

**Media release by:** YTL Pacific Star REIT Management Limited (YTL Pacific Star)

**Manager of:** Starhill Global Real Estate Investment Trust (Starhill Global REIT)

**For immediate release**

## STARHILL GLOBAL REIT PROPOSES FULLY UNDERWRITTEN RENOUNCEABLE 1-FOR-1 RIGHTS ISSUE

### HIGHLIGHTS

- Rights issue to raise approximately S\$337.3 million
- Rights issue price per unit of S\$0.35 at 45.3% discount to closing price as at 19 June 2009

**SINGAPORE, 22 June 2009** – YTL Pacific Star, the Manager of Starhill Global REIT, today proposed a fully underwritten renounceable rights issue (the “**Rights Issue**”) on a basis of one rights unit (“**Rights Unit**”) for every one existing Unit (“**Unit**”) at an issue price of S\$0.35 per rights unit (“**Rights Issue Price**”) to raise gross proceeds of approximately S\$337.3 million. The Rights Issue Price is at a discount of approximately 45.3% to the closing price of S\$0.64 per Unit on 19 June 2009 (“**Closing Price**”).

### Key Rationale for the Rights Issue

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

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The Rights Issue would also offer Eligible Unitholders<sup>1</sup> the opportunity to subscribe for their pro rata entitlement to the Rights Units (“**Rights Entitlements**”) at a discount to the market price and Eligible Unitholders who do not wish to subscribe for the Rights Units may choose to sell their provisional allotments of Rights Units during the “nil-paid” rights trading period to realise the value of their Rights Entitlements. Eligible Unitholders may also apply for excess Rights Units.

DBS Bank Ltd (“**DBS Bank**”) is the Sole Financial Advisor for the Rights Issue. The Rights Issue is managed and fully underwritten by DBS Bank, Merrill Lynch (Singapore) Pte Ltd and Credit Suisse (Singapore) Limited, (collectively, the “**Joint Lead Managers and Underwriters**”). Given the current challenging market conditions, the Joint Lead Managers and Underwriters have indicated that they will only underwrite the Rights Issue if YTL Corporation Berhad (“**YTL**”) enters into a sub-underwriting agreement with the Joint Lead Managers and Underwriters to subscribe for up to 75% of the total size of the Rights Issue (inclusive of YTL’s provisional pro rata entitlements of Rights Units based on its stake of approximately 26.6%<sup>2</sup> in Starhill Global REIT, held indirectly through its wholly-owned subsidiaries). The directors of the Manager who own Units also intend to fully take up their pro rata entitlements under the Rights Issue.

The Board of the Manager endorses the Rights Issue, noting that the Rights Issue will strengthen Starhill Global REIT’s balance sheet, pare down debt and enable it to undertake asset enhancement initiatives and seize acquisition opportunities.

Tan Sri Dato (Dr) Francis Yeoh, Executive Chairman of YTL Pacific Star, and Managing Director of YTL, said, “YTL Pacific Star has consistently maintained a prudent capital management strategy for the REIT, ensuring a low level of gearing and reasonable cost of capital. Starting from a position of strength, the

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<sup>1</sup> Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and such Unitholders who the Manager, on behalf of Starhill Global REIT, and in consultation with the Joint Lead Managers and Underwriters determine, may be offered Rights Units without breaching applicable securities laws. Market Day refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

<sup>2</sup> Based on a total of 963,724,106 Units in issue as at 19 June 2009.

Rights Issue is an extension of this long-term proactive, structured and prudent capital management strategy. The Rights Issue will reduce refinancing concerns in a tight credit environment and enhance Starhill Global REIT's financial flexibility to carry out asset enhancement and seize attractive acquisition opportunities near the trough of the property cycle."

"From YTL's perspective, as a reflection of our long-term commitment to grow Starhill Global REIT into a global real estate investment platform, we have undertaken to sub-underwrite up to 75% of the total Rights Issue under the terms of the sub-underwriting agreement, which includes our pro rata entitlement of Rights Units," he added.

Mr Franklin Heng, Chief Executive Officer of YTL Pacific Star, said, "The Rights Issue is attractively priced at a discount of approximately 45.3% to the Closing Price, translating to a pro forma 2008 yield of 11.0%<sup>3</sup> (based on the Rights Issue Price), which represents a yield spread of over 800 basis points for Starhill Global REIT over the Singapore 10-year Government bond<sup>4</sup>. This provides an excellent opportunity for existing and new Unitholders to subscribe for Units."

In order for the Rights Issue to proceed on an underwritten basis as described in the circular to its Unitholders ("**Unitholders' Circular**"), YTL Pacific Star is seeking approval from independent Unitholders to waive their rights to receive a mandatory offer from YTL and parties acting in concert with it for all the remaining issued Units not owned or controlled by YTL and parties acting in concert with it, in the event they incur a mandatory bid obligation as a result of the sub-underwriting arrangement, subscription for their pro-rata entitlement, subscription for Excess Rights Units<sup>5</sup> and the acquisition of "nil-paid" rights entitlements on the open market during the "nil-paid" rights trading period and the subsequent exercise of the "nil-paid" rights entitlements to acquire Rights Units (the "**Whitewash Resolution**"). YTL Pacific Star has today issued the Unitholders' Circular to convene an extraordinary general meeting ("**EGM**") to seek

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<sup>3</sup> Based on pro forma distribution per Unit of 3.85 cents for FY 2008 adjusted for the effects of the Rights Issue and subject to certain assumptions as described in paragraph 2 contained in the Unitholders' Circular.

<sup>4</sup> Singapore Government 10-year bond yield as at 19 June 2009.

<sup>5</sup> "**Excess Rights Units**" refer to the Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the "nil-paid" rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the "nil-paid" rights trading period or (B) that have not been validly taken up by the original allottees, renounees of the provisional allotments or the purchasers of "nil-paid" rights Units.

Unitholders' approval for the proposed Whitewash Resolution and for the Trust Deed Supplement to Facilitate Equity Fund Raisings (as defined in the Unitholders' Circular). Please refer to the circular for more details. The EGM will be held on Monday, 13 July 2009 at 2.30 p.m. at Ballroom 1, Hilton Singapore, 581 Orchard Road, Singapore 238883.

### Key terms of the Rights Issue

Offer Structure	<ul style="list-style-type: none"> <li>• Underwritten and renounceable Rights Issue</li> <li>• Gross proceeds of approximately S\$337.3 million</li> <li>• Number of Rights Units to be issued: approximately 963.7 million Units</li> <li>• Rights Ratio of 1-for-1</li> </ul>
Rights Issue Price	<p>S\$0.35 per Rights Unit, representing approximately:</p> <ul style="list-style-type: none"> <li>- 45.3% discount to Closing Price of S\$0.64 per Unit</li> <li>- 46.8% discount to 30-day VWAP<sup>6</sup> of S\$0.658 per Unit</li> <li>- 29.3% discount to TERP<sup>7</sup> of S\$0.495 per Unit</li> <li>- 56.4% discount to pro forma NAV per Unit post completion of the Rights Issue of S\$0.802</li> </ul>
Yield	Pro forma FY2008 yield of 11.0% <sup>8</sup> based on the Rights Issue Price
Distribution	The Rights Units will be entitled to any distribution which may accrue from 1 July 2009 to 30 September 2009 as well as all distributions thereafter

<sup>6</sup> 30-day VWAP refers to the volume weighted average price for a Unit for all trades on the SGX-ST for the period of 30 Market Days immediately preceding 22 June 2009 of S\$0.658 per Unit.

<sup>7</sup> TERP refers to the theoretical ex-rights price = (Market capitalisation of Starhill Global REIT (based on the closing price on 19 June 2009) + Gross proceeds from the Rights Issue)/ Units outstanding after the Rights Issue.

<sup>8</sup> Based on pro forma distribution per Unit of 3.85 cents for FY 2008 adjusted for the effects of the Rights Issue and subject to certain assumptions as described in paragraph 2 contained in the Unitholders' Circular.

Sponsor's Commitment	YTL is committed to sub-underwrite up to 75.0% of the total Rights Issue size, including undertaking to fully subscribe for its provisional pro-rata entitlement of 26.6%
Sole Financial Advisor	DBS Bank
Joint Lead Managers & Underwriters	DBS Bank, Merrill Lynch (Singapore) Pte Ltd and Credit Suisse (Singapore) Limited

### Indicative timeline<sup>9</sup> for the Rights Issue

Event	Date and Time
Announcement of Rights Issue	: 22 June 2009
Last date and time for lodgement of Proxy Forms	: 11 July 2009 at 2.30 p.m.
<b>Date and time of the EGM</b>	<b>: 13 July 2009 at 2.30 p.m.</b>
The Proposed Rights Issue	
Rights Issue books closure date	: 21 July 2009 at 5.00 p.m.
Commencement of "nil-paid" rights trading period	: 24 July 2009
Close of "nil-paid" rights trading period	: 3 August 2009
Close of the Rights Issue	: 7 August 2009
Expected date of issue of Rights Units	: 18 August 2009
Expected date of commencement of trading of the Rights Units on Singapore Exchange Securities Trading Limited ("SGX-ST")	: 19 August 2009

<sup>9</sup> Any changes to the timetable will be announced.

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### **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. Listed on the Mainboard of the SGX-ST since 20 September 2005, Starhill Global REIT owns two landmark properties on Orchard Road, Singapore's premier shopping and tourist precinct. Its initial portfolio included a 74.23% strata title interest in Wisma Atria and a 27.23% strata title interest in Ngee Ann City.*

*In 2007, Starhill Global REIT enlarged its asset base and geographical footprint with the acquisition of seven properties in the prime areas of Roppongi, Shibuya-ku, Minato-ku and Meguro-ku in Tokyo, Japan and a premier retail property in Chengdu, China. Starhill Global REIT's portfolio now comprises 10 properties in the three countries, valued at about S\$2.0 billion. Starhill Global REIT remains focused on sourcing property assets in Asia, 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. Visit Starhill Global REIT's website at [www.starhillglobalreit.com](http://www.starhillglobalreit.com) for more details.*

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### **Important Notice**

The value of Units and the income derived from them may fall as well as 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 of Starhill Global REIT 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.



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