other date mutually agreed upon by the parties) from the date on which all the Conditions Precedent have been satisfied and/or waived.

5.2. Master Tenancy Arrangement

The Properties would be rented to Katagreen Development Sdn Bhd (the “**Master Tenant**”), an indirect wholly-owned subsidiary of YTL Corporation Berhad (“**YTL**”), under master tenancy agreements (the “**Master Tenancy Agreements**”) for a fixed tenancy term of 3+3+3 years commencing on the completion of the Acquisitions, at the aggregate annual rental of RM72.1 million (S\$31.5 million) for the first three-year term, RM77.3 million (S\$33.8 million) for the second three-year term and RM82.4 million (S\$36.0 million) for the third three-year term (the “**Master Tenancies**”). The payment obligations of the Master Tenant under the Master Tenancy Agreements would be guaranteed by YTL (the “**YTL Guarantee**”).

The tenancy would be automatically renewed for the second three-year term and both the ABS SPV and the Master Tenant would have a put and call option respectively to extend the tenancy for a third three-year term upon the expiry of the second term.

5.3. Issuance of CPUs

On 11 January 2010, the MAS confirmed that the CPUs will not be classified as borrowings, and the CPU Issue will not result in an increase in Starhill Global REIT's Aggregate Leverage¹⁶ under the Property Funds Appendix.

This confirmation is given by the MAS based on the following grounds:

15 Starhill Gallery is located on the same piece of land as the adjoining J.W. Marriott Hotel Kuala Lumpur. Therefore, the master title to the land will be subdivided into separate strata titles for Starhill Gallery and J.W. Marriott Hotel Kuala Lumpur before transfer of legal title takes place. The Vendor will apply for the strata title to Starhill Gallery within six (6) months from the date of the Starhill Gallery sale and purchase agreement or such other period as may be permitted under Strata Titles Act 1985, of Malaysia and transfer the strata title to the ABS SPV upon issuance of the same. Until such time when the Vendor has submitted its application for strata title and such application is accepted by the relevant Malaysian land office, a sum equivalent to RM15.0 million from the Purchase Consideration will be retained by a stakeholder to be mutually agreed by the ABS SPV and the Vendor.

16 The ratio of the total borrowings and deferred payments (if any) to the value of the gross assets of Starhill Global REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed (the “**Deposited Property**”).

- (i) the CPUs will be converted within seven years and have distributions that are discretionary and non-cumulative;
- (ii) in the case of liquidation, the CPUs are subordinated to Starhill Global REIT's debt obligations and senior to the units in Starhill Global REIT ("**Units**");
- (iii) the Manager has the right to redeem the CPUs, while the holder of a CPU ("**CPU holder**") has the right to convert the CPUs into Units at the Conversion Price¹⁷, three years after the date of their issuance;
- (iv) in the event that both a conversion notice as well as a redemption notice are issued at the same time, the conversion notice shall prevail over the redemption notice;
- (v) as there is no step-up feature, there is no inherent economic incentive for Starhill Global REIT to redeem the CPUs after a certain date; and
- (vi) KPMG LLP ("**KPMG**"), as the auditors of Starhill Global REIT, has confirmed that the CPUs will be classified as equity securities under the Financial Reporting Standards 32¹⁸,

and is not subject to any conditions.

Please see **Appendix E** for the key characteristics of the CPUs. The details of the CPU terms are subject to the approval of the SGX-ST and such details will be set out in the Unitholders' Circular.

6. ESTIMATED TIMEFRAME FOR COMPLETION OF ACQUISITIONS

Barring any unforeseen circumstances and subject to receipt of all other relevant approvals, the Acquisitions are expected to be completed by the third quarter of 2010.

7. PRO FORMA FINANCIAL EFFECTS

The pro forma financial effects of the Transactions on the distribution per Unit ("**DPU**") and net asset value ("**NAV**") per Unit presented below are strictly for illustrative purposes only and were prepared based on the audited consolidated financial statements for the period from 1 January 2009 to 31 December 2009 ("**FY2009**") (the "**FY2009 Audited Consolidated Financial Statements**") as well as the assumptions set out below.

In preparing the pro forma DPU and NAV per Unit for FY2009, certain assumptions, including but not limited to, the following general assumptions, have been made:

- (i) 963,724,106 rights units in Starhill Global REIT ("**Rights Units**") at an issue price of S\$0.35 per rights Unit have been issued (the "**Rights Issue**") on 1 Jan 2009, with an issue cost of S\$11.2 million;
- (ii) Starhill Global REIT's revolving credit facilities amounting to S\$50.9 million have been

17 Refers to the conversion price of the CPUs, which will be based on a premium of 30.0% above the volume weighted average price of the Units over the last five trading days immediately prior to (and including) the date of issuance of the CPUs (the "**5-day VWAP**").

18 KPMG's confirmation is subject to Starhill Global REIT amending the Trust Deed to state that the Manager's obligation to make regular distributions to Unitholders should be subject to the terms of the CPUs.

repaid from the net proceeds of the Rights Issue;

- (iii) Starhill Global REIT's portfolio is valued at S\$1,981.8 million (based on the independent valuation as at 31 December 2009);
- (iv) the subscription of the First Junior MTNs and the First NRPS have been satisfied by (a) cash of RM300.0 million (or approximately S\$131.1 million) and (b) the issuance of a principal amount of the S\$ equivalent of RM405.0 million (or approximately S\$177.0 million) of CPUs;
- (v) the total CPU distribution paid to CPU holders of approximately S\$10.0¹⁹ million or an implied distribution rate of 5.65%;
- (vi) RM330.0 million (or approximately S\$144.2 million) of Senior MTNs have been issued by the ABS SPV at an indicative interest cost of 5.5%²⁰ per annum;
- (vii) 7,869,055 Units at the issue price of S\$0.572²¹ per Unit²² have been issued to the Manager in payment of its acquisition fee (being 1.0% of the Purchase Consideration) payable to the Manager under the Trust Deed (the "**Acquisition Fee Units**");
- (viii) the conversion price of the CPU (the "**Conversion Price**") will be at a premium of 30.0% above S\$0.576²³ per Unit; and
- (ix) the first annual master tenancies' rent in relation to the Properties is RM72.1 million (or approximately S\$31.5 million).

7.1. Pro Forma DPU and Distribution Yield

The table below sets out the pro forma financial effects of the Transactions on Starhill Global REIT's DPU and distribution yield for FY2009, as if, as at 1 January 2009, (i) Starhill Global REIT acquired a 100% economic interest in the Properties through the subscription of the First Junior MTNs and the First NRPS, (ii) the Master Tenancy Agreements are in place and (iii) the Senior MTNs have been issued. For illustration purposes, the pro forma financial impact on Starhill Global REIT's DPU and distribution yield are shown as if the CPUs are fully converted on 1 January 2009 even though the CPUs cannot be converted during the Restriction Period (as defined herein) save in certain limited circumstances.

19 Based on CPU issue size of S\$177.0 million, the Exchange Rate and assuming that the CPU distribution is paid in full.

20 The interest cost on the Senior MTNs is indicative only and will be subject to the final rating to be accorded, investor interest as well as market conditions at the point of issue. Based on the assumed yield of 5.5% for the Senior MTNs, the expected spread is 1.755% above the current 5-year Malaysian Government Securities yield of 3.745%.

21 Based on the volume weighted average price of the Units over the last ten trading days immediately prior to (and including) the Latest Practicable Date of 9 April 2010 of S\$0.572. The issue price for the Acquisition Fee Units will be based on the 10-day volume weighted average price immediately preceding their date of issuance.

22 The acquisition fee shall be payable to the Manager in Units and such Units shall not be sold within one year from their date of issue, in accordance with paragraph 5.6 of the Property Funds Appendix.

23 Based on the volume weighted average price of the Units over the last five trading days immediately prior to (and including) the Latest Practicable Date of 9 April 2010 of S\$0.576.

	FY2009		
	Actual (Before the Transactions)	Pro Forma Adjusted for the Transactions	
		If the CPUs are not converted	If the CPUs are fully converted
Distributable income (S\$ '000)	76,576 ⁽¹⁾	86,430 ⁽³⁾	96,429
Total Number of Units in Issue ('000)	1,935,335	1,943,204	2,179,562 ⁽⁴⁾
DPU (cents)	3.86 ⁽²⁾	4.36	4.34
DPU accretion (%)	-	13.0%	12.4%

Notes:

- (1) Actual adjusted as if the Rights Issue had been completed on 1 January 2009 and borrowings of S\$50.9 million had been repaid on that date.
- (2) Adjusted to include 963,724,106 rights Units as if the Rights Issue had been completed on 1 January 2009.
- (3) After taking into account the payment of the CPU distributions.
- (4) Includes 236.4 million Units issued on conversion of the CPUs, based on the Exchange Rate assumed at the date of issuance of the CPUs.

7.2. Pro Forma NAV

The table below sets out the pro forma financial effects of the Transactions on the NAV per Unit and the aggregate leverage of Starhill Global REIT as at 31 December 2009, as if, as at 31 December 2009, (i) Starhill Global REIT acquired a 100% economic interest in the Properties through the subscription of the First Junior MTNs and the First NRPS, (ii) the Master Tenancy Agreements are in place and (iii) the Senior MTNs have been issued. For illustration purposes, the pro forma financial impact on Starhill Global REIT's NAV is shown as if the CPUs are fully converted on 31 December 2009 even though the CPUs cannot be converted during the Restriction Period save in certain limited circumstances.

	As at 31 December 2009		
	Actual (Before the Transactions)	Pro Forma Adjusted for the Transactions	
		If the CPUs are not converted	If the CPUs are fully converted
NAV (S\$ '000)	1,586,528	1,759,713	1,759,713
Total Number of Units in Issue ('000)	1,935,335	1,943,204	2,179,562
NAV per Unit (S\$)	0.82	0.91	0.81
Aggregate Leverage (%)	26.9%	29.0%	29.0%

7.3. Pro Forma Capitalisation

The table below sets out the pro forma capitalisation of Starhill Global REIT as at 31 December 2009, as if as at 31 December 2009, (i) Starhill Global REIT acquired a 100% economic interest in the Properties through the subscription of the First Junior MTNs and the First NRPS, (ii) the Master Tenancy Agreements are in place and (iii) the Senior MTNs have been issued. For illustration purposes, the pro forma financial impact on Starhill Global REIT's pro forma capitalisation is shown as if the CPUs are fully converted on 31 December 2009 even though the CPUs cannot be converted during the Restriction Period save in certain limited circumstances.

	As at 31 December 2009		
	Actual (Before the Transactions) (S\$ '000)	Pro Forma Adjusted for the Transactions	
		If the CPUs are not converted (S\$ '000)	If the CPUs are fully converted (S\$ '000)
Short term debt			
Secured debt	570,000	570,000	570,000
Unsecured debt	1,175	1,175	1,175
Total short term debt	571,175	571,175	571,175
Long term debt			
Secured debt	47,098	191,308	191,308
Unsecured debt	3,699	3,699	3,699
Total long term debt	50,797	195,007	195,007
Total debt	621,972	766,182	766,182
Unitholders' funds	1,586,528	1,763,513	1,763,513
Expenses relating to the Transactions	-	(3,800)	(3,800)
Total Unitholders' Funds	1,586,528	1,759,713	1,759,713
Total Capitalisation	2,208,500	2,525,895	2,525,895

8. THE PROPOSED WHITEWASH RESOLUTION AND ITS RATIONALE

8.1. The Proposed Whitewash Resolution

Subsequent to the issuance of the CPUs to the Vendor Group, it is intended that the Vendor Group subsequently transfers the CPUs fully or partially to YTL and/or its subsidiaries (the “**YTL Group**”) as either full or partial consideration for hotel properties that the Vendor intends to acquire from the YTL Group²⁴.

Pursuant to the Trust Deed, an acquisition fee of RM10.3 million (or approximately S\$4.5 million) (being 1.0% of the Purchase Consideration) is payable to the Manager (the “**Acquisition Fee**”). The Acquisition Fee shall be payable to the Manager in Units and such Units shall not be sold within one year from their date of issuance, in accordance with paragraph 5.6 of the Property Funds Appendix which applies to interested party transactions.

If (i) the Conversion Units (as defined herein) are issued to the Vendor Group or other entities within the YTL Group and (ii) the Manager receives the Acquisition Fee in Units in its own capacity, YTL and the Concert Parties²⁵ will end up acquiring additional Units which will trigger the requirement to make a mandatory offer pursuant to the Singapore Code on Take-overs and Mergers (the “**Code**”, and a mandatory offer pursuant to Rule 14 of the Code, a “**Mandatory Offer**”) ²⁶, as the case may be, unless a waiver is obtained from the Securities Industry Council (“**SIC**”).

The Manager proposes to seek approval from Unitholders for the waiver of the rights of Unitholders to receive a Mandatory Offer from YTL and the Concert Parties for the remaining issued Units not owned or controlled by YTL and the Concert Parties pursuant to Rule 14 of the Code, in the event that YTL and the Concert Parties acquire a sufficient number of Units through (i) the conversion of the CPUs into Units (the “**CPU Conversion**”, and the new Units issued pursuant to the CPU Conversion, the “**Conversion Units**”) (whether by the Vendor Group or other entities within the YTL Group) and (ii) the receipt of the Acquisition Fee in Units by the Manager in its own capacity (the “**Whitewash Resolution**”).

An application was made to the SIC on 4 March 2010 for the waiver of the obligation of YTL and the Concert Parties to make a Mandatory Offer under Rule 14 of the Code should the obligation to do so arise as a result of (i) the CPU conversion and (ii) the receipt of the Acquisition Fee in Units by the Manager in its own capacity. The SIC granted the waiver on 31 March 2010, subject to the satisfaction of certain conditions.

8.2. Rationale for the Whitewash Resolution

The passing of the Whitewash Resolution will enable Starhill Global REIT to, among others, partially satisfy the consideration for the issuance of the First Junior MTNs to the SG SPV by the issue of the CPUs to the Vendor Group and which will subsequently be transferred from

24 The approval of the SCM for the CPU Issue had been obtained on 24 February 2010. The SCM's approval is subject to the condition that the CPUs to be held by Starhill REIT and subsequently by YTL and subsidiaries must not be distributed.

25 Under the Code, entities in which YTL and its subsidiaries have an interest of between 20.0% and 50.0% are considered to be associated companies of YTL, and each of these associated companies of YTL is presumed under the Code to be “**Concert Parties**” acting in concert with YTL in relation to Starhill Global REIT.

26 YTL is both the sponsor of Starhill REIT and Starhill Global REIT and directly and/or through its subsidiaries, has a deemed/effective interest as at 9 April 2010 in (i) 29.09% of Starhill Global REIT, (ii) 65.39% of Starhill REIT and (iii) 50.0% of the Manager.

the Vendor Group, to other entities within the YTL Group as either full or partial consideration for hotel properties that the Vendor intends to acquire from the YTL Group, without YTL and the Concert Parties triggering the requirement to make a Mandatory Offer.

The passing of the Whitewash Resolution will also enable the Manager to receive the Acquisition Fees in Units in its own capacity.

9. RATIONALE FOR THE TRANSACTIONS

The Manager believes that the Transactions will bring the following key benefits to Unitholders.

The Jalan Bukit Bintang area is set to remain one of Kuala Lumpur's premier shopping districts with the recent refurbishment and repositioning of the Lot 10 Property as well as the upcoming redevelopment of other shopping centres in the area such as KL Plaza.

9.1. Competitive strengths of the Properties

Strategic location

The Acquisitions are in line with the Manager's growth strategy to pursue acquisition opportunities that will enhance Starhill Global REIT's asset base and maintain an attractive cash flow and yield profile. The Properties are landmark prime properties in Kuala Lumpur and are strategically located in the Jalan Bukit Bintang area, which forms part of the city's Golden Triangle, one of the main tourist hubs and a popular shopping and entertainment district in Kuala Lumpur.

In addition, Starhill Gallery is a freehold property which will lengthen Starhill Global REIT's underlying land lease tenure.

High occupancy rates

Both Starhill Gallery and the Lot 10 Property enjoy high occupancy rates, with an average occupancy rate of 97% and 96% respectively as at 31 December 2009. High occupancy levels reflect the demand for high quality space in prime properties in the Kuala Lumpur city centre.

High quality tenant base

The Properties have a high quality tenant base with excellent brand recognition. Tenants range from high profile, international brands to prominent local retailers. Notable tenants in Starhill Gallery include Louis Vuitton, Audemars Piguet, Bottega Venetta, Boucheron, Chopard, and Van Cleef & Arpels. The Starhill Gallery also features the first standalone watch boutiques in Asia for several brands, including Hublot, Bedat & Co and Richard Mille. Its annual "A Journey Through Time" exhibition is a major event for watch aficionados around the world and the Gallery was recently featured in the New York Times as one of "The 31 Places to Go in 2010".

The Lot 10 Property was recently repositioned to appeal to young urbanites amidst a unique "Forest in the City" concept which features landscaped gardens and extensive greenery. The basement has been revamped into the Lot 10 Hutong, a heritage gourmet village, and exciting new shops include the soon-to-be opened Debenhams flagship store, Apple, National Geographic and Celebrity Fitness, which is situated on the rooftop of the Lot 10 Property.

Unique opportunity with inherent synergistic benefits

The Manager is of the view that this is a rare opportunity to acquire prime retail properties in a prime location in Kuala Lumpur. In addition, there are inherent synergistic benefits that can be derived by Starhill Global REIT in terms of retail management and tenant mix, given considerable overlaps in the positioning and branding of the Properties with Starhill Global REIT's existing portfolio of properties.

Stable cash flow with organic growth

The Properties would be rented to the Master Tenant under the Master Tenancy Agreements for a fixed tenancy term of 3+3+3 years at the aggregate annual rental of approximately RM72.1 million (or approximately S\$31.5 million) for the first three-year term, RM77.3 million (or approximately S\$33.8 million) for the second three-year term and RM82.4 million (or approximately S\$36.0 million) for the third three-year term. The Master Tenancies are beneficial to Starhill Global REIT as they are expected to provide stability in rental income from the Properties over the next six to nine years. This is especially so as the Lot 10 Property was recently refurbished and is currently undergoing market re-positioning. The step-up feature of the fixed tenancy term of 3+3+3 years (under which the annual rental of the Properties for the first, second and third term is equivalent to 7.0%, 7.5% and 8.0% respectively of the Purchase Consideration) would also provide locked-in organic growth in Starhill Global REIT's cash flow.

The Master Tenant would bear the majority of the operating expenses relating to the Properties except for certain insurance coverage relating to the Properties, costs of repair or replacement of certain fixtures and fittings attached to the Properties and 50.0% of the quit rent and assessment (which are imposed on the property owner under Malaysian laws). The Master Tenancy Agreements would be automatically renewed for the second three-year term and both the ABS SPV and the Master Tenant would have a put and call option respectively to extend the tenancies for the Properties for a third three-year term upon the expiry of the second term.

9.2. Provide Starhill Global REIT with a strong foothold in the Malaysian retail sector

The Acquisitions will provide Starhill Global REIT with a strong entry point into the Malaysian retail sector. The Properties represent key landmark retail malls situated in the prime Bukit Bintang shopping district in the heart of Kuala Lumpur city centre.

Bukit Bintang is the epicentre of retail tourism, entertainment and youth culture in Kuala Lumpur and the Properties are well positioned to cater for the middle to high end strata of the retail sector. This segment is expected to see continued expansion given increased intra-city travel facilitated by the liberalisation of air travel between Singapore and Malaysia as well as a continued improvement in per-capita income amongst Malaysians. AT Kearney's 2009 Global Retail Development Index²⁷ ranks Malaysia as one of the top 10 most attractive developing markets for retail development.

In addition to the strong retail sector fundamentals, undertaking the Acquisitions at this

²⁷ AT Kearney. AT Kearney has not provided its consent, for the purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the information and is therefore not liable for such information under Section 253 and 254 (read with Section 302) of the SFA. While the Manager has taken reasonable action to ensure that the information has been reproduced in its proper form and context, and that it has been extracted fairly and accurately, neither the Manager, the Sole Financial Adviser nor any other party has conducted an independent review of, nor verified the accuracy of, such information.

junction enables Starhill Global REIT to capitalise on Malaysia's economic growth forecast of 4.4% by the Asian Development Bank²⁸. Malaysia's expected gross domestic product ("GDP") growth is underpinned by lagged effects of fiscal and monetary stimulus initiated by the government in 2009, coupled with increased external and domestic demand. To enhance the image of Malaysia to foreign investors, liberalisation measures were implemented in 27 services sub-sectors in April 2009 and the 30.0% Bumiputra equity requirement for newly listed companies was removed in June 2009. Moreover, Malaysia's personal income tax rate will also be reduced from 27.0% in 2009 to 26.0% in 2010 and this is further expected to drive retail sales.

In addition to this, ongoing government efforts through the "Visit Malaysia" campaign is expected to see continued growth in tourist arrivals from the 23.6 million recorded in 2009 (which is an improvement of approximately 7.2% over tourist arrivals recorded in 2008).

9.3. DPU accretive Acquisitions

The Acquisitions are DPU accretive on a pro forma historical basis. Assuming the transactions were completed on 1 January 2009 and the CPUs were not converted, DPU for FY 2009 would have increased by 13.0% or 0.50 cents to 4.36 cents per Unit. Assuming full conversion of the CPUs on 1 January 2009, FY 2009 DPU would have increased by 12.4% or 0.48 cents to 4.34 cents per Unit.

The table below sets out the pro forma financial effects of the Transactions on the DPU and NAV per Unit for FY2009 assuming the Acquisitions took place on 1 January 2009.

	Actual FY2009 ⁽¹⁾	Pro Forma FY2009 adjusted for the Transactions (If the CPUs are not converted)	Pro Forma FY2009 adjusted for the Transactions (If the CPUs are fully converted)
DPU (cents).....	3.86 ⁽²⁾	4.36 ^(3, 4)	4.34 ^(4, 5)
DPU accretion (%)	-	13.0%	12.4%
NAV per Unit (S\$)	0.82	0.91	0.81
Aggregate Leverage.....	26.9% ⁽⁶⁾	29.0% ⁽⁷⁾	29.0% ⁽⁷⁾

Notes:

- (1) Based on the FY2009 Audited Consolidated Financial Statements.
- (2) DPU has been computed after adjusting for the effects of the Rights Issue.
- (3) After taking into account the payment of the CPU distributions.
- (4) Assuming First Junior MTN coupon of approximately 7.0% per annum and Senior MTNs coupon of 5.5% per annum based on current market conditions.

28 Asian Development Outlook 2009. Asian Development Bank has not provided its consent, for the purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the information and is therefore not liable for such information under Section 253 and 254 (read with Section 302) of the SFA. While the Manager has taken reasonable action to ensure that the information has been reproduced in its proper form and context, and that it has been extracted fairly and accurately, neither the Manager, the Sole Financial Adviser nor any other party has conducted an independent review of, nor verified the accuracy of, such information.

- (5) After taking into account the elimination of the CPU distributions and the Units arising from the CPU conversion.
- (6) As at 31 December 2009.
- (7) As at 31 December 2009 after adjusting for the Transactions.

The CPU structure (instead of an outright issue of new Units) has been utilised to partially fund the Acquisitions as it will not result in any immediate dilutive impact to Starhill Global REIT's DPU taking into account that the CPU yield of 5.65% is lower than:

- (i) the DPU yield of Units which is 6.5%²⁹; and
- (ii) the coupon on the First Junior MTNs of approximately 7.0% per annum.

Furthermore, the CPUs will only be convertible after a restriction period of three years and the conversion price will be at a 30.0% premium to the 5-day VWAP.

9.4. Diversification of existing portfolio and dilution of geographical concentration risks

The Acquisitions will provide geographical diversification and is expected to reduce the concentration risk in Starhill Global REIT's current portfolio of assets. The geographical dependency on Singapore will reduce from 86.5% to 70.5% in terms of asset value, as at 31 December 2009.

At the same time, the geographical dependency of Starhill Global REIT on Japan will also be reduced from 9.2% to 7.5%. The reduction of geographical dependency on Japan would be beneficial to Starhill Global REIT in view of the current weak Japanese economy.

9.5. Efficient acquisition and funding structure

Tax-efficient acquisition structure

By virtue of the Malaysian Stamp Duty (Exemption) (No. 12) Order 2001, no Malaysian stamp duty would be applicable to the ABS SPV from the acquisition of the Properties as it is in respect of an asset backed securitisation structure approved by the SCM. Under Malaysian law, as the First Junior MTNs are issued in RM and have been approved by the SCM, no Malaysian withholding tax should arise on the coupon payments arising from the SG SPV's holding of the First Junior MTNs.

Mitigation of refinancing risk through the CPU Issue

The CPUs will be treated as equity of Starhill Global REIT and not as borrowings or deferred payments under the Property Funds Appendix.

In addition, the Manager has the option but not the obligation to redeem the CPUs at par after a restriction period of three years. In this regard, there is no refinancing risk arising from the CPU Issue as the holder of a CPU ("**CPU holder**") does not have the right to procure the Manager to redeem the CPUs.

Therefore the CPU issuance will not increase Starhill Global REIT's Aggregate Leverage and refinancing risks. Starhill Global REIT's pro-forma Aggregate Leverage remains below 30.0% at 29.0% as at 31 December 2009 after adjusting for the Transactions.

29 Based on actual FY2009 DPU (adjusted for the effects of the Rights Issue) divided by the closing price of Units of S\$0.590 as at 9 April 2010.

Provide Starhill Global REIT with future ordinary equity injection at significant premium to current market price

The CPUs are convertible at a premium of 30.0% to the 5-day VWAP after a three year restriction period and will be mandatorily converted into Starhill Global REIT ordinary units seven years after issuance. This ensures that Starhill Global REIT will receive future ordinary equity at a premium to the prevailing unit price at issuance of the CPUs

10. THE ABS TRANSACTION DOCUMENTS

All other documents necessary for or incidental to the MTN Programme or the ABS Structure including the following are expected to be executed at a later date:

- (i) the programme agreement setting out the terms and conditions for the issuance of MTNs under the MTN Programme;
- (ii) the security documents creating security over, among others, interest over the Properties, as security for the MTN Programme;
- (iii) the MTN Trust Deed;
- (iv) a call option agreement under which the ABS SPV will grant to the Trustee or its nominee a call option (the “**Call Option**”) to buy the Properties on the Expected Maturity Date³⁰ of the Senior MTNs or upon the occurrence of certain trigger events or upon a declaration of an event of default under the MTN Programme (the “**Call Option Agreement**”);
- (v) a servicer agreement under which the ABS SPV will appoint a wholly-owned subsidiary of the Manager as the servicer (“**Servicer**”) to administer the assets of the ABS SPV (including the Properties) or perform such other services on behalf of the ABS SPV; and
- (vi) an asset management agreement under which the Servicer will appoint Pintar Projek Sdn. Bhd., which is the current asset manager of the Properties, as the asset manager for the Properties.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during business hours at the registered office of the Manager at 391B Orchard Road, #21-08 Ngee Ann City Tower B, Singapore 238874³¹ from the date of this announcement up to and including the date falling three months after the date of this announcement:

- (i) the Sale and Purchase Agreements;
- (ii) the Subscription Agreement;
- (iii) the Memorandum and Articles of Association of the ABS SPV;

³⁰ Refers to the date earmarked for the ABS SPV to fully repay the MTNs before the Legal Maturity Date. “Legal Maturity Date” refers to the final maturity date on which the MTNs must be fully repaid.

³¹ Prior appointment with the Manager will be appreciated.

- (iv) the Master Tenancy Agreement in relation to Starhill Gallery; and
- (v) the Master Tenancy Agreement in relation to the Lot 10 Property.

12. ANNOUNCEMENT BY STARHILL REIT

Starhill REIT has also made an announcement on 16 April 2010 in relation to Starhill REIT's sale of the Properties. Starhill REIT's announcement can be found at www.starhillreit.com.

13. FURTHER DETAILS

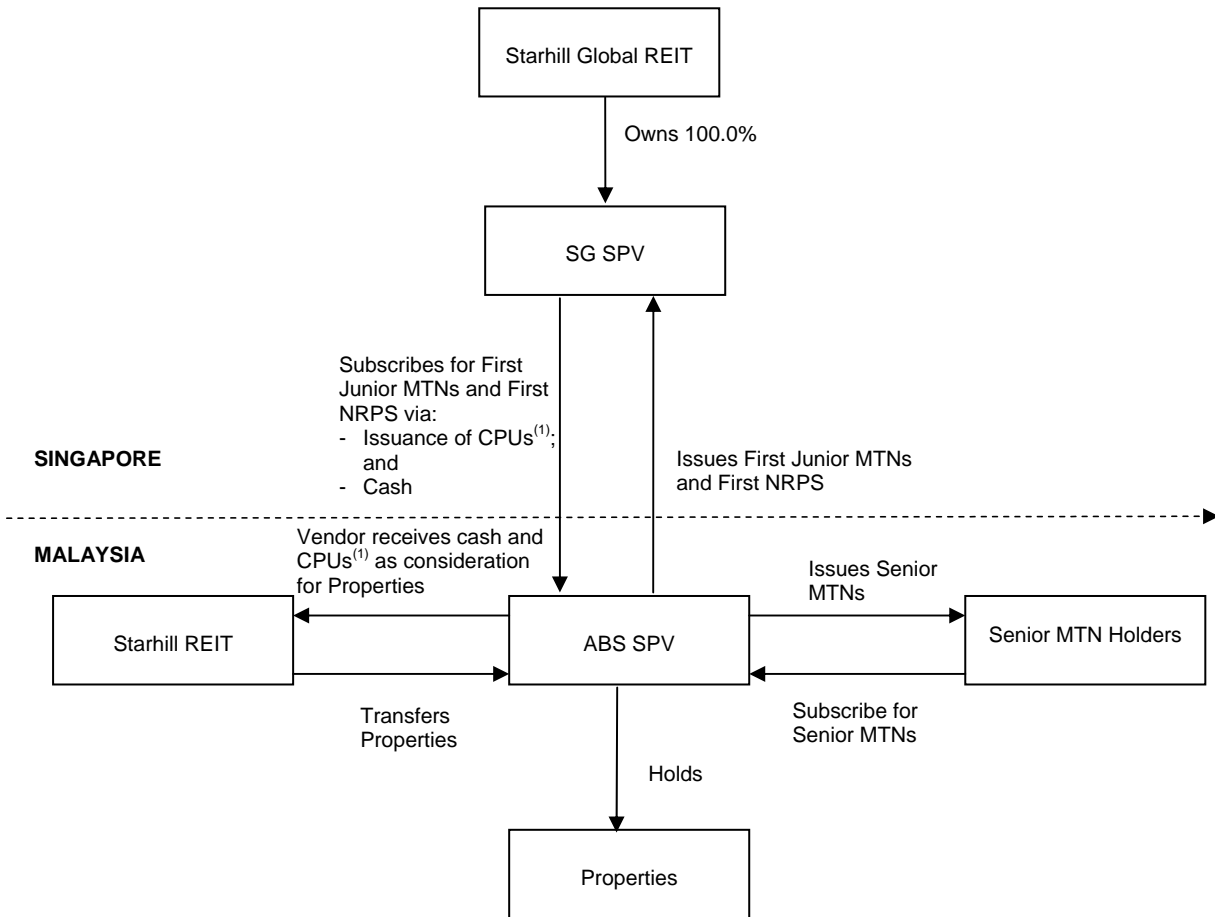
Further details, including the convening of the EGM to seek the necessary approvals from Unitholders, will be announced at a later date.

By Order of the Board
YTL Pacific Star REIT Management Limited
(*Company registration no. 200502123C*)
(as manager of Starhill Global Real Estate Investment Trust)

Jeanette Lim
Joint Company Secretary
Singapore
16 April 2010

APPENDIX A

Structure of the Acquisitions



Note:

(1) ABS SPV to nominate/direct the CPUs to be issued directly to the Vendor Group under the Subscription Agreement.

APPENDIX B

Salient details of the Properties are shown below:

(a) Lot 10 Property

Address/Location	:	50, Jalan Sultan Ismail, 50250 Kuala Lumpur.
Master title details	:	PN No. 11008 Lot No. 1247, Seksyen 67, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan
Description / Existing Use	:	137 parcels and 2 accessory parcels of retail, office, storage and other spaces held under separate strata titles within a shopping centre known as Lot 10 Shopping Centre which consists of an 8-storey block with a basement and a lower ground floor, together with a 7-storey annexe building with a lower ground floor.
Car Park Bays	:	529
Tenure	:	The land is a 99-year leasehold land expiring 29 July, 2076.
Status of holdings	:	Leasehold (Approval obtained on 30 July, 1977)
Unexpired lease remaining period	:	Approximately 66 years
Existing use	:	Commercial
Age of building	:	Approximately 19 years
Occupancy rate	:	96%
Net lettable area (as at 31 December 2009)	:	256,811 sq. feet
Gross revenue for the financial year ended 30 June 2009	:	RM30.83 million ⁽¹⁾
Net property income for the financial year ended 30 June 2009	:	RM23.51 million
Encumbrances	:	The property is currently charged to secure a facility granted to the Vendor ⁽²⁾ .
Appraised value by Rahim & Co. Chartered Surveyors Sdn Bhd ⁽³⁾ (as at 28 October 2009)	:	RM401.0 million
Appraised value by Knight Frank (Ooi & Zaharin Sdn Bhd) ⁽⁴⁾ (as at 28 October 2009)	:	RM410.0 million
Restriction in interest ⁽⁵⁾	:	Nil

Notes:

- (1) Comprises of gross rental income, car park income and other income pertaining to the Lot 10 Property.
- (2) The charge will be discharged upon completion of the Acquisition of Lot 10 Property.
- (3) Based on Rahim & Co. Chartered Surveyors Sdn Bhd's valuation report dated 26 February 2010.
- (4) Based on Knight Frank (Ooi & Zaharin Sdn Bhd)'s valuation report dated 1 March 2010.
- (5) Restriction in interest is a limitation imposed by any state authority in Malaysia on the powers and rights of a registered proprietor to deal with the land including restriction on the right to transfer, charge and/or lease the land. "Nil" means no such restriction is imposed.

(b) Starhill Gallery

Address/Location	: 181, Jalan Bukit Bintang, 55100 Kuala Lumpur.
Title details	: Part of Geran No. 28678, Lot No. 1267, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL ⁽¹⁾
Description / Existing Use	: Part of a 7-level shopping centre with 5 basements and a 12-level annexe building with 3 basements.
Car Park Bays	: 673
Status of holdings	: Freehold
Existing use	: Commercial
Age of building	: Approximately 14 years
Occupancy rate (as at 31 December 2009)	: 97%
Net lettable area (as at 31 December 2009)	: 298,013 sq. feet
Gross revenue for the financial year ended 30 June 2009	: RM49.29 million ⁽²⁾
Net property income for the financial year ended 30 June 2009	: RM38.85 million
Encumbrances	: The property is currently charged to secure a facility granted to the Vendor ⁽³⁾ . Part of the land measuring approximately 854.25 square metres is leased to TNB for a substation for a term of 30 years commencing from 15 June 1995 and expiring on 15 June 2025.
Valuation by Rahim & Co. Chartered Surveyors Sdn Bhd ⁽⁴⁾	: RM629.0 million
Valuation by Knight Frank (Ooi & Zaharin Sdn Bhd) ⁽⁵⁾	: RM590.0 million
Restriction in interest ⁽⁶⁾	: Nil

Notes:-

- (1) Starhill Gallery and the J.W. Marriott Hotel Kuala Lumpur are sharing a single master title. There is no separate title issued for the Starhill Gallery.
- (2) Comprises gross rental income, car park income and other income pertaining to Starhill Gallery.
- (3) Prior to completion of the Acquisition of Starhill Gallery, the existing chargee will issue a letter of disclaimer in favour of the ABS SPV to disclaim their rights in respect of Starhill Gallery and to exclude the Starhill Gallery from any legal proceedings instituted against the Vendor pursuant to the charge.
- (4) Based on Rahim & Co. Chartered Surveyors Sdn Bhd's valuation report dated 26 February 2010.
- (5) Based on Knight Frank (Ooi & Zaharin Sdn Bhd)'s valuation report dated 1 March 2010.
- (6) Restriction in interest is a limitation imposed by any state authority in Malaysia on the powers and rights of a registered proprietor to deal with the land including restriction on the right to transfer, charge and/or lease the land. "Nil" means no such restriction is imposed.

APPENDIX C

KEY CHARACTERISTICS OF THE PREFERRED UNITS

Key Characteristics	Salient Terms
Term	The term of the Preferred Units of each class shall be separately determined in respect of such class of Preferred Units.
Issue Price	The issue price of a Preferred Unit of each class shall be separately determined in respect of such class of Preferred Units.
Listing	The Preferred Units of each class may or may not be listed on the SGX-ST and/or any stock exchange of repute in any country in any part of the world (" Recognised Stock Exchange "). Any listing of the Preferred Units of each class (and the terms and conditions relating to such listing, if any) shall be separately determined in respect of such class of Preferred Units.
Distributions	<p>The Preferred Units of each class shall, in respect of the entitlement to participate in the distributions of Starhill Global REIT, rank:</p> <ul style="list-style-type: none"> (i) junior to all securities, ownership interests and obligations of Starhill Global REIT that are expressed to rank senior to the Preferred Units of such class; (ii) <i>pari passu</i> with (a) each other and (b) all securities, ownership interests and obligations of Starhill Global REIT that are expressed to rank <i>pari passu</i> with the Preferred Units of such class; and (iii) senior to (a) the Units and (b) all securities, ownership interests and all obligations of Starhill Global REIT that are expressed to be subordinated to the Preferred Units of such class. <p>The terms and conditions relating to the declaration and payment of distributions in respect of the Preferred Units of each class shall be separately determined in respect of such class of Preferred Units, provided that any decision regarding the declaration of distributions in respect of the Preferred Units of each class shall be at the sole discretion of the Manager.</p>
Distribution and Capital Stopper	The specific terms and conditions relating to each class of Preferred Units may restrict the declaration of distributions in respect of the Units and/or return of capital to Unitholders in the event that any distributions payable in respect of the Preferred Units of such class are not declared in full. Any such restrictions which may be imposed pursuant to the terms of the Preferred Units of each class (and the terms and conditions of such restrictions, if any) shall be separately determined in respect of such class of Preferred Units.

Key Characteristics	Salient Terms
Ranking at liquidation	<p>The Preferred Units of each class shall, in respect of the entitlement to participate in the assets of Starhill Global REIT upon liquidation, rank:</p> <ul style="list-style-type: none"> (i) junior to (a) all debt (including subordinated debt) of Starhill Global REIT and (b) all securities, ownership interests and obligations of Starhill Global REIT that are expressed to rank senior to the Preferred Units of such class; (ii) <i>pari passu</i> with (a) each other and (b) all securities, ownership interests and obligations of Starhill Global REIT that are expressed to rank <i>pari passu</i> with the Preferred Units of such class; and (iii) senior to (a) the Units and (b) all securities, ownership interests and obligations of Starhill Global REIT that are expressed to be subordinated to the Preferred Units of such class.
Redemption of the Preferred Units	<p>The Preferred Units of each class may be redeemable in full or in part at the option of the Manager and/or the relevant Preferred Unitholder, may be subject to restrictions on redemption or may not be redeemable at all. Any entitlement of the Manager and/or the relevant Preferred Unitholder to redeem the Preferred Units of each class (and the terms and conditions of such entitlement, if any) shall be separately determined in respect of such class of Preferred Units.</p>
Conversion of the Preferred Units	<p>Each class of Preferred Units may be convertible in full or in part into Units at the option of the Manager and/or the relevant Preferred Unitholder, may be subject to restrictions on conversion or may not be convertible into Units at all. Any entitlement of the Manager and/or the relevant Preferred Unitholder to convert each class of Preferred Units into Units (and the terms and conditions of such entitlement, if any) shall be separately determined in respect of such class of Preferred Units.</p>
Voting Rights	<p>The Preferred Units of each class shall have no voting rights attached to them in respect of voting at meetings of Unitholders, save in the following circumstances:</p> <ul style="list-style-type: none"> (i) during such period as the distributions so declared in respect of the Preferred Units of such class or any part thereof remain in arrears and unpaid for at least 12 months after the date when distributions in respect of the Preferred Units of such class should otherwise have been paid if declared by the Manager; (ii) upon any resolution which varies or abrogates any right, preference or privilege of the Preferred Units of such class

Key Characteristics	Salient Terms
	<p>(including, without limitation, the authorisation, creation or issue of any securities, ownership interests or obligations of Starhill Global REIT ranking pari passu with or senior to the Preferred Units of such class in respect of the entitlement to participate in the distributions and/or (in the event of any dissolution or winding up of Starhill Global REIT) the assets of Starhill Global REIT); or</p> <p>(iii) upon any resolution for the dissolution or winding up of Starhill Global REIT.</p>

APPENDIX D

PRINCIPAL TERMS OF THE JUNIOR MTNS, THE SENIOR MTNS AND THE NRPS

1. Principal Terms of the Junior MTNs

The principal terms of the Junior MTNs include, among others, the following:

- (i) the First Junior MTNs will have an issue size of RM705.0 million (or approximately S\$308.1 million);
- (ii) the First Junior MTNs are not rated and are not tradable nor transferable;
- (iii) the First Junior MTNs shall have an Expected Maturity Date of 5 years and Legal Maturity Date of 6.5 years from its date of issue;
- (iv) the Junior MTNs will be secured by, among others, interest over the Properties;
- (v) the Junior MTNs will rank pari passu among themselves within each class of the Junior MTNs but subordinated to the Senior MTNs;
- (vi) the Junior MTNs will be redeemed by the ABS SPV on its Legal Maturity Date unless refinanced via the issuance of new MTNs on its Expected Maturity Date. The Junior MTNs shall be mandatorily redeemed upon disposal of the Properties pursuant to the exercise of the Call Option or otherwise;
- (vii) coupon on the Junior MTNs shall be based on a variable rate to be determined on each coupon payment date and capped at 12.0% per annum for the First Junior MTNs; and
- (viii) the holder of the Junior MTNs shall have the right to vote in relation to some key operational issues such as incurring of additional borrowing by the ABS SPV (excluding the MTNs), creation of security interest over the assets of the ABS SPV (save for security created for the purposes of the MTNs and those arising by operation of law), transfer or disposal of the assets of the ABS SPV (save pursuant to the terms of the transaction documents in relation to the MTN Programme) and change or cessation of business of the ABS SPV. The Senior MTN holders shall also have the power to vote on the above key operational issues.

2. Principle Terms of the Senior MTNs

The principal terms of the Senior MTNs include, among others, the following:

- (i) the first issuance of the Senior MTNs will be at an issue size of RM330.0 million (or approximately S\$144.2 million);
- (ii) transfer of the Senior MTNs will be subject to selling restrictions within the relevant jurisdictions;
- (iii) the first issuance of the Senior MTNs to part finance the acquisition of the Properties shall have an Expected Maturity Date of 5 years and Legal Maturity Date of 6.5 years from its date of issue;
- (iv) the Senior MTNs will be secured by, among others, interest over the Properties;

- (v) the Senior MTNs will rank pari passu among themselves within each class of the Senior MTNs;
- (vi) the Senior MTNs will be redeemed by the ABS SPV on its Legal Maturity Date unless refinanced via the issuance of new MTNs on its Expected Maturity Date. The Senior MTNs shall be mandatorily redeemed upon disposal of the Properties pursuant to the exercise of the Call Option or otherwise;
- (vii) Coupon on the Senior MTNs shall be based on a fixed rate to be determined prior to each issuance; and
- (viii) the holder of the Senior MTNs shall have the right to vote in relation to the following key operational issues such as incurring of additional borrowing by the ABS SPV (excluding the MTNs), creation of security interest over the assets of the ABS SPV (save for security created for the purposes of the MTNs and those arising by operation of law), transfer or disposal of the assets of the ABS SPV (save pursuant to the terms of the transaction documents in relation to the MTN Programme) and change or cessation of business of the ABS SPV. The Junior MTN holders shall also have the power to vote on the above key operational issues.

3. Principle Terms of the NRPS

The principal terms of the NRPS include, among others, the following:

- (i) the First NRPS shall have an issue size of RM1,000 (approximately S\$437);
- (ii) the NRPS are non-redeemable and non-transferable;
- (iii) the NRPS shall rank pari passu among themselves and ahead of the ordinary shares of the ABS SPV in a distribution of capital in the event of winding-up or liquidation of the ABS SPV;
- (iv) subject to the availability of profit, the NRPS shall be entitled to a non-cumulative dividend in priority to all other shares in the ABS SPV on a quarterly basis; and
- (v) the holders of NRPS shall have no right to attend or vote at any general meeting of the ABS SPV or by way of written resolution, other than:
 - (a) upon a resolution to amend or vary the rights of the NRPS; or
 - (b) as provided in Section 148(2) of the Malaysian Companies Act.

APPENDIX E

KEY CHARACTERISTICS OF THE CPUs

Key Characteristics	Salient Terms
Term	Seven years
Issue Price	The CPUs shall be issued at S\$1.00 per CPU.
Issue Size	<p>A principal amount of the S\$ equivalent of RM405.0 million (or approximately S\$177.0 million).</p> <p>The issue size will be fixed based on the average RM to S\$ exchange rate based on the Bank Negara Malaysia Interbank Foreign Exchange Mid Rate over the last twenty trading days three Business Days immediately prior to the date of issuance of the CPUs.</p>
Listing	The CPUs will not be listed on the SGX-ST and/or any other stock exchange of repute in any country in any part of the world.
Mandatory Conversion	Any CPUs remaining in existence after seven years from the date of issuance of the CPUs shall be mandatorily converted into Units at the Conversion Price (as defined below).
Distributions	<p>The CPUs shall, in respect of the entitlement to participate in the distributions of Starhill Global REIT, rank:</p> <ul style="list-style-type: none"> (i) junior to all securities or ownership interests and all obligations of Starhill Global REIT that are expressed to rank senior to the CPUs; (ii) <i>pari passu</i> with (a) each other and (b) any other securities or ownership interests and obligations of Starhill Global REIT that are expressed to rank <i>pari passu</i> with the CPUs; and (iii) senior to (a) the Units and (b) any other securities or ownership interests and obligations of Starhill Global REIT that are expressed to be subordinated to the CPUs. <p>Each CPU in issue shall entitle the relevant CPU holder to receive a per annum variable distribution (the “CPU Distribution”) of an amount in Singapore dollars equivalent to the distribution amount which is calculated based on the following formula:</p> $\text{Distribution Amount} = \frac{D}{N}$

Key Characteristics	Salient Terms
	<p><i>Where:</i></p> <p>D : the amount of RM22,882,500 being distribution of 5.65% per annum on the CPU principal amount of RM405.0 million</p> <p>N : the number of CPUs issued</p> <p>For the avoidance of doubt, the amount of CPU Distribution payable shall be determined based on the average RM to S\$ exchange rate based on the Bank Negara Malaysia Interbank Foreign Exchange Mid Rate over the last twenty trading days at the end of the CPU Distribution Period³² (including the last day of the CPU Distribution Period).</p> <p>Based on such distribution and the approximate issue size of the CPU, the amount of CPU Distribution to be paid to the CPU holders per annum is approximately S\$10.0³³ million or an implied distribution rate of 5.65%.</p> <p>Any and all decisions in relation to the declaration of CPU Distributions shall be determined by the Manager at its sole discretion³⁴.</p> <p>If the Manager decides to declare a CPU Distribution in respect of the CPUs, such distributions shall be declared in arrears in respect of such distribution periods which generally coincide with the distribution periods in respect of the Units.</p> <p>For the avoidance of doubt, the CPU Distribution shall be discretionary and non-cumulative.</p>
<p>Special CPU Distribution Entitlements upon Redemption</p>	<p>Where any CPUs are to be redeemed, the Manager may, at its sole discretion, elect to declare a special CPU distribution of an amount per CPU equivalent to the Distribution Amount pro rated over the relevant special CPU distribution period, on all CPUs for the relevant special CPU distribution period which shall be payable on the relevant redemption date, provided that the special CPU distribution in respect of each CPU shall, together with</p>

32 Each period a calendar year, unless if the Manager intends to make interim distributions, each period, identical to the distribution periods in respect of the Units, for which the CPU Holder's right to receive a CPU Distribution accrues.

33 Based on the CPU issue size of approximately S\$177.0 million, the Exchange Rate and assuming that the CPU Distribution is paid in full.

34 The Manager will determine whether and how much CPU Distributions to declare based on the availability of Starhill Global REIT's cash flow.

Key Characteristics	Salient Terms
	all prior distributions declared in respect of each CPUs in the relevant year, not exceed the Distribution Amount.
Distribution and Capital Stopper³⁵	<p>In the event any CPU Distribution is not declared in full for any reason in respect of any CPU Distribution period (being a calendar year), Starhill Global REIT shall not, and shall procure that the subsidiaries of Starhill Global REIT shall not, in respect of the same period:</p> <ul style="list-style-type: none"> <li data-bbox="708 622 1433 801">(i) declare or pay any distributions in respect of, or repurchase or redeem, any Units or any other securities or ownership interests of Starhill Global REIT ranking pari passu with or junior to the CPUs; and <li data-bbox="708 824 1433 1003">(ii) contribute any moneys to a sinking fund for the payment of any distributions in respect of, or for the redemption or repurchase of, any such Units or any other securities or ownership interests, <p>except where required pursuant to the Trust Deed or under any applicable laws, rules and regulations, in which event, to the fullest extent permitted by law, the Manager shall also make a CPU Distribution at the same time. For avoidance of doubt, in the event that the Manager intends to make any interim distributions, the pro-rata equivalent on the CPU Distribution amount shall be declared prior to declaring any distributions in respect of any Units.</p>
Ranking at liquidation	<p>The CPUs shall, in respect of the entitlement to participate in the assets of Starhill Global REIT upon liquidation, rank:</p> <ul style="list-style-type: none"> <li data-bbox="708 1473 1433 1653">(i) junior to (a) all debt (including subordinated debt) of Starhill Global REIT and (b) any other securities, ownership interests and obligations of Starhill Global REIT that are expressed to rank senior to the CPUs; <li data-bbox="708 1675 1433 1809">(ii) <i>pari passu</i> with (a) each other and (b) all securities, ownership interests and obligations of Starhill Global REIT that are expressed to rank <i>pari passu</i> with the CPUs; and <li data-bbox="708 1832 1433 1872">(iii) senior to (a) the Units and (b) all securities,

35 As the CPUs are ranked above Units in terms of entitlement to distributions and the distributions on the CPU are discretionary, the distribution stopper feature will provide CPU holders with some assurance that the CPU payment would be made prior to making distributions in relation to Units.

Key Characteristics	Salient Terms
	ownership interests and obligations of Starhill Global REIT that are expressed to be subordinated to the CPUs.
Restriction Period	<p>The restriction period shall be a period of three years commencing from the date of issuance of the CPUs, within which:</p> <p>(i) the Manager may not exercise its right of redemption of the CPUs; and</p> <p>(ii) the CPU holder may not exercise its right of conversion of the CPUs,</p> <p>(the “Restriction Period”) save in certain limited circumstances.</p>
Conversion of the CPUs	<p>The CPUs shall be convertible at the option of the CPU holders, in whole or in part, into Units at the Conversion Price (as described below) on any Business Day after the expiry of the Restriction Period.</p> <p>In the event that both a conversion notice by a CPU holder as well as a redemption notice by the Manager are issued at the same time, the conversion notice shall prevail over the redemption notice.</p>
Notice to Exercise the Right of Conversion	<p>In the event that the CPU holder intends to exercise its right to convert the CPUs into Unit(s) (“Conversion Right”), the CPU holder will give a written notice to the Manager no less than 14 Business Days prior to the relevant Exercise Day³⁶ (“Notice to Exercise the Right of Conversion”)</p>
Conversion Price	<p>The conversion price shall be an amount equivalent to a premium of 30.0% above the 5-day VWAP of the Units (the “Conversion Price”).</p> <p>The Manager will announce the Conversion Price once it has been fixed on the date of issue of the CPUs.</p>
Ranking of Conversion Units	<p>The Units which are issued upon conversion of CPUs shall rank <i>pari passu</i> in all respects with the Units in issue on the date on which the person or persons designated in the CPU conversion notice shall become the holder of record of the number of Units issuable upon conversion of CPUs (the “Registration Date”). Save as set out in the terms of the CPUs, a holder of Units issued on conversion of CPUs shall not be entitled to any rights the record date for which precedes the relevant Registration Date.</p>

36 A day on which a CPU holder exercises its right to convert its CPUs into Units or a day on which the Manager exercises its right to redeem CPUs.

Key Characteristics	Salient Terms
Adjustments to Conversion Price	<p>The following events which are customary adjustments to the conversion price for convertible instruments will result in an adjustment to the Conversion Price:</p> <ul style="list-style-type: none"> (i) consolidation or subdivision or buy-back of Units; (ii) capitalisation of profits or reserves; (iii) rights issue of Units; or (iv) modification of the rights of conversion, exchange or subscription attaching to any securities (other than the CPUs) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Units to be issued upon conversion, exchange or subscription. <p>The list above is not exhaustive and will be finalised.</p>
Redemption of the CPUs	<p>The CPUs may be redeemable at the option of the Manager, in whole or in part, at the issue price any Business Day after the expiry of the Restriction Period.</p>
Notice to Exercise the Right of Redemption	<p>In the event that the Manager intends to exercise its right to redeem the CPUs ("Redemption Right"), the Manager will give a written notice to the CPU holder no less than 14 Business Days (the "Relevant Period") prior to the relevant Exercise Day ("Notice to Exercise the Right of Redemption").</p> <p>Notwithstanding the above, at any time during the Relevant Period, the CPU holders may serve a Notice to Exercise the Right of Conversion on the Manager in respect of any or all of its CPUs (irrespective of whether the Notice to Exercise the Right of Redemption is given after the giving of a Notice to Exercise the Right of Conversion or otherwise). In the event that the Manager receives a Notice to Exercise the Right of Conversion during the period from and including the date a Notice to Exercise the Right of Redemption is issued up to the day prior to the Exercise Day in respect of the redemption, the Notice to Exercise the Right of Conversion shall prevail over the Notice to Exercise the Right of Redemption.</p>
Redemption Price	At par.
Transferability	A CPU may be subject to such transfer restrictions or other procedures as the Manager may, in consultation with the Trustee and, where appropriate, the Agent ³⁷ and/or the

37 "**Agent**" means each of the Registrar and such other agent as may from time to time be appointed by the Manager or the Trustee to administer the procedures relating to the CPUs. "**Registrar**" means such person as may from time to time be appointed by the Trustee to keep and maintain the register of holders Preferred Units in Starhill Global REIT.

Key Characteristics	Salient Terms
	<p>Depository³⁸ (where the CPUs are deposited with the Depository), determine in its sole discretion to be necessary to facilitate the conversion and redemption of CPUs in accordance with the terms hereunder. If the Manager shall determine any restrictions on trading (if applicable) and/or transfer to be necessary, the Manager shall notify such restrictions to the CPU holders by way of SGXNET announcement as soon as practicable, and in any case, before the relevant record date for determining entitlement of CPU holders to exercise their right to convert CPUs into Units hereunder.</p>
<p>Voting Rights</p>	<p>The CPUs shall have no voting rights attached to them at meetings of Unitholders, save in the following circumstances:</p> <ul style="list-style-type: none"> (i) during such period as the CPU Distributions or any part thereof remains in arrear and unpaid, for at least 12 months after the date when such CPU Distributions would otherwise have been paid; (ii) upon any resolution which varies or abrogates any right, preference or privilege of the CPUs (including, without limitation, the authorisation, creation or issue of any securities, ownership interests or obligations of Starhill Global REIT ranking pari passu with or senior to the CPUs in respect of the entitlement to participate in the distributions and/or (in the event of any dissolution or winding up of Starhill Global REIT) assets of Starhill Global REIT); or (iii) upon any resolution for the dissolution or winding up of Starhill Global REIT.

38 Has the meaning ascribed to it in the Trust Deed.

About Starhill Global REIT

Starhill Global REIT is a Singapore-based real estate investment trust investing primarily in real estate used for retail and office purposes, both in Singapore and overseas. Since its listing on the Mainboard of the SGX-ST on 20 September 2005, Starhill Global REIT has grown its initial portfolio from interests in two landmark properties on Orchard Road in Singapore to 11 properties in Singapore, China, Japan and Australia, valued at about S\$2.1 billion.

These include a 74.23% strata title interest in Wisma Atria and a 27.23% strata title interest in Ngee Ann City in Singapore, full ownership of a premier retail property in Chengdu, China, seven properties in the prime areas of Tokyo, Japan and the recently acquired David Jones Building in Perth, Australia. In November 2009, Starhill Global REIT also announced plans to acquire Starhill Gallery and Lot 10 in Kuala Lumpur, Malaysia. Starhill Global REIT remains focused on sourcing attractive property assets in Singapore and overseas, while driving organic growth from its existing portfolio, through proactive leasing efforts and creative asset enhancements.

Starhill Global REIT is managed by an external manager, YTL Pacific Star REIT Management Limited. The Manager is a wholly-owned subsidiary of YTL Pacific Star REIT Management Holdings Pte Ltd, a 50:50 joint venture between Starhill Global REIT Management Limited (an indirect wholly-owned subsidiary of YTL Corporation Berhad) and Pacific Star REIT Management Holdings Limited.

Important Notice

The value of Units and the income derived from them may fall or rise. The 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.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Starhill Global REIT is not necessarily indicative of the future performance of Starhill Global REIT.

This document 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. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.