

YTL CORPORATION BERHAD (“YTL” OR “COMPANY”)

PROPOSED ACQUISITION OF INTERESTS IN:

- (I) MACQUARIE PRIME REAL ESTATE INVESTMENT TRUST (FORMERLY KNOWN AS MACQUARIE MEAG PRIME REAL ESTATE INVESTMENT TRUST) (“MP REIT”); AND**
 - (II) PRIME REIT MANAGEMENT HOLDINGS PTE LTD (“PRMH”)**
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1. INTRODUCTION

On behalf of the Board of Directors of the Company (**“Board”**), AmlInvestment Bank Berhad, a member of AmlInvestment Bank Group (**“AmlInvestment Bank”**) wishes to announce that YTL had on 28 October 2008 entered into the following:

- (i) Sale and purchase agreement between YTL, Macquarie Real Estate Singapore Pte Ltd (**“MRES”**) and Macquarie Bank Limited (**“MBL”**) (**“MP REIT SPA”**) for the acquisition of 247,101,000 units in MP REIT (**“Units”**) (**“Sale Units”**) representing approximately 26% of total issued Units from MRES for a cash consideration of Singapore Dollar (**“SGD”**)202,622,820 or SGD0.82 per Unit (**“MP REIT Consideration”**) (**“Proposed Acquisition of MP REIT”**); and
- (ii) Sale and purchase agreement between YTL and MBL (**“PRMH SPA”**) for the acquisition from MBL of the following for a cash consideration of SGD62,000,000 (**“PRMH Consideration”**) (**“Proposed Acquisition of PRMH”**):
 - (a) 1,500,000 ordinary shares in PRMH (**“PRMH Shares”**) representing 50% of the total PRMH Shares in issue;
 - (b) 1 class A redeemable preference share in PRMH (**“RPS A”**) representing the entire RPS A in issue; and
 - (c) 1 class B redeemable preference share in PRMH (**“RPS B”**) representing the entire RPS B in issue.

(a), (b) and (c) above are collectively referred to as **“PRMH Sale Shares”**.

The Proposed Acquisition of MP REIT and Proposed Acquisition of PRMH are collectively referred to as **“Proposed Acquisitions”**. The corporate structure of MP REIT and PRMH upon completion of the Proposed Acquisitions is illustrated in Table 1. Upon the completion of the Proposed Acquisitions, subject to relevant approvals, MP REIT is to be rebranded as “Starhill Global REIT”.

In connection with the Proposed Acquisitions, YTL had on 28 October 2008 entered into a services agreement (**“Services Agreement”**) with MBL where MBL has agreed to provide services to YTL which include advice and strategic recommendations relating to the ongoing management of a global Real Estate Investment Trust (**“REIT”**) platform from the period beginning 28 October 2008 until the completion of the Proposed Acquisitions for a service fee of SGD20,000,000.

PRMH has 2 wholly-owned subsidiaries namely Macquarie Pacific Star Prime REIT Management Limited which is the manager for MP REIT (**“MPSPRM”** or **“REIT Manager”**), and Macquarie Pacific Star Property Management Pte Ltd which is the property manager for MP REIT’s properties in Singapore (**“MPSPM”** or **“Property Manager”**).

In relation to the Proposed Acquisition of PRMH and for the purpose of administering the future operations and management of PRMH and to govern the rights and obligations between YTL and the remaining shareholder of PRMH, namely Pacific Star REIT Management Holdings Limited ("**PacificStar**"), the following agreements were entered into on 28 October 2008:

- (i) Accession agreement between YTL, MBL, Investmore Enterprises Ltd ("**Investmore**") (the holding company of Pacific Star) and PRMH ("**Accession Agreement**") where it is agreed that:
 - (a) YTL will become a party to the shareholders agreement dated 17 August 2005 entered into between the initial shareholders of PRMH ("**Shareholders Agreement**") as amended from time to time and will be entitled to exercise all of the rights, privileges and benefits of MBL in respect of the PRMH Sale Shares under the Shareholders Agreement; and
 - (b) MBL will cease to be a party to the Shareholders Agreement, with effect from the date of completion of the Proposed Acquisition of PRMH ("**PRMH Completion Date**").
- (ii) Supplemental agreement between YTL and Investmore to amend the Shareholders Agreement with effect from the PRMH Completion Date on the terms and conditions set out therein.
- (iii) Undertaking agreement between YTL, Investmore and Tay Toh Hin to facilitate the smooth transition of the Proposed Acquisition of PRMH, whereby Investmore and Tay Toh Hin will procure their nominated directors to vote in favour, and the trustee of MP REIT ("**Trustee**") to enter into (where applicable), ancillary agreements pursuant to the Proposed Acquisitions.
- (iv) Agreement between YTL, Investmore and Tay Toh Hin that Investmore and Tay Toh Hin (including their concert parties) will not purchase or acquire any Units or enter into any agreement in respect of any Units from 28 October 2008 until the earlier of: (i) the day the Securities Industry Council of Singapore grants a ruling that amongst others, Investmore and Tay Toh Hin are not concert parties of YTL in relation to the Units or MP REIT or any presumption that YTL, Investmore and Tay Toh Hin are acting in concert in relation to the Units or MP REIT has been rebutted, or (ii) 1 year from the PRMH Completion Date.

In addition, Yeoh Tiong Lay & Sons Holdings Sdn Bhd (being the controlling shareholder of YTL holding a direct interest of approximately 52.83% of the total voting shares in YTL) has provided an irrevocable undertaking dated 28 October 2008 to MBL that it will vote in favour of the Proposed Acquisitions in respect of all its shares in YTL at a general meeting of the shareholders of YTL to be convened, if required, to approve the Proposed Acquisitions.

2. DETAILS OF THE PROPOSED ACQUISITIONS

2.1 Salient terms of the MP REIT SPA

2.1.1 Sale and purchase of Sale Units

- (i) In accordance with the terms and conditions of the MP REIT SPA, MRES shall sell and YTL shall purchase the Sale Units free from any encumbrances and together with all rights, dividends, benefits and entitlements attaching thereto from and including the date of completion of the Proposed Acquisition of MP REIT (“**MP REIT Completion Date**”).
- (ii) YTL shall not be obliged to complete the purchase of any of the Sale Units unless:
 - (a) the sale of all (and not some only) of the Sale Units is completed simultaneously in accordance with the MP REIT SPA;
 - (b) the provision of services pursuant to the Services Agreement is completed simultaneously in accordance with the terms of the Services Agreement; and
 - (c) the sale and purchase of the PRMH Sale Shares is completed simultaneously in accordance with the terms of the PRMH SPA.
- (iii) MRES shall be entitled to distributions accrued in respect of the Sale Units:
 - (a) for the quarter immediately preceding the MP REIT Completion Date but not paid on or prior to MP REIT Completion Date; and
 - (b) for the quarter containing the MP REIT Completion Date commencing from the beginning of such quarter and ending on the date immediately preceding the MP REIT Completion Date (calculated on a daily pro-rata basis).

2.1.2 Conditions

- (i) The obligation of YTL and MRES to complete the Proposed Acquisition of MP REIT is conditional upon the following (“**MP REIT Conditions**”):
 - (a) approval of the shareholders of YTL for the Proposed Acquisition of MP REIT;
 - (b) all waivers, consents and approvals required by YTL under applicable laws having been obtained by YTL and where any such waiver, consent or approval is subject to conditions, such conditions being satisfactory to YTL in its sole and absolute discretion, acting reasonably at all times; and
 - (c) the Monetary Authority of Singapore (“**MAS**”) and the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) not having raised any objection to the Proposed Acquisition of MP REIT and if any approval or consent of the MAS or the SGX-ST is subject to conditions, such conditions being acceptable to the party affected by them.

- (ii) YTL may in its sole discretion, at any time, to the extent legally permissible, waive the MP REIT Conditions set out in Sections 2.1.2(i)(a) and 2.1.2(i)(b) either in whole or in part by notice in writing to MRES.
- (iii) YTL undertakes to use its reasonable endeavours to ensure that the MP REIT Conditions are met as soon as reasonably practicable and in any event by 31 January 2009 (or other such date as the parties may agree in writing) ("**Long Stop Date**"). In respect of Section 2.1.2 (i)(a) above, YTL shall exercise its best endeavour to convene a general meeting of the shareholders of YTL to approve the transactions contemplated under the MP REIT SPA and PRMH SPA on or before 19 January 2009.
- (iv) In the event that any of the MP REIT Conditions shall not have been fulfilled (or waived by YTL pursuant to Section 2.1.2(ii) above) on or prior to the Long Stop Date, then the parties shall not be bound to proceed with the sale and purchase of the Sale Units and the MP REIT SPA shall cease to be of any effect save for those terms and conditions as set out in the MP REIT SPA (which shall remain in force) and no party shall have any claim against the other parties.

2.1.3 Completion

- (i) Completion shall take place on the date falling 14 days after the last MP REIT Conditions have been satisfied or waived by YTL, or such other date as may be agreed to in writing by the parties.
- (ii) Completion shall be on the same day and at the same time at which the Proposed Acquisition of PRMH under the PRMH SPA and the provision of services by MBL under the Services Agreement is completed.
- (iii) At completion, MRES shall deliver (or cause to be delivered) to YTL items listed in the MP REIT SPA.
- (iv) At completion, subject to MRES complying with Section 2.1.3(iii) above, YTL shall effect payment of the MP REIT Consideration in the manner set out in the MP REIT SPA.

2.1.4 Failure to complete

If the conditions as set out in Sections 2.1.3(iii) or 2.1.3(iv) are not complied with on the MP REIT Completion Date, the non-defaulting party shall not be obliged to complete the purchase of the Sale Units and may in its sole and absolute discretion by written notice to the other party:

- (i) defer completion to such other date as it may specify, such deferred MP REIT Completion Date to be no later than the Long Stop Date or the date falling 28 days after the original MP REIT Completion Date, whichever is the later;
- (ii) proceed to completion so far as practicable without prejudice to its rights under the MP REIT SPA; or
- (iii) terminate the MP REIT SPA without liability on its part.

2.1.5 YTL's right to terminate

YTL may, by written notice given to MRES at completion or any time prior to completion, terminate the MP REIT SPA if any fact, matter or event (whether existing or occurring on or before the date of the MP REIT SPA or arising or occurring afterwards) comes to the notice of YTL at completion or any time prior to completion which is a material breach by MRES.

2.1.6 Guarantee by MBL

In consideration of YTL entering into the MP REIT SPA, MBL (in accordance to terms and condition of the MP REIT SPA) unconditionally and irrevocably guarantees to YTL the due and punctual performance and observance by MRES of all its obligations, commitments, undertakings, warranties and covenants under or pursuant to the MP REIT SPA.

2.2 Salient terms of the PRMH SPA

2.2.1 Sale and purchase of PRMH Sale Shares

- (i) In accordance with the terms and conditions of the PRMH SPA, MBL shall sell and YTL shall purchase the PRMH Sale Shares free from encumbrances and together with all rights, dividends, benefits and entitlements attaching thereto from and including the PRMH Completion Date.
- (ii) YTL shall not be obliged to complete the purchase of any of the PRMH Sale Shares unless:
 - (a) the sale of all (and not some only) of the PRMH Sale Shares is completed simultaneously in accordance with the PRMH SPA;
 - (b) the provision of services pursuant to the Services Agreement is completed simultaneously in accordance with the terms of the Services Agreement;
 - (c) the Proposed Acquisition of MP REIT is completed simultaneously in accordance with the terms of the MP REIT SPA; and
 - (d) the Accession Agreement comes into effect simultaneously with the completion of the sale and purchase of the PRMH Sale Shares.

2.2.2 Completion Distribution

The parties agree that the Completion Distribution (as defined below) shall be paid by PRMH to MBL in the manner stipulated in the PRMH SPA, subject to all applicable laws and prudent accounting principles.

"Completion Distribution" means distribution by PRMH to MBL of MBL's share of the total shareholders' equity of PRMH and its subsidiaries ("**PRMH Group**") as of the PRMH Completion Date, save for performance fees earned during the 6 month period ending 31 December 2008.

2.2.3 Conditions

- (i) The obligation of YTL and MBL to complete the Proposed Acquisition of PRMH is conditional upon the following (“**PRMH Conditions**”):
 - (a) approval of the shareholders of YTL for the Proposed Acquisition of PRMH;
 - (b) all waivers, consents and approvals required by YTL under applicable laws having been obtained by YTL and where any such waiver, consent or approval is subject to conditions, such conditions being satisfactory to YTL in its sole and absolute discretion, acting reasonably at all times;
 - (c) MAS and the SGX-ST not having raised any objection to the Proposed Acquisition of PRMH and if any approval or consent of the MAS or the SGX-ST is subject to conditions, such conditions being acceptable to the party affected by them.
- (ii) YTL may in its sole discretion, at any time, to the extent legally permissible, waive any of the PRMH Conditions as set out in Sections 2.2.3(i)(a) and 2.2.3(i)(b) either in whole or in part by notice in writing to MBL.
- (iii) YTL undertakes to use its reasonable endeavours to ensure that the PRMH Conditions are fulfilled as soon as practicable and in any event before the Long Stop Date. In respect of Section 2.2.3 (i)(a) above, YTL shall exercise its best endeavour to convene a general meeting of the shareholders of YTL to approve the transactions contemplated under the MP REIT SPA and PRMH SPA on or before 19 January 2009.
- (iv) In the event that any of the PRMH Conditions shall not have been fulfilled (or waived by YTL pursuant to Section 2.2.3(ii) above) on or prior to the Long Stop Date, then the parties shall not be bound to proceed with the sale and purchase of the PRMH Sale Shares and the PRMH SPA shall cease to be of any effect save for certain terms and conditions as set out in the PRMH SPA (which shall remain in force) and no party shall have any claim against the other party.

2.2.4 Completion

- (i) Completion shall take place on a date falling 14 days after the last of the PRMH Conditions have been satisfied or waived by YTL, or such other date as may be agreed to in writing by the parties.
- (ii) Completion shall be the same day and at the same time at which the Proposed Acquisition of MP REIT under the MP REIT SPA and the provision of services by MBL under the Services Agreement is completed.
- (iii) At completion, MBL shall deliver (or cause to be delivered) to YTL items listed in the PRMH SPA.
- (iv) At completion, subject to MBL complying with Section 2.2.4(iii) above, YTL shall effect payment of the PRMH Consideration in the manner set out in the PRMH SPA.

2.2.5 Failure to complete

If the conditions as set out in Section 2.2.4(iii) and 2.2.4(iv) are not complied on the PRMH Completion Date, the non-defaulting party shall not be obliged to complete the purchase of the PRMH Sale Shares and may in its sole and absolute discretion by written notice to the other party:

- (i) defer completion to such other date as it may specify in such notice, such deferred PRMH Completion Date to be no later than the Long Stop Date or the date falling 28 days after the original PRMH Completion Date, whichever is the later;
- (ii) proceed to completion so far as practicable without prejudice to its rights under the PRMH SPA; or
- (iii) terminate the PRMH SPA without liability on its part.

2.2.6 Sharing of performance fees

Subject to the terms and conditions of the PRMH SPA, YTL agrees to pay to MBL a cash sum equivalent to 50% of the amount of the dividends earned by YTL in respect of performance fees earned by the REIT Manager for the two 6 months period (i) commencing 1 July 2008 and ending 31 December 2008 and (ii) commencing 1 January 2009 and ending 30 June 2009, subject to a maximum of SGD25 million.

2.3 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, to be assumed by YTL pursuant to the Proposed Acquisitions.

2.4 Basis of arriving at the purchase consideration

2.4.1 Proposed Acquisition of MP REIT

The cash consideration for the Proposed Acquisition of MP REIT of approximately SGD202,622,820 or SGD0.82 per Unit was arrived at on a willing-buyer willing-seller basis after taking into account, inter-alia, the following:

- (i) the Net Asset Value (“NAV”) of MP REIT. The NAV of MP REIT based on the unaudited financial statements of MP REIT for 6 months ended 30 June 2008 is SGD1.62 per Unit. The MP REIT Consideration translates to a discount of approximately 49% to unaudited NAV as at 30 June 2008;
- (ii) the historical market prices of the Units traded on SGX-ST. As at 24 October 2008, the 52 week high and low prices of the Units were SGD1.27 and SGD0.54 respectively, while the 30-day volume weighted average price (“VWAP”) was SGD0.70 per Unit. The MP REIT Consideration translates to a premium of approximately 17% to the 30-day VWAP;
- (iii) the offering price of SGD0.98 per Unit in respect of MP REIT’s initial public offering in September 2005;

- (iv) the historical distribution per unit ("**DPU**") of MP REIT. The DPU for the financial year ended 31 December 2007 was 6.19 cents, while the DPU for the 6 months ended 30 June 2008 was 3.54 cents (annualised: 7.08 cents). The MP REIT Consideration translates to an annual yield of 7.5% based on DPU for 2007 and 8.6% based on annualised DPU for 2008; and
- (v) the future earnings potential of MP REIT.

2.4.2 Proposed Acquisition of PRMH

The cash consideration for the Proposed Acquisition of PRMH of SGD62,000,000 million was arrived at on a willing-buyer willing-seller basis after taking into account, inter-alia, the following:

- (i) the historical profit after tax ("**PAT**") of PRMH. For the latest audited financial year ended 31 December 2007, the PAT of PRMH is SGD3.2 million;
- (ii) rights conferred by the RPS A and RPS B; and
- (iii) the future earnings potential of PRMH.

2.5 Source of funding

The Proposed Acquisitions will be funded by the proceeds from the USD300 million nominal value 5-year guaranteed exchangeable bonds issued by YTL Corp Finance (Labuan) Limited, a wholly-owned subsidiary of YTL on 15 May 2007.

2.6 Dividend /Distribution policy

MP REIT's distribution policy is to distribute to Unit holders at least 90% of its taxable income. The actual proportion of taxable income distributed to Unit holders may be greater to the extent the manager of MP REIT believes it to be appropriate, having regard to MP REIT's funding requirements, other capital management considerations and the overall stability of distributions. Distributions are made on a quarterly basis. For the 6 months ended 30 June 2008, MP REIT distributed 3.54 cents per Unit.

Subject to relevant laws and prudent accounting principles, PRMH's dividend policy is to distribute all of its after-tax profits available for distribution in respect of any financial year as cash dividends.

3. INFORMATION ON MP REIT AND PRMH

3.1 Information on MP REIT

MP REIT is an externally managed REIT established in Singapore as a collective investment scheme and constituted by a deed of trust dated 8 August 2005 (last amended and restated on 10 December 2007) made between the REIT Manager and Trustee. It was listed on the Main Board of SGX-ST on 20 September 2005 under the name Prime Real Estate Investment Trust. It subsequently changed its name to Macquarie MEAG Prime Real Estate Investment Trust and adopted its current name on 12 June 2008. As at 24 October 2008, there are a total of 955,222,043 Units in issue.

The principal activities of MP REIT and its subsidiaries ("**MP REIT Group**") are those relating to the investment in a diverse portfolio of real estate and real estate assets with the prime objective of delivering regular and stable distributions and to achieve long term growth in the NAV per Unit.

MP REIT has a high quality, diversified portfolio of ten (10) prime retail and office assets with strong underlying fundamentals, both in Singapore and overseas. MP REIT owns 257 strata lots (post strata re-development) representing 74.23% of the total share value of strata lots in Wisma Atria, and four strata lots representing 27.23% of the total share value of strata lots in Ngee Ann City, two landmark properties located on Orchard Road, Singapore's renowned shopping street.

In 2007, MP REIT enlarged its asset base and geographical footprint with the acquisition of seven properties in the prime Tokyo areas of Aoyama, Roppongi, Harajuku, Meguro and Ebisu and a premier retail property in Chengdu, China.

The properties in Singapore are directly held by MP REIT whereas MP REIT has indirect ownership of the properties in Japan and China through special purpose vehicles.

The historical financial results of MP REIT Group are set out in Table 2. Due to its confidential and sensitive nature, the information relating to the original cost of investment in the Sale Units and the date of such investment was not made available to YTL.

3.2 Information on PRMH

PRMH was incorporated in Singapore under the Companies Act, Chapter 50 as a private limited company on 14 October 2005. As at 24 October 2008, PRMH's total issued and paid-up share capital stands at SGD3,000,004 comprising 3,000,000 PRMH Shares, 1 RPS A, 1 RPS B and 2 class C redeemable preference shares.

As at 24 October 2008, PRMH has 2 wholly-owned subsidiaries namely MPSPRM and MPSPM. The principal activity of PRMH is investment holding, while the principal activities of MPSPRM are those relating to an investment advisor, property fund management services and the manager of MP REIT. The principal activities of MPSPM are those relating to property management services.

The historical financial results of PRMH Group are set out in Table 3. Due to its confidential and sensitive nature, the information relating to the original cost of investment in the PRMH Sale Shares and the date of such investment was not made available to YTL.

4. INFORMATION ON MBL AND MRES

4.1 Information on MBL

Established in Australia in 1969, MBL takes its origins from the merchant bank Hill Samuel Australia, a wholly-owned subsidiary of Hill Samuel & Co. Limited, London. As at 31 March 2008, the issued and paid-up share capital of MBL is Australian Dollar 3,586 million comprising 300,536,918 ordinary shares.

On 13 November 2007, MBL was restructured following shareholder approval for the creation of Macquarie Group Limited, a non-operating holding company and the ultimate listed parent for the Macquarie group. Prior to the restructure, MBL was the listed parent of the Macquarie group. MBL was listed on the Australian Stock Exchange on 29 July 1996.

Macquarie comprises businesses across a range of investment, commercial and selected retail financial services. It is a global provider of banking, financial, advisory, investment and funds management services.

4.2 Information on MRES

MRES was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore on 14 July 2005 under the name of Macquarie Real Estate Singapore Pte Ltd. As at 24 October 2008, the issued and paid-up share capital of MRES is SGD100 comprising 100 ordinary shares.

MRES' principal activity is real estate investment.

5. RATIONALE FOR THE PROPOSED ACQUISITIONS

The Proposed Acquisitions provide YTL and its subsidiaries' ("YTL Group") an opportunity to establish a strong presence in one of Asia's most prominent REIT market. MP REIT has a portfolio of prime and high quality assets, (including 74.23% of the total share value of strata lots in Wisma Atria and 27.23% of the total share value of strata lots in Ngee Ann City in Singapore) and is geographically well diversified across Asia in Singapore, Japan, and China.

The Proposed Acquisitions provide the YTL Group with an ideal platform in Asia's most developed REIT market and has potential to form the basis for future regional expansion using MP REIT as a listed vehicle for regional growth in the retail and commercial real estate sectors. The Proposed Acquisitions will provide the YTL Group with an opportunity to globalize its "Starhill" brand.

6. RISK FACTORS AND PROSPECTS

6.1 Risk Factors

(i) Risks relating to the property market, economic, political and regulatory conditions in Singapore, Japan and China

MP REIT's operations are closely linked to the property industry and economic performance of Singapore, Japan and China. Any adverse developments in the political environment and uncertainties in these countries can materially and adversely affect the financial performance of MP REIT. Political and economic uncertainties include (but are not limited to) changes in government legislations and policies affecting real estate industry, inflation, interest rates, taxation, fluctuation in foreign exchange rates and political or social developments in these countries. These factors may cause fluctuations in occupancy rates, rent schedules, collection of rental income and affect the market values and income derived from the properties.

Oversupply and property price fluctuations may result in changes in property market conditions, including price instability and imbalance of supply and demand, which may materially and adversely affect the business and financial conditions and the results of the operations of MP REIT.

(ii) Risk of debt financing

Certain of the loan facilities taken out by MP REIT are secured on, amongst others, MP REIT's Singapore properties and the proceeds arising therefrom. After the occurrence of certain events, including a default in interest or principal repayments, the lenders may, subject to certain conditions being fulfilled, declare an event of default, resulting in the loan facilities being accelerated and other enforcement proceedings being taken against the said properties. MP REIT may also face the potential risk of rating downgrades by the rating agencies, which may result in either an increase in its cost of funds or trigger acceleration /termination clauses, if any, in its existing debt financing agreements and hedging arrangements.

In addition, MP REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect the ability of MP REIT to make distributions to Unit holders. Such covenants may restrict MP REIT's ability to invest in properties, to undertake capital expenditures and may require MP REIT to set aside funds for maintenance or repayment of security deposits.

Under the Singapore's Property Funds Guidelines, a leverage limit is imposed based on the value of MP REIT's deposited property at the time the borrowing is incurred. MP REIT may, from time to time, require further debt financing to achieve its investment strategies as well as to make distributions to the Unit holders. A decline in the value of the deposited property may affect MP REIT's ability to make further borrowings.

(iii) Performance of MP REIT is subject to the success of the investment strategy and policy implemented by the PRMH Group

There can be no assurance that the PRMH Group will be able to implement its investment strategy successfully or that it will be able to expand MP REIT's portfolio at any specified rate, to any specified size or at all. The PRMH Group may also be unable to ensure that future investments or acquisitions will be on favourable terms or in a desired time frame.

Even if MP REIT is able to complete additional property investments successfully, there can be no assurance that MP REIT will achieve its intended return on such investments. Furthermore, there may be significant competition for attractive investment opportunities from other property investors, including commercial property development companies and private investment funds. There can be no assurance that MP REIT will be able to compete effectively against such entities.

The performance and operations of MP REIT and the PRMH Group are dependent upon the efforts and abilities of their senior management team. The loss of any of these key individuals could adversely affect MP REIT's performance and continuing ability to compete effectively in the industry.

(iv) Illiquidity of real estate investments

Real estate investments are relatively illiquid. Such illiquidity may affect MP REIT's ability to vary its investment portfolio or liquidate part of its assets in the event of changes in economic, financial, real estate market or other conditions. This could have an adverse effect on MP REIT's financial condition and results of operations.

(v) Non-renewal of expiring tenancies

The weighted average lease terms of MP REIT's properties as at 30 June 2008 were 3.04 and 2.88 years by net lettable area and gross rent respectively (excluding Chengdu Property which operates as a department store with short-term concessionaire leases). A significant number of tenancies expire each year. The frequency of renewals makes MP REIT susceptible to rental market fluctuation, which, in a declining market, may lead to higher vacancies, and lower rents, which will in turn reduce the revenues of MP REIT.

(vi) Foreign exchange risk

MP REIT is exposed to fluctuations between the SGD, Chinese Renminbi and Japanese Yen. The financial statements of MP REIT and PRMH are prepared in SGD and the financial statements of the YTL Group are prepared in RM. As a result, the YTL Group would be exposed to foreign exchange translation risks. There can be no assurance that the future foreign exchange fluctuations will not have a material and/or adverse effect on the financial performance of the YTL Group.

(vii) Manager of MP REIT is removed by vote of the Unit holders

If MPSPRM is removed as the REIT Manager, MPSPRM would not be able to actively participate in the management of MP REIT and implement its intended investment strategies and would cease to receive management, acquisition, divestment and performance fees from MP REIT.

6.2 Prospects

Overall rentals for shop space in Singapore, based on leases which had commenced, decreased by 0.6% in 3rd quarter 2008, as compared with the increase of 5.2% in 2nd quarter 2008. Prices of shop space also decreased slightly by 0.3% in 3rd quarter 2008, compared to the 0.7% increase in the previous quarter. However, the islandwide vacancy rate of shop space remained unchanged at 6.3% as at the end of 3rd quarter 2008. As at the end of 3rd quarter 2008, there was a total supply of 731,000 square meters of gross floor area of shop space from projects in the pipeline, from Government and private land sources.

Compared to a 6.3% increase in 2nd quarter 2008, rentals for office space in Singapore, based on leases which had commenced decreased by 0.8% in 3rd quarter 2008. Prices of office space also decreased by 3.9% in 3rd quarter 2008, compared with 0.7% increase in the previous quarter. The amount of occupied office space increased by 16,000 square meters (net) in 3rd quarter 2008. However, the island-wide vacancy rate of office space was 8.2% as at the end of 3rd quarter 2008, higher than 7.8% as at the end of 2nd quarter 2008. As at the end of 3rd quarter 2008, there was a total supply of about 1.48 million square meters of gross floor area of office space in the pipeline.

(Source: Extracts from news release of 3rd quarter 2008 real estate statistics, Urban Redevelopment Authority, 24 October 2008)

Nevertheless, YTL's investment policy is to continually seek good investment opportunities and are based on long term objectives. It believes that the combined experiences and connectivity of YTL and MP REIT will provide the opportunity and platform to realise greater synergies and create further value for its landmark assets.

7. SINGAPORE'S POLICIES ON FOREIGN INVESTMENT AND REPATRIATION OF PROFITS

There is generally no restrictions in Singapore on the acquisition of shares or units in REITs by foreign interests.

Singapore imposes income tax on a modified territorial basis, i.e. on income which is either accrued or derived in Singapore or which is received (or deemed received) in Singapore from outside Singapore. However, foreign-source dividends, branch profits and services income received on or after 1 June 2003 by a Singapore tax resident company will be tax exempt in Singapore, provided that certain prescribed conditions are met.

There are various forms of tax incentives for Singapore listed REITS including exemption of stamp duty on transfers of real property to Singapore listed REITs, tax transparency for the Singapore listed REIT if certain conditions are satisfied and a reduced 10% withholding tax on distributions up to 17 February 2010 of tax transparent income to foreign companies if certain procedures are followed.

Currently, Singapore does not have foreign exchange controls. There is no withholding tax on dividends paid by Singapore resident companies to all (including non Singapore tax resident) shareholders.

Singapore adopts a liberal approach towards foreign investment. There are no restrictions or prohibitions that would in the ordinary circumstance prevent the repatriation of profits by MP REIT or PRMH to any foreign investors. There are also no restrictions as to the time frame in which any profits are to be repatriated.

8. EFFECTS OF THE PROPOSED ACQUISITIONS

8.1 Share capital, substantial shareholders' shareholdings and foreign equity ownership

As the Proposed Acquisitions will be satisfied entirely in cash, they will not have any effect on the issued and paid-up share capital, substantial shareholders' shareholdings or the foreign equity ownership of YTL.

8.2 Net assets and gearing

The Proposed Acquisitions will not have any material effect on the net assets and gearing of the YTL Group.

8.3 Earnings and earnings per share

The Proposed Acquisitions are not expected to have an immediate material effect on the earnings and earnings per share of the YTL Group for the financial year ending 30 June 2009 as the Proposed Acquisitions are only expected to be completed in the third quarter of that financial year.

However, the Proposed Acquisitions are expected to contribute positively to the future earnings of the YTL Group.

9. CONDITIONS TO THE PROPOSED ACQUISITIONS

The Proposed Acquisitions are conditional upon the following approvals (if required):-

- (a) the shareholders of YTL at an extraordinary general meeting (“**EGM**”) to be convened;
- (b) Bank Negara Malaysia;
- (c) SGX-ST and MAS; and
- (d) any other relevant authorities and/or persons.

The completion of the Proposed Acquisition of MP REIT and Proposed Acquisition of PRMH are inter-conditional.

10. DEPARTURE FROM THE SECURITIES COMMISSION’S GUIDELINE ON THE OFFERING OF EQUITY AND EQUITY-LINKED SECURITIES (“SC GUIDELINES”)

To the best of the knowledge of the Board, the Proposed Acquisitions do not depart from the SC Guidelines.

11. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

None of the directors and/or major shareholders of YTL and/or any person connected with a director or major shareholder have any interest, direct or indirect, in the Proposed Acquisitions.

12. DIRECTORS’ STATEMENT

The Board, having considered all aspects of the Proposed Acquisitions, is of the opinion that the Proposed Acquisitions are in the best interest of the Company.

13. ADVISER

AmInvestment Bank has been appointed as Adviser to the Company for the Proposed Acquisitions.

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances, the Board expects the Proposed Acquisitions to be completed in the first quarter of 2009.

15. CIRCULAR TO SHAREHOLDERS

A circular to shareholders setting out the details of the Proposed Acquisitions will be sent to shareholders in due course.

16. DOCUMENTS AVAILABLE FOR INSPECTION

The agreements mentioned in Section 1 above, will be made available for inspection at the registered office of YTL at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

This Announcement is dated 28 October 2008.

Table 1:

Corporate structure

The corporate structure of MP REIT and PRMH after the Proposed Acquisitions is set out below.

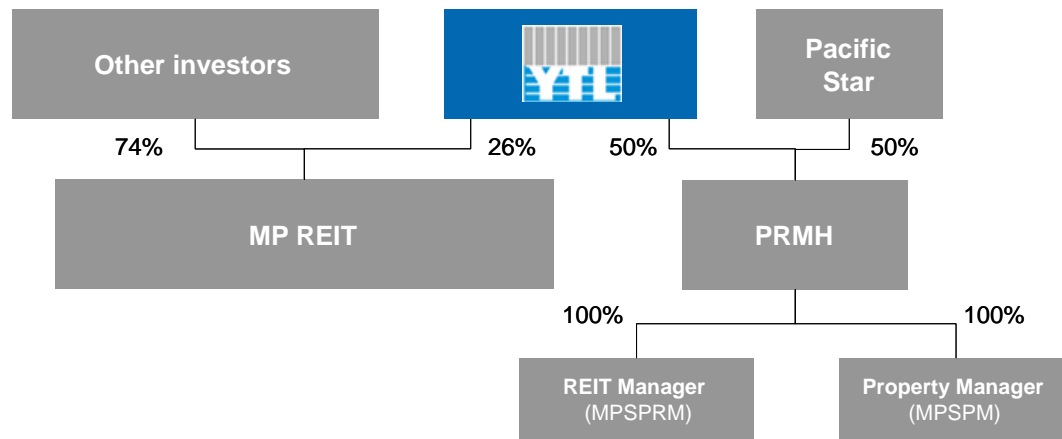


Table 2:

Historical Financial Information of MP REIT Group

A summary of the financial results of MP REIT Group is set out below.

	<-----Audited----->			
	⁽¹⁾ Period from 8 August 2005 to 31 December 2005 (SGD million)	Financial year ended 31 December 2006 (SGD million)	Financial year ended 31 December 2007 (SGD million)	Unaudited 6-month period ended 30 June 2008 (SGD million)
Revenue	25.2	^(a) 89.9	103.0	^(b) 60.6
Net property income	19.4	69.3	76.8	46.3
Total return before tax and distribution	38.5	217.4	490.3	34.9
Income tax expense	-	-	(3.2)	(1.1)
Total return after tax, before distribution	38.5	^(c) 217.4	^(d) 487.1	33.8
Net income available for distribution	14.9	54.9	59.0	34.2
Units in issue and issuable at 31 December /30 June (million)	944.6	948.5	952.5	955.2
Total borrowings (SGD million)	389.4	388.2	657.5	655.1
NAV (SGD million)	931.5	1,098.5	1,537.2	1,543.2
NAV per Unit (SGD)	0.99	1.16	1.61	1.62
Distribution per Unit (DPU) (cents)	1.58	5.79	6.19	3.54

Notes:

⁽¹⁾ MP REIT was constituted on 8 August 2005.

⁽²⁾ There are no extraordinary and/or exceptional items in the financial years/period under review.

^(a) The increase in revenue is mainly due to the effect of a full year of operations, higher rental rates achieved for renewals and new committed leases and improvement in occupancy rates.

^(b) The pro rata increase in revenue is mainly due to higher rental rates achieved for renewals and new committed leases, as well as higher revenue on its overseas properties.

^(c) The increase in total return after tax was attributable to an increase in fair value of investment properties by SGD171.00 million and (a) above.

^(d) The increase in total return after tax was attributable to an increase in fair value of investment properties by SGD448.87 million.

Table 3:

Historical Financial Information of PRMH Group

FYE 31 December	<-----Audited----->		
	(1) Period from 14 October 2005 to 31 December 2005 (SGD'000)	Financial year ended 31 December 2006 (SGD'000)	Financial year ended 31 December 2007 (SGD'000)
Revenue	2,465	(a)12,247	(b)16,472
Profit before tax ("PBT")	789	1,147	3,862
Taxation	484	(228)	(660)
Profit after tax ("PAT")	1,273	(c)919	(d)3,202
Share capital	3,000	3,000	3,000
Shareholders' funds	4,274	5,193	8,396
Finance lease liabilities	140	66	52

Notes :

(1) PRMH was incorporated on 14 October 2005.

(2) There are no extraordinary and/or exceptional items in the financial years/period under review.

(a) The increase in revenue was largely attributable to the effect of a full year of operations and an increase in management fee due to higher revenue by MP REIT.

(b) The increase in revenue was largely attributable to acquisition fees of SGD1,806,097 and base management fees due to the increase in value of MP REIT's investment properties in Singapore.

(c) The decrease in PAT was mainly due to negative goodwill on acquisition and the attributable tax effect in the prior year.

(d) The increase in PAT was mainly due to (b) above.