



SGX-ST Announcement

STARHILL GLOBAL REIT PROPOSES TO ACQUIRE DAVID JONES BUILDING LOCATED IN PERTH, AUSTRALIA

1. INTRODUCTION

YTL Pacific Star REIT Management Limited, as manager of Starhill Global Real Estate Investment Trust ("**Starhill Global REIT**", and as manager of Starhill Global REIT, the "**Manager**"), is pleased to announce the proposed acquisition of a freehold property located at 622-646 Hay Street Mall, Perth, WA 6000, Australia ("**David Jones Building**") at a purchase consideration of A\$114.5 million (or approximately S\$148.0 million¹) through a special purpose Australian unit trust (the "**Acquisition**").

2. DETAILS OF DAVID JONES BUILDING

David Jones Building is located in the epicentre of the Perth central business district ("**CBD**") and enjoys dual frontage to Hay Street and Murray Street, which are the only two retail pedestrian malls in the city. The building is also linked seamlessly to another major department store via a covered walkway on the first floor.

The four-level property, which includes a heritage-listed building constructed circa 1910 that was formerly the Savoy Hotel, is anchored by the popular David Jones department store and six other specialty tenancies.

David Jones Limited ("**DJ**") is the anchor tenant of David Jones Building pursuant to a lease arrangement which expires in October 2032. This lease arrangement comprises five put and call options of five years each to both the lessee and the lessor. Subsequent to October 2032, the lease has a further four five-year tenant only options.

DJ occupies approximately 22,903 sq m or 95.0% of the total gross lettable area of David Jones Building and currently contributes about 75.0% of the annual gross rent of David Jones Building. The other six specialty tenants, two fronting Murray Street mall and the other four fronting Hay Street mall, occupy the remaining 5.0% of the gross rental area with tenures ranging from 5 to 10 years and currently contribute the remaining 25.0% of the annual gross rent of David Jones Building. As at 31 October 2009, David Jones Building enjoys 100.0% occupancy.

The Acquisition is in line with the Manager's principal investment strategy which is to invest primarily in prime real estate used mainly for retail and/or office purposes.

¹ Based on an exchange rate of A\$1.00 : S\$1.293.

3. RATIONALE FOR THE ACQUISITION OF THE PROPERTY

Attractive Returns

The pro forma financial effect of the Acquisition on the distribution per unit of Starhill Global REIT (“DPU”) for the financial year ended 31 December 2008 (“FY2008”) would be an additional 0.22 Singapore cents per unit in Starhill Global REIT (“Unit”) and its impact on the net asset value (“NAV”) per Unit as at 31 December 2008 is not expected to be material².

Attractive pricing

Capitalisation rates for assets in Australia are near an all time high in the past decade. However, yields of prime assets in the Perth CBD have remained reasonably stable given the short supply. As at June 2009, super prime retail in Perth had indicative yields of 7.5%, a 75 bps increase since June 2008³. The underlying strength of the Perth CBD retail sector has seen properties traded very infrequently which has worked to keep yields fairly stable compared to other property sectors. The cap rate of 7.9% for the Acquisition is thus attractive given that it is above the long term average of 7.7%³.

Prime retail location

David Jones Building is located within the Perth CBD, in the core retail pedestrian shopping street, and within a few minutes walk from the Perth Central train station.

Stable cashflows with upside from rent increases

DJ, which contributes about 75.0% of the annual gross rent of David Jones Building, has a rent review every three years up to the expiry of its lease in October 2032. The other specialty tenants have an annual rent increase component as well. DJ, a popular up-market department store in Australia, was founded in 1838 by David Jones, a Welsh immigrant, and is claimed to be the oldest continuously operating department store in the world still trading under its original name. The six specialty tenants in the David Jones Building are well-established local brands including The Merchant Tea & Co, Jean West, Pandora, Zu and century-old brands Colorado and Betts & Betts. All specialty leases are subject to annual reviews which include 4.0% or 5.0% per annum increase or Australia consumer price index (“CPI”) based increase.

Australia economy and positive retail outlook

Economic conditions in Australia have been stronger than expected amidst the recent global recession. Western Australia, which has been one of the key performers behind Australia’s strong economic growth in recent years on account of the resources and

² The pro forma financial effects of the Acquisition are strictly for illustrative purpose only and were prepared based on the audited consolidated financial statements for FY2008 with the assumptions that the Acquisition and Starhill Global REIT’s recent rights issue of 963,724,106 Units which was completed in August 2009 (the “Rights Issue”) had taken place on 1 January 2008 for the pro forma DPU and on 31 December 2008 for the pro forma NAV, and was funded by a combination of cash proceeds from the Rights Issue and debt. Adjustments were also made to reflect the latest valuation of Starhill Global REIT’s investment properties at S\$1,954.6 million as at 15 June 2009.

³ Source: CB Richard Ellis Market View (Perth Retail Second Quarter 2009). CB Richard Ellis has not provided its consent, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by CB Richard Ellis is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Manager or any other party have not conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

mining boom, is set to expand further as Asian economies lead the global economic recovery.

Over the past few years, retail trade growth in Western Australia has outstripped that for the whole of Australia, fuelled by increased household income and employment. Although the global decline in consumer confidence has impacted retail sales earlier in the year, recent reports show that consumer confidence in Australia has returned to its highest level in more than two years and the unemployment rate has fallen as well. Prospects for the retail trade also seem positive on the back of the higher official population estimate of 35.0 million by 2049, up from an initial estimate of 28.5 million two years ago⁴.

Geographic and income diversification

The proposed Acquisition is in line with Starhill Global REIT's global investment strategy and will reduce the geographic concentration risk of its current portfolio in Singapore, Japan and China.

Potential asset enhancement

David Jones Building includes the former Savoy Hotel which is currently vacant except for the ground floor units. On completion of the Acquisition, the Manager would propose the appointment of a heritage specialist to review the works required to maintain the hotel at the required level under the heritage rules, as well as working out the potential of converting the hotel into additional tenantable space within any heritage guidelines. This asset enhancement plan would provide potential upside in the future.

4. USE OF UNIT TRUST TO ACQUIRE DAVID JONES BUILDING

It is proposed that the Acquisition will be made via a special purpose unit trust known as "SG REIT (WA) Trust" (the "**Trust**"), which has been constituted in Victoria, Australia pursuant to a trust deed, where Permanent Investment Management Ltd ("**Trustee Co**"), a wholly-owned subsidiary of Trust Company Limited, has been appointed as the trustee of the Trust. It is proposed that Trustee Co, in its capacity as trustee of the Trust, will enter into a sale and purchase agreement (the "**Sale and Purchase Agreement**") tomorrow (19 November 2009) for the acquisition of David Jones Building from CPT Manager Limited (the "**Vendor**") (part of the Centro Properties Group listed on the Australian Stock Exchange).

Trustee Co would be the registered owner of David Jones Building on completion of the Acquisition.

Subscription of 100.0% of the issued units of the Trust by Starhill Global REIT and SGRWAPL

Starhill Global REIT proposes to invest in David Jones Building through a special purpose Australian unit trust, under which Starhill Global REIT and SG REIT (WA) Pte. Ltd.

⁴ Source: The Australian, 18 September 2009. The Australian has not provided its consent, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by the Australian is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Manager or any other party have not conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

("SGRWAPL"), a wholly-owned subsidiary established by Starhill Global REIT in Singapore, has subscribed for the units in the Trust and hold interests of 10.0% and 90.0% respectively in the Trust. As unitholders of the Trust, both Starhill Global REIT and SGRWAPL will hold the beneficiary trust interest in David Jones Building and be entitled to their pro rata share of the Trust's distributions.

Purchase Consideration

Under the Sale and Purchase Agreement, it is proposed that the Trust will acquire David Jones Building at a purchase consideration of A\$114.5 million (or approximately S\$148.0 million¹). The purchase consideration for David Jones Building has been arrived at on a willing buyer and willing seller basis taking into account the valuation of David Jones Building by Urbis Valuations Pty Ltd ("**Urbis**").

Valuation

David Jones Building has been appraised by Urbis, which is an independent valuer appointed by the Manager, and its valuation of David Jones Building as at 1 October 2009 is A\$115.7 million (or approximately S\$149.6 million¹). Urbis has estimated the open market value of David Jones Building by using the income capitalisation and discounted cashflow methods.

Debt Financing

It is proposed that the Acquisition be funded by a combination of cash raised from Starhill Global REIT's Rights Issue and debt financing to be obtained by the Trust from a bank, in the form of a loan equivalent to approximately 55.0% of the value of David Jones Building.

5. OTHER INFORMATION

5.1 Relative figures computed on the bases set out in Rule 1006

The relative figures computed on the following bases set out in Rules 1006 of the Listing Manual are as follows:

- (i) the net profits attributable to the assets acquired, compared with Starhill Global REIT's net profits; and
- (ii) the aggregate value of the consideration given, compared with Starhill Global REIT's market capitalisation.

| Comparison of: | David Jones Building | Starhill Global REIT | Relative Figure |
|---|--|--|-----------------|
| Net Property Income ⁽¹⁾ | A\$9.0 million ⁽⁴⁾ (or approximately S\$11.6 million ⁽²⁾) | S\$95.9 million ⁽³⁾ | 12.1% |
| Purchase Consideration against Starhill Global REIT's market capitalisation | A\$114.5 million (or approximately S\$148.0 million ⁽²⁾) | Starhill Global REIT's market capitalisation: S\$1,111.1 million ⁽⁵⁾⁽⁶⁾ | 13.3% |

Notes:

- (1) In the case of a real estate investment trust, the net property income is a close proxy to the net profits attributable to its assets.
- (2) Based on an exchange rate of A\$1.00 : S\$1.293.
- (3) For the FY2008 period.
- (4) Based on the current lease agreements for the first year of the tenancy.
- (5) Based on the closing price of S\$0.575 per Unit on the SGX-ST on 16 November 2009.
- (6) Based on the number of Units in issue as at 16 November 2009.

As the relative figures in relation to the Acquisition for the basis of comparison above exceeds 5.0% but does not exceed 20.0%, the Acquisition therefore does not require approval from unitholders of Starhill Global REIT (“**Unitholders**”).

5.2 Interests of Directors and Substantial Unitholders

None of the Directors has an interest, direct or indirect, in the Acquisition. The Directors are also not aware of any Controlling Unitholder⁵ having any interest direct or indirect, in the Acquisition, and have not received any notification of interest in the Acquisition from any Controlling Unitholder.

5.3 Director's Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transaction contemplated in relation to the Acquisition.

5.4 Completion

The proposed Acquisition is expected to be completed in January 2010 and will be subject to, among other things, the approval of the relevant authorities in Singapore and Australia and the lenders to members of the Centro Properties Group and current mortgagees of the Property.

5.5 Documents for Inspection

Copies of the Sale and Purchase Agreement (following the proposed execution thereof) and the valuation report on David Jones Building by Urbis dated 1 October 2009 are available for inspection during normal business hours at the registered office of the Manager at 391B Orchard Road, #21-08 Ngee Ann City Tower B, Singapore 238874 from the date of this announcement (or in the case of the proposed Sale and Purchase

⁵ A “Controlling Unitholder” refers to a person with an interest in one or more Units constituting not less than 15.0% of all outstanding Units in issue.

Agreement, from its date of execution) for three months⁶.

The trust deed constituting Starhill Global REIT dated 8 August 2005 (as amended) will also be available for inspection at the registered office of the Manager for so long as Starhill Global REIT continues to be in existence.

6. USE OF RIGHTS ISSUE PROCEEDS

The Manager wishes to announce that out of the net proceeds of S\$327.9 million⁷ from the Rights Issue, approximately S\$14.8 million will be used on the date of the proposed entry into the Sale and Purchase Agreement, for the purpose set out in the table below:

| | Amount (S\$ million) |
|--|---------------------------------|
| Net proceeds from Rights Issue | 327.9 |
| Less: | |
| Utilisation prior to this announcement | 50.9 |
| Current Utilisation: | |
| Payment of the deposit of 10.0% of the purchase consideration payable to the Vendor, to be held by its lawyers as stakeholders upon the entering into of the Sale and Purchase Agreement | 14.8 |
| Balance of net proceeds remaining from the Rights Issue | 262.2 |

The Manager will make further announcements via SGXNET when the remaining proceeds of the Rights Issue are materially disbursed.

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

Patricia Ong
Joint Company Secretary
Singapore
18 November 2009

⁶ Prior appointment with the Manager would be appreciated.

⁷ The net proceeds of the Rights Issue is higher than the figure of S\$326.1 million which was previously announced by the Manager on 28 August 2009 as lower expenses have been incurred for the Rights Issue than what was previously budgeted.

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 Singapore Exchange Securities Trading Limited ("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 for more details.*

Important Notice

The value of Starhill Global REIT units ("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 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.