

CIRCULAR DATED 25 APRIL 2019

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

MANAGED BY

YTL STARHILL GLOBAL REIT MANAGEMENT LIMITED

(Company Registration Number 200502123C)



**CIRCULAR TO UNITHOLDERS IN RELATION TO THE NEW MASTER TENANCY
AGREEMENTS FOR STARHILL GALLERY AND LOT 10 PROPERTY AND
THE ASSET ENHANCEMENT WORKS FOR STARHILL GALLERY**

**Independent Financial Adviser to the Independent Directors and Audit Committee
of YTL Starhill Global REIT Management Limited and HSBC Institutional Trust
Services (Singapore) Limited (as trustee of Starhill Global REIT)**

Deloitte & Touche Corporate Finance Pte Ltd

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	:	14 May 2019 at 11.00 a.m.
Date and time of Extraordinary General Meeting	:	16 May 2019 at 11.00 a.m.
Place of Extraordinary General Meeting	:	Mandarin Ballroom I & II Level 6, Main Tower Mandarin Orchard Singapore 333 Orchard Road Singapore 238867

OVERVIEW

→ New Conditional Master Tenancy Agreements (“MTAs”) for the Properties in Malaysia

- Starhill Gallery and Lot 10 Property (the “Properties”) are key assets, with existing MTAs expiring in June 2019
- New MTAs entered into with current master tenant are conditional upon Unitholders’ approval
- New MTA for Starhill Gallery includes a condition for Asset Enhancement Works (“AEW”) to be performed on Starhill Gallery
- Initial annual rents after the AEW under the New MTAs represent an increase of 1.5% or RM1.3 million over the expiring rents for the Properties¹ and are comparable to the appraised rental values provided by the independent valuers
- From the fourth year onwards, built-in rent step-ups of 4.75%¹ and 6.0% every three-year period for Starhill Gallery and Lot 10 Property respectively
- Long tenures of approximately 19.5 years and 9 years² for Starhill Gallery and Lot 10 Property respectively

→ Asset Enhancement Works for Starhill Gallery

- Starhill Gallery last underwent extensive renovations in 2005, with a facelift in 2011
- Integrated development with hotel and retail concepts, in line with global trend
- AEW is expected to take approximately 2 years, with cost of RM175 million (approximately S\$57.5 million)³, which is fair and reasonable and within normal commercial terms for market cost as indicated in the independent quantity surveyor’s report, to be borne by Starhill Global REIT

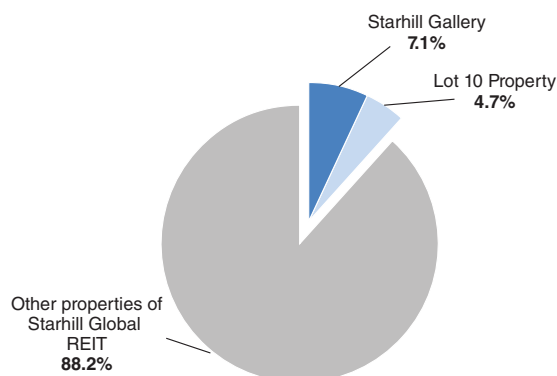
→ Funding and pro forma financial effects for illustrative purposes

- AEW and related costs to be funded via a combination of external borrowings including SGD revolving credit facilities and/or internal working capital
- Post-AEW gearing on a pro forma basis to remain healthy at approximately 36.7%, up slightly from 35.5% as at 30 June 2018
- For illustrative purposes, the pro forma DPU is expected to be neutral, as AEW disruption and costs will be mitigated by the partial payment of management fees in Units⁴

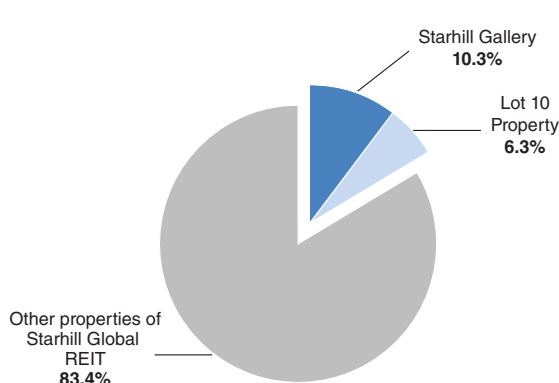
Notes:

1. Assuming that all approvals for the AEW on Starhill Gallery are obtained by 30 June 2019 and the AEW are completed prior to the commencement of Year 3 of the new MTA for Starhill Gallery.
2. Assuming that the option to renew for the third three-year term for Lot 10 Property is exercised.
3. Based on an exchange rate of RM3.04 to SGD1.00 as at the Latest Practicable Date.
4. Assuming approximately 56% and 23% of the Manager’s management fees from Starhill Global REIT were paid in Units (i) during the period of AEW; and (ii) after the completion of the AEW respectively, at S\$0.7427 per Unit, determined based on the 10-day volume-weighted average price of Starhill Global REIT prior to the Latest Practicable Date and calculated on a time-weighted basis. The Manager received 100% of its management fees in cash for FY2017/18. Further details can be found in this Circular.

Asset Value Contribution by the Properties as at 30 June 2018



NPI Contribution by the Properties for the financial year ended 30 June 2018



ASSET ENHANCEMENT WORKS (STARHILL GALLERY)

- Revamp mall entrance to **improve visibility** for tenants
- Open public square for **events**
- Refresh interior retail space with a **modern and contemporary design**
- **Activate underutilised spaces**
- **Improve accessibility** and **shopper experience** with design overhaul of main atrium
- **Conversion of upper three floors into hotel rooms** as an extension of the adjoining JW Marriott Hotel Kuala Lumpur



Artist impression of Starhill Gallery façade facing Jalan Bukit Bintang



Artist impression of Starhill Gallery façade facing Jalan Gading



Artist impression of Starhill Gallery interior

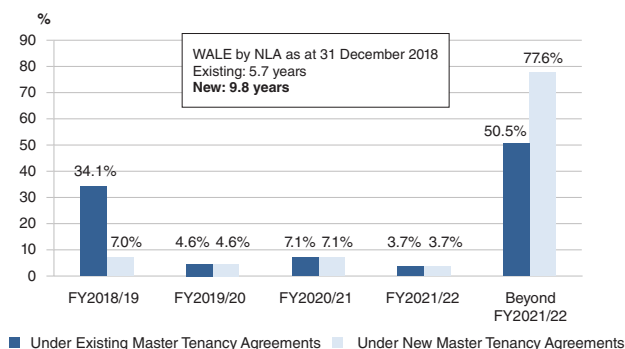
RATIONALE

1. **New MTAs provide Starhill Global REIT with income stability, rent growth and sustainable occupancy for the Properties**
 - **Income Stability**
 - The 19.5 years and 9 years¹ tenure for Starhill Gallery and Lot 10 Property MTAs respectively provide visible income stability
 - Payment obligations under the New MTAs are guaranteed by YTL Corporation Berhad (Sponsor of Starhill Global REIT), which has a credit rating of AA1/Stable by RAM Rating Services Berhad, thereby reducing tenant credit risk
 - **Rental Growth**
 - Built-in rent step-up of 4.75%² and 6.0% every three-year period from the fourth year onwards for Starhill Gallery and Lot 10 Property MTAs respectively

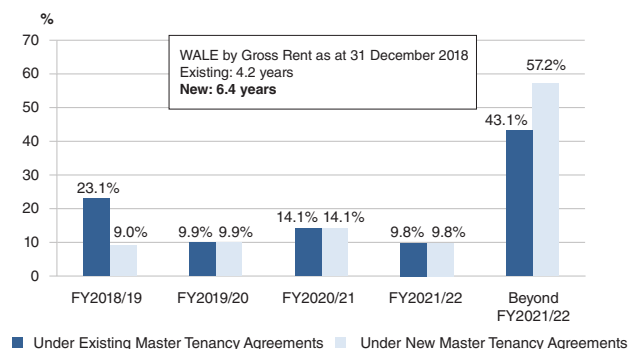
→ Sustainable Occupancy

- Long tenure of the New MTAs will provide full occupancy for the Properties over a long period of time, ensuring income stability for Starhill Global REIT
- Starhill Global REIT's weighted average lease expiry ("WALE") by net lettable area ("NLA") and gross rent are expected to improve from 5.7 years and 4.2 years as at 31 December 2018, to 9.8 years and 6.4 years respectively

Portfolio Lease Expiry by NLA



Portfolio Lease Expiry by Gross Rent



2. Opportunity to revamp Starhill Gallery into an integrated development to stay at the forefront of a changing retail landscape

- AEW will allow Starhill Gallery to capitalise on the renewed vibrancy along Bukit Bintang, the prime shopping stretch of Kuala Lumpur
- The Proposed Transaction is timely as it comes at a time when competition in mid- to high-end retail in Kuala Lumpur is likely to intensify due to near-term increasing retail supply concerns³, ensuring Starhill Global REIT's resilience

3. Bukit Bintang presents long-term prospects in view of multiple public and private sector initiatives

→ Bukit Bintang is the retail and tourism epicenter of Kuala Lumpur

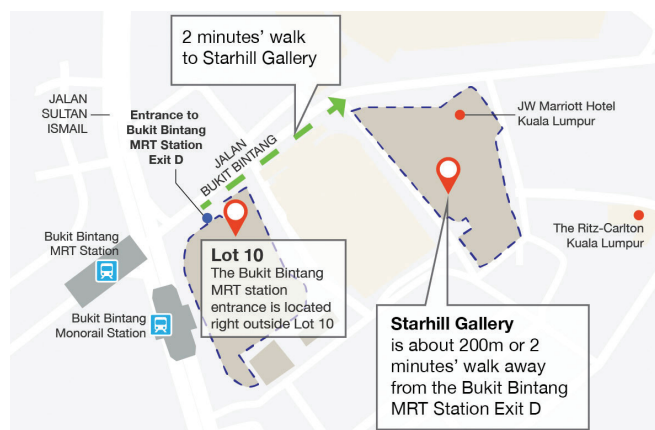
- Home to top international designer and luxury watch brands
- Well-served by hotel brands such as JW Marriott, The Ritz Carlton and The Westin

→ Renewed vibrancy expected from the evolving retail and tourism landscape

- Large-scale projects with integrated retail concepts would further entrench Bukit Bintang as the prime retail shopping precinct in Kuala Lumpur
- Government initiatives to boost tourism in Malaysia. Tourism Malaysia aims to achieve a revised target of 30 million tourist arrivals and RM100 billion in tourist receipts by 2020³

→ Improved accessibility with enhanced rail network and connectivity

- Bukit Bintang MRT Station, which opened in July 2017, is located along the Sungai Buloh-Kajang Line (SBK) and has brought a new wave of vibrancy to the area
- The upcoming Sungai Buloh-Serdang-Putrajaya (SSP) Line, which is expected to be completed in 2022 with projected daily ridership of 529,000⁴, will have two stations in the vicinity



Notes:

- Assuming that the option to renew for the third three-year term for Lot 10 Property is exercised.
- Assuming that all approvals for the AEW are obtained by 30 June 2019 and the AEW are completed prior to the commencement of Year 3 of the New MTA for Starhill Gallery.
- Market Study Report issued by the Independent Market Research Consultant.
- Mass Rapid Transit Corporation Sdn. Bhd. website (<https://www.mymrt.com.my/public/sg-buloh-serdang-putrajaya-ssp-line/>)

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CORPORATE INFORMATION

Directors of YTL Starhill Global REIT Management Limited (the “Directors”)	:	<p>Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping (Non-Executive Chairman)</p> <p>Mr Ho Sing (Chief Executive Officer and Executive Director)</p> <p>Dato’ Yeoh Seok Kian (Non-Executive Director)</p> <p>Mr Tan Bong Lin (Lead Independent Director)</p> <p>Mr Ching Yew Chye (Independent Director)</p> <p>Mr Tan Woon Hum (Independent Director)</p>
Registered Office of YTL Starhill Global REIT Management Limited (the “Manager”)	:	<p>391B Orchard Road</p> <p>#21-08 Ngee Ann City Tower B</p> <p>Singapore 238874</p>
Trustee of Starhill Global REIT (the “Trustee”)	:	<p>HSBC Institutional Trust Services (Singapore) Limited</p> <p>21 Collyer Quay</p> <p>#13-02 HSBC Building</p> <p>Singapore 049320</p>
Legal Adviser to the Manager	:	<p>Allen & Gledhill LLP</p> <p>One Marina Boulevard #28-00</p> <p>Singapore 018989</p>
Legal Adviser to the Manager and the Trustee as to Malaysia Law	:	<p>Zul Rafique & Partners</p> <p>D3-3-8 Solaris Dutamas</p> <p>No. 1 Jalan Dutamas 1</p> <p>50480 Kuala Lumpur, Malaysia</p>
Legal Adviser to the Trustee	:	<p>Dentons Rodyk & Davidson LLP</p> <p>80 Raffles Place</p> <p>#33-00 UOB Plaza 1</p> <p>Singapore 048624</p>
Independent Financial Adviser to the Independent Directors and Audit Committee of the Manager and to the Trustee	:	<p>Deloitte & Touche Corporate Finance Pte Ltd</p> <p>6 Shenton Way</p> <p>#33-00 OUE Downtown 2</p> <p>Singapore 068809</p>
Independent Valuers (the “Independent Valuers”)	:	<p>IVPS Property Consultant Sdn Bhd</p> <p>Lot 3-2, Level 3, Wisma WIM</p> <p>7 Jalan Abang Haji Openg</p> <p>Taman Tun Dr. Ismail</p> <p>60000 Kuala Lumpur, Malaysia</p> <p>Nawawi Tie Leung Property Consultants Sdn Bhd</p> <p>Suite 34.01 Level 34, Menara Citibank</p> <p>165 Jalan Ampang</p> <p>50450 Kuala Lumpur, Malaysia</p>

Independent Quantity Surveyor	:	Arcadis (Malaysia) Sdn Bhd Level 6, Menara TSR 12 Jalan PJU 7/3, Mutiara Damansara 47810 Petaling Jaya, Malaysia
Independent Market Research Consultant	:	Nawawi Tie Leung Property Consultants Sdn Bhd Suite 34.01 Level 34, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur, Malaysia
Unit Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

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SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 36 to 40 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

SUMMARY OF APPROVAL SOUGHT

The Manager seeks approval from unitholders of Starhill Global REIT (“**Unitholders**”) for the new conditional master tenancy agreements for Starhill Gallery (the “**New Starhill Master Tenancy Agreement**”) and Lot 10 Property (the “**New Lot 10 Master Tenancy Agreement**” and together with the New Starhill Master Tenancy Agreement, the “**New Master Tenancy Agreements**”) and the Asset Enhancement Works (as defined herein) for Starhill Gallery (the “**Proposed Transaction**”).

THE NEW MASTER TENANCY AGREEMENTS

Starhill Gallery and Lot 10 Property (the “**Properties**”) were acquired by Starhill Global REIT on 28 June 2010 via an asset-backed securitisation structure through a bankruptcy-remote special purpose vehicle, Ara Bintang Berhad (the “**ABS SPV**” or the “**Landlord**”). The Trustee (through a Singapore-incorporated special purpose vehicle) had subscribed to junior medium-term notes and non-redeemable preference shares issued by the ABS SPV. The subscription of such junior medium-term notes and non-redeemable preference shares is intended to provide Starhill Global REIT with the same economic interest as if it had acquired the Properties directly.

Starhill Gallery is a seven-storey retail mall and Lot 10 Property comprises 137 strata parcels with two accessory parcels of retail, office, storage and other spaces, within a shopping complex known as “Lot 10 Shopping Centre” which consists of an eight-level building with a basement and a lower ground floor, together with a seven-level annex building with a lower ground floor.

The Properties are currently leased by the Landlord to Katagreen Development Sdn Bhd (the “**Master Tenant**”), an indirect wholly-owned subsidiary of YTL Corporation Berhad which is the sponsor of Starhill Global REIT (the “**Sponsor**”) under the existing master tenancy agreements dated 16 April 2010 which were approved by Unitholders at the extraordinary general meeting held on 4 June 2010 in conjunction with the acquisition of the Properties. In relation to Starhill Gallery, a second existing master tenancy agreement dated 4 April 2011 was entered into in respect of the additional net lettable area of approximately 8,100 sq ft in Starhill Gallery which was created through an asset redevelopment completed in 2011. The three existing master tenancy agreements in respect of Starhill Gallery (the “**Existing Starhill Master Tenancy Agreements**”) and Lot 10 Property (the “**Existing Lot 10 Master Tenancy Agreement**” and together with the Existing Starhill Master Tenancy Agreements, the “**Existing Master Tenancy Agreements**”) will expire on 27 June 2019.

In view of the foregoing, the Manager is seeking Unitholders’ approval for the conditional New Master Tenancy Agreements which have been entered into between the ABS SPV (as the Landlord), the Master Tenant, Just Heritage Sdn Bhd (the “**Servicer**”), a wholly-owned subsidiary of the Manager (as the servicer to administer the assets of the ABS SPV or perform such other services on behalf of the ABS SPV) and the Sponsor on 18 March 2019. Similar to the Existing Master Tenancy Agreements, the Sponsor will guarantee the payment obligations of the Master Tenant under the New Master Tenancy Agreements.

New Starhill Master Tenancy Agreement

For its entry into the New Starhill Master Tenancy Agreement, the Master Tenant has specified a condition for the Asset Enhancement Works to be performed on Starhill Gallery. If the Proposed Transaction has been approved by Unitholders, the Starhill Lease Term (as defined herein) shall commence on 28 June 2019 (i.e. the date immediately after the expiry of the Existing Starhill Master Tenancy Agreements). The First Starhill Term (as defined herein) will commence on 1 July 2019, provided that all relevant development, building and regulatory approvals required for the commencement of the Asset Enhancement Works (the “**Approvals**”) have been received no later than 30 June 2019. Between the period from 28 June 2019 to 30 June 2019 (the “**Interim Period**”), the Master Tenant shall be entitled to continue to rent Starhill Gallery. Please refer to paragraphs 2.4 and 2.5 of this Circular for further details on the Interim Period.

In the event of any delay in obtaining the Approvals, the First Starhill Term shall commence on the date of receipt of all Approvals (with the Interim Period being extended until date of receipt of the Approvals), provided that if the Approvals are not obtained by 31 December 2019, the terms of the New Starhill Master Tenancy Agreement shall be renegotiated in good faith or shall lapse with written notice from either party (with the Interim Period being extended beyond 31 December 2019 until receipt of the Approvals or the lapsing of the New Starhill Master Tenancy Agreement). In addition, if the Approvals come with conditions imposed by the relevant authorities including any additional changes required by the relevant authorities that would, in the reasonable opinion of the Master Tenant, result in an increase of the costs of undertaking the Asset Enhancement Works beyond the Asset Enhancement Cost (as defined herein), the parties shall negotiate in good faith with a view to agreeing on appropriate measures. An application for the development order has been submitted to the Dewan Bandaraya Kuala Lumpur (“**DBKL**”).

In the event that the terms of the renegotiated master tenancy agreement and/or the renegotiated Asset Enhancement Cost are materially different from the terms of the New Starhill Master Tenancy Agreement, the Manager will again seek approval from Unitholders for the entry into the renegotiated master tenancy agreement and/or the renegotiated Asset Enhancement Cost.

From the later of 1 July 2019 or the obtainment of the Approvals, the term of the New Starhill Master Tenancy Agreement shall comprise of six successive terms of three years each plus one final term to expire on 31 December 2038.

New Lot 10 Master Tenancy Agreement

If the Proposed Transaction has been approved by Unitholders, the New Lot 10 Master Tenancy Agreement shall take effect on 28 June 2019, immediately upon the expiry of the Existing Lot 10 Master Tenancy Agreement. The first term of the New Lot 10 Master Tenancy Agreement shall be for a period of three years and three days, from 28 June 2019 to 30 June 2022 (the “**First Lot 10 Term**”) with an automatic renewal of a second three-year term which will expire on 30 June 2025 (the “**Second Lot 10 Term**”). Each of the Landlord and the Master Tenant has an option to extend the tenancy for a further period of three years thereafter at the specified rent (the “**Third Lot 10 Term**”). For the avoidance of doubt, Unitholders should note that by approving the Proposed Transaction, they are also deemed to have approved the optional Third Lot 10 Term under the New Lot 10 Master Tenancy Agreement.

Rental under the New Master Tenancy Agreements

The rent payable under the New Master Tenancy Agreements were negotiated on an arm’s-length basis and based on normal commercial terms. The initial annual rent payable under the New Master Tenancy Agreements are comparable to the appraised rental values provided by the

Independent Valuers (rental valuation certificates of Starhill Gallery and Lot 10 Property are set out in **Appendix A** of this Circular).

The initial annual rents under the New Master Tenancy Agreements following the completion of the Asset Enhancement Works represent an increase of 1.5% or RM1.3 million compared to the expiring rents under the Existing Master Tenancy Agreements¹.

Rent under the New Starhill Master Tenancy Agreement

The rent payable under the New Starhill Master Tenancy Agreement, assuming that the Approvals are obtained by 30 June 2019 and that the Asset Enhancement Works (as defined below) are completed prior to the commencement of Year 3 of the First Starhill Term, shall be as follows:

Period	Amount of rent payable
Interim Period from 28 June 2019 to 30 June 2019 ²	RM21 million per annum (to be prorated for the relevant period)
Year 1, 2 and 3 (the “ First Starhill Term ”)	RM52 million per annum (the “ Initial Rent ”) subject to a rental rebate of RM26 million per annum (the “ Rent Rebate ”) for Year 1 and 2 of the First Starhill Term
Year 4, 5 and 6 (the “ Second Starhill Term ”)	approximately RM54.5 million per annum
Year 7, 8 and 9	approximately RM57.1 million per annum
Year 10, 11 and 12	approximately RM59.8 million per annum
Year 13, 14 and 15	approximately RM62.6 million per annum
Year 16, 17 and 18	approximately RM65.6 million per annum
Year 19	approximately RM68.7 million per annum
1 July 2038 to 31 December 2038, being the expiry date of the New Starhill Master Tenancy Agreement	approximately RM68.7 million per annum (to be prorated for the relevant period)

As indicated above, the New Starhill Master Tenancy Agreement includes a rent step-up feature whereby the amount of rent payable for the Second Starhill Term represents a 4.75% increase over the rent payable in the First Starhill Term (without the Rent Rebate). Thereafter, the amount of rent shall increase by 4.75% of the then prevailing rent at every three-year period until the expiry date of the New Starhill Master Tenancy Agreement. For the Interim Period, the Master Tenant shall be entitled to continue to rent Starhill Gallery at RM1.75 million per month (or on a proportionate basis for part of a month). This figure has been arrived at based on the assumption that the existing tenancies in Starhill Gallery will be phased out in preparation of the Asset Enhancement Works and according to the proposed construction schedule of the Asset Enhancement Works, the net lettable area (“**NLA**”) available for rental for Starhill Gallery in Year 1 of the First Starhill Term will be less than 50% of the total NLA of Starhill Gallery due to the Asset Enhancement Works. If the Approvals are not obtained by 30 June 2019, the Interim Period will be extended and the rent at RM1.75 million per month shall continue to apply until Approvals are obtained.

¹ Assuming that the Approvals are obtained by 30 June 2019 and the Asset Enhancement Works are completed prior to the commencement of Year 3 of the First Starhill Term.

² Interim Period will be extended and annual rent of RM21 million will continue to apply if Approvals are not obtained by 30 June 2019.

In the event the Asset Enhancement Works are not completed at the commencement of Year 3 of the First Starhill Term due to force majeure or other events which are beyond the reasonable control of the Master Tenant and/or its appointed contractor (including but not limited to an act of God, flooding, national emergency, war, insurgency, civil commotion, terrorism or riots), the payment of rent and the rent step-up shall be adjusted on the basis that the Initial Rent and the Rent Rebate shall continue to apply until the completion of the Asset Enhancement Works. In such event, the Initial Rent (without the Rent Rebate) shall only commence upon completion of the Asset Enhancement Works (on a proportionate basis for part of a month), and shall be applicable for a period of one year. Subsequently, the rent shall be increased by 4.75% in the following year and such rent shall be applicable for a period of three years following which, the rent shall be increased by 4.75% of the then prevailing rent at every three-year period thereafter until 31 December 2038, being the expiry date of the New Starhill Master Tenancy Agreement. If the Landlord does not agree that an event of force majeure has occurred or the extent of the delay caused and such disagreement cannot be resolved amicably between the Landlord and the Master Tenant after all bona fide discussions, then an independent expert shall be jointly appointed by the Landlord and the Master Tenant to verify the event of force majeure and the appropriate extension of time. This process shall be subject to the independent review and if necessary, the approval of the audit committee of the Manager (the “**Audit Committee**”).

Rent under the New Lot 10 Master Tenancy Agreement

The rent payable under the New Lot 10 Master Tenancy Agreement, shall be as follows:

Period	Amount of rent payable
First Lot 10 Term	approximately RM33.7 million per annum (to be prorated for the relevant period)
Second Lot 10 Term	approximately RM35.7 million per annum
Third Lot 10 Term (assuming the option to renew is exercised)	approximately RM37.8 million per annum

As indicated above, the New Lot 10 Master Tenancy Agreement includes a rent step-up feature whereby the amount of rent payable for the Second Lot 10 Term and the Third Lot 10 Term (assuming the option to renew is exercised) represents a 6.0% increase over the rent payable in the First Lot 10 Term and the Second Lot 10 Term respectively.

THE ASSET ENHANCEMENT WORKS

As a condition of the New Starhill Master Tenancy Agreement, the Landlord would be required to pay for the cost of the asset enhancement works (the “**Asset Enhancement Works**”) to be performed on Starhill Gallery. The Asset Enhancement Works will be undertaken by the Master Tenant and are expected to be completed prior to the commencement of Year 3 of the First Starhill Term.

The Asset Enhancement Works aim to provide a revamped mall entrance, refreshed interiors with a modern and contemporary look, improved accessibility as well as to activate the underutilised spaces. Besides revamping the retail floors, the top three storeys of Starhill Gallery will be converted into hotel rooms as an extension of the adjoining JW Marriott Hotel Kuala Lumpur, which is owned by YTL Hospitality REIT, a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad.

Cost of the Asset Enhancement Works

The Asset Enhancement Works will cost RM175 million (approximately S\$57.5 million¹) in total (the “**Asset Enhancement Cost**”), which shall be borne by the Landlord. Arcadis (Malaysia) Sdn Bhd was appointed by the Manager as the Independent Quantity Surveyor to conduct an assessment on the Asset Enhancement Works including cost studies. The Asset Enhancement Cost was negotiated on an arm’s-length basis and based on normal commercial terms. As indicated in the quantity survey report issued by the Independent Quantity Surveyor (the “**QS Report**”), the Asset Enhancement Cost is fair and reasonable and within normal commercial terms for market cost.

The Asset Enhancement Cost represents a discount of approximately 1.3% to the estimated cost of the Asset Enhancement Works as set out in the QS Report. The Asset Enhancement Cost shall be paid in accordance with the completion of the Asset Enhancement Works reaching the value of the monthly payment milestones spread over two years and a 12-month defects liability period. While the Initial Rent will apply from the commencement of the First Starhill Term, the Landlord has agreed to the Rent Rebate for the first two years of the First Starhill Term due to the disruption caused by the Asset Enhancement Works.

Under the terms of the New Starhill Master Tenancy Agreement, the Landlord shall not be responsible for any cost overrun above the Asset Enhancement Cost. However, the Master Tenant shall be entitled to claim for reasonable costs and expenses incurred by the Master Tenant and/or its appointed contractor arising from any event of force majeure subject to the prior written approval of the Landlord which approval shall not be unreasonably withheld. The Master Tenant shall use its reasonable endeavours to mitigate the impact of the force majeure event. In the event that the terms and conditions imposed by the relevant authorities including any additional changes required by the relevant authorities result in an increase in the cost of undertaking the Asset Enhancement Works, the Landlord and the Master Tenant will negotiate in good faith with a view to agreeing on appropriate measures. With regards to the abovementioned events whereby the Landlord is required to give written approval and/or negotiate in good faith to agree on appropriate measures, such processes shall be subject to the independent review and if necessary, the approval by the Audit Committee.

All fees, charges and costs for securing the Approvals shall be borne by the Landlord. If such fees, charges and costs exceed the Landlord’s estimates, the Landlord shall have the right to terminate the New Starhill Master Tenancy Agreement by giving not less than one month’s prior written notice to the Master Tenant.

Method of Financing

The Manager intends to finance the cost of the Asset Enhancement Works via a combination of external borrowings including SGD revolving credit facilities and/or internal working capital.

RATIONALE FOR THE PROPOSED TRANSACTION

The Manager believes that the Proposed Transaction would be beneficial to Starhill Global REIT and its Unitholders, for the following reasons:

- (a) The New Master Tenancy Agreements provide Starhill Global REIT with income stability, rent growth and sustainable occupancy for the Properties;
- (b) Opportunity to revamp Starhill Gallery into an integrated development to stay at the forefront of a changing retail landscape; and
- (c) Bukit Bintang presents long-term prospects in view of multiple public and private sector initiatives.

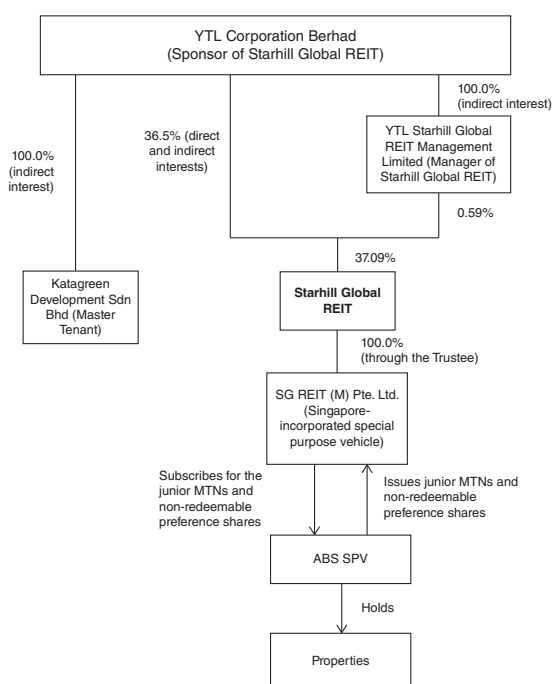
1 Based on an exchange rate of RM3.04 to SGD1.00 as at the Latest Practicable Date (as defined herein).

INTERESTED PERSON TRANSACTION¹

As at 15 April 2019, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”), the Manager has a direct interest in 12,937,885 units of Starhill Global REIT (“**Units**”) (comprising 0.59% of the total number of issued Units).

The Manager is wholly-owned by YTL Starhill Global REIT Management Holdings Pte Ltd, which is in turn an indirect wholly-owned subsidiary of the Sponsor. The Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) approximately 37.09% in Starhill Global REIT and (ii) 100% in the Manager, and is therefore regarded as a “**Controlling Unitholder**”² of Starhill Global REIT and a “**Controlling Shareholder**”³ of the Manager, respectively, under the listing manual of the SGX-ST (the “**Listing Manual**”).

The Master Tenant is an indirect wholly-owned subsidiary of the Sponsor. Accordingly, for the purpose of Chapter 9 of the Listing Manual, the Master Tenant is an **Interested Person**⁴ of Starhill Global REIT. Please see below the structure chart setting out the relationship between the Sponsor, the Manager, Starhill Global REIT, the ABS SPV and the Master Tenant:



1 “**Interested Person Transaction**” means a transaction between an entity at risk and an Interested Person (as defined herein).

2 “**Controlling Unitholder**” means a person who:

- (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or
- (b) in fact exercises control over the property fund.

3 “**Controlling Shareholder**” means a person who:

- (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or
- (b) in fact exercises control over a company.

4 “**Interested Person**” means:

- (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of Starhill Global REIT; or
- (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of Starhill Global REIT.

Given that the value of the Proposed Transaction, comprising the total amount of rent payable under the New Master Tenancy Agreements (including the rent payable for the optional Third Lot 10 Term) and the Asset Enhancement Cost, of S\$526.8 million is approximately 26.5% of the NTA (as defined herein) of Starhill Global REIT as at 30 June 2018, the value of the transaction will exceed 5.0% of Starhill Global REIT's latest audited NTA. As such, the Proposed Transaction which constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual shall require Unitholders' approval. Accordingly, the approval of Unitholders is sought for the Proposed Transaction.

IFA OPINION

The IFA is of the opinion that the Proposed Transaction is on normal commercial terms and not prejudicial to the interests of Starhill Global REIT and its minority Unitholders. (See paragraph 3 of this Circular.)

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM (as defined herein) is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event	Date and Time
Last date and time for lodgement of Proxy Forms	: 14 May 2019 at 11.00 a.m.
Date and time of the EGM	: 16 May 2019 at 11.00 a.m.

If approval for the Proposed Transaction is obtained at the EGM:

Commencement of the New Master Tenancy Agreements : 28 June 2019



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

Directors of the Manager

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
(Non-Executive Chairman)
Mr Ho Sing (Chief Executive Officer and Executive Director)
Dato' Yeoh Seok Kian (Non-Executive Director)
Mr Tan Bong Lin (Lead Independent Director)
Mr Ching Yew Chye (Independent Director)
Mr Tan Woon Hum (Independent Director)

Registered Office

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

25 April 2019

To: Unitholders of Starhill Global REIT

Dear Sir/Madam

1. SUMMARY OF APPROVAL SOUGHT

The Manager is convening the extraordinary general meeting of Unitholders ("**EGM**") to seek Unitholders' approval for the Proposed Transaction which constitutes an interested person transaction, by way of an Ordinary Resolution.

The EGM will be held on 16 May 2019, Thursday, at Mandarin Ballroom I & II, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 at 11.00 a.m.

2. THE NEW MASTER TENANCY AGREEMENTS

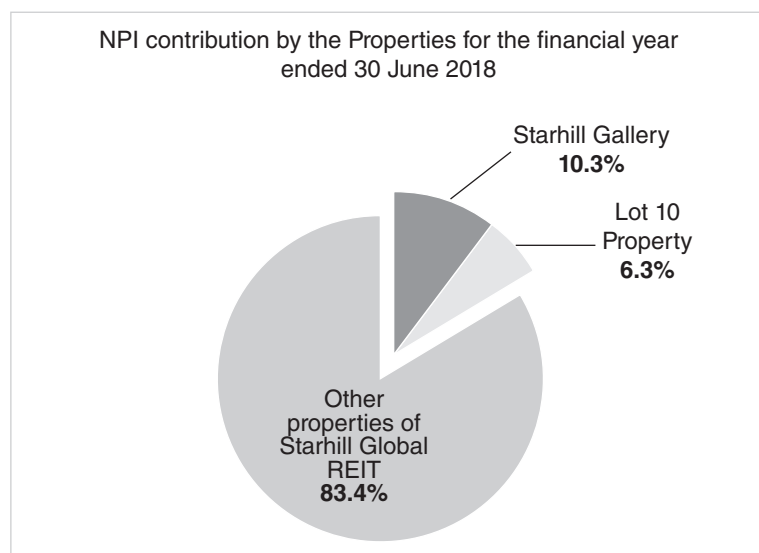
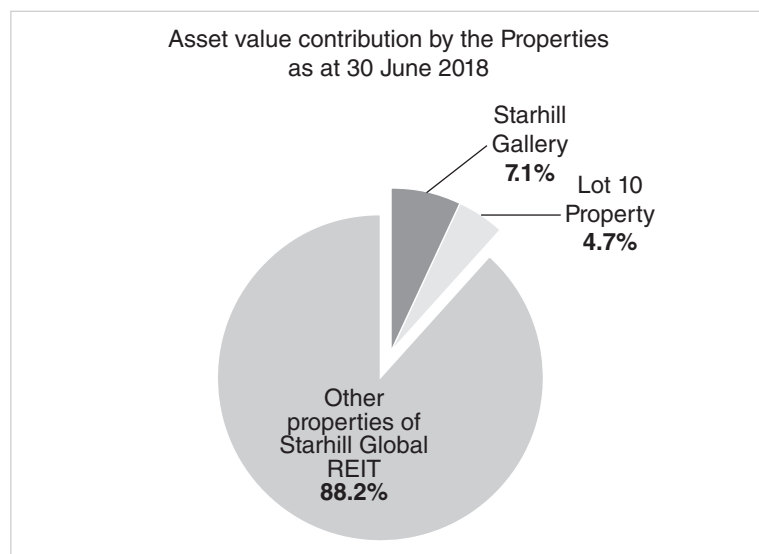
2.1 Description of Starhill Gallery and Lot 10 Property

Starhill Global REIT acquired Starhill Gallery and Lot 10 Property (the "**Properties**") on 28 June 2010 via an asset-backed securitisation structure through the ABS SPV.

Starhill Gallery is a seven-storey retail mall located at 181 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia, and is connected to two luxury hotels, the J.W. Marriott Hotel Kuala Lumpur and The Ritz-Carlton Kuala Lumpur. Starhill Gallery comprised approximately 7.1% of the total portfolio of Starhill Global REIT by asset value as at 30 June 2018 and the net property income ("**NPI**") of Starhill Gallery comprised approximately 10.3% of the NPI of the total portfolio of Starhill Global REIT for the financial year ended 30 June 2018.

The Lot 10 Property comprises 137 strata parcels with two accessory parcels of retail, office, storage and other spaces, within a shopping complex known as "Lot 10 Shopping Centre" which consists of an eight-level building with a basement and a lower ground floor, together with a seven-level annex building with a lower ground floor, located at 50 Jalan Sultan Ismail, 50250 Kuala Lumpur. Lot 10 Property comprised approximately 4.7% of the total portfolio of Starhill Global REIT by asset value as at 30 June 2018 and the NPI of Lot 10 Property comprised approximately 6.3% of the NPI of the total portfolio of Starhill Global REIT for the financial year ended 30 June 2018.

Collectively, Starhill Gallery and Lot 10 Property comprised approximately 11.8% by asset value as at 30 June 2018 and approximately 16.6% by NPI for the financial year ended 30 June 2018, of the total portfolio of Starhill Global REIT.



2.2 The Existing Master Tenancy Agreements

Starhill Gallery and Lot 10 Property are currently leased to the Master Tenant under the existing master tenancy agreements dated 16 April 2010 which were approved by Unitholders at the extraordinary general meeting held on 4 June 2010 in conjunction with the acquisition of the Properties. In relation to Starhill Gallery, a second existing master tenancy agreement dated 4 April 2011 was entered into in respect of additional NLA of approximately 8,100 sq ft in Starhill Gallery which was created through an asset redevelopment completed in 2011. On 15 March 2016, the Master Tenant exercised its option under the Existing Master Tenancy Agreements to extend the Existing Master Tenancy Agreements for a third three-year term commencing 28 June 2016. As such, the Existing Master Tenancy Agreements are due to expire on 27 June 2019.

In view of the foregoing, the Manager is seeking Unitholders' approval for the conditional New Master Tenancy Agreements which have been entered into between the ABS SPV (as landlord), the Master Tenant, the Servicer and the Sponsor on 18 March 2019. Similar to the Existing Master Tenancy Agreements, the Sponsor will guarantee the payment obligations of the Master Tenant under the New Master Tenancy Agreements.

2.3 Rental Terms under the Existing Master Tenancy Agreements

The Existing Master Tenancy Agreements were for fixed tenancy terms of 3+3+3 years whereby the second three-year term would be automatically renewed and each of the ABS SPV and the Master Tenant would have an option to extend the tenancy for a third three-year term upon the expiry of the second term.

The rent per annum payable under the Existing Master Tenancy Agreements were:

Period	Amount of rent payable for Starhill Gallery	Amount of rent payable for Lot 10 Property
First three-year term	approximately RM45.8 million per annum	approximately RM28.1 million per annum
Second three-year term	approximately RM49.0 million per annum	approximately RM30.1 million per annum
Third three-year term	approximately RM52.3 million per annum	approximately RM32.1 million per annum

2.4 Terms of the New Master Tenancy Agreements

The key terms of the New Master Tenancy Agreements include, among others, the following:

Subject	Principal Terms of the New Starhill Master Tenancy Agreement	Principal Terms of the New Lot 10 Master Tenancy Agreement
Annual rent	Please see paragraph 2.5 of this Circular.	
Lease Commencement	28 June 2019, with the First Starhill Term to commence on 1 July 2019 subject to the receipt of Approvals by 30 June 2019.	28 June 2019 (immediately upon expiration of the Existing Lot 10 Master Tenancy Agreement).

Subject	Principal Terms of the New Starhill Master Tenancy Agreement	Principal Terms of the New Lot 10 Master Tenancy Agreement
Tenure	19.5 years and three days (ending on 31 December 2038).	Six years and three days (ending on 30 June 2025).
Option to Renew	–	Each of the Landlord and the Master Tenant has an option to extend for a third three-year term to commence on 1 July 2025 and expire on 30 June 2028, at the specified rent.
Condition Precedent	Subject to Unitholders' approval.	Subject to Unitholders' approval. (For the avoidance of doubt, Unitholders should note that by approving the Proposed Transaction, they are also deemed to have approved the optional Third Lot 10 Term under the New Lot 10 Master Tenancy Agreement.)
Payment	First rental payment (on a proportionate basis if the first month is less than a month) to be made within seven days from the commencement date and the subsequent payments to be made on or before the seventh day of each calendar month.	
Security Deposit	Cash deposit equivalent to the prevailing rent for two months and a bank guarantee with a minimum rating of at least AA2/P1 from RAM Rating Services Berhad for an amount equivalent to the prevailing rent for one month.	
Sponsor Guarantee	The Sponsor will guarantee the Master Tenant's payment obligations under the New Master Tenancy Agreements.	
Operating Expenses	The Master Tenant would bear the majority of the operating expenses relating to the Properties except for insurance coverage relating to fire and other risks as the relevant management corporation may deem appropriate, costs of repair or replacement of any items in the Properties which are structural or capital in nature and 50.0% of the quit rent and assessment (which are statutory dues imposed on the Properties under Malaysia laws).	

Subject	Principal Terms of the New Starhill Master Tenancy Agreement	Principal Terms of the New Lot 10 Master Tenancy Agreement
Asset Enhancement Works	<p>The ABS SPV shall bear the cost of the Asset Enhancement Works of RM175 million (approximately S\$57.5 million¹), to be undertaken by the Master Tenant. The ABS SPV shall not be responsible for any cost overrun.</p> <p>However, the Master Tenant and/or its appointed contractor shall be entitled to claim for reasonable costs and expenses incurred arising from any event of force majeure.</p> <p>In addition, all fees, charges and costs for securing the Approvals shall be borne by the ABS SPV.</p>	–
Reinstatement	Master Tenant to reinstate the hotel component to retail at their cost, at the Landlord's option.	–
Governing Law	Terms and conditions of the New Master Tenancy Agreements shall be construed in accordance with the laws of Malaysia and parties submit to the exclusive jurisdiction of the courts of Malaysia.	

Further key terms under the New Starhill Master Tenancy Agreement

If the Proposed Transaction is approved by Unitholders, the New Starhill Master Tenancy Agreement shall commence on 28 June 2019 (i.e. the date immediately after the expiry of the Existing Starhill Master Tenancy Agreements). However, the first term of the New Starhill Master Tenancy Agreement will only commence on 1 July 2019 provided that all Approvals have been received not later than 30 June 2019. For the Interim Period, the Master Tenant shall be entitled to continue to rent Starhill Gallery.

In the event the Approvals are not obtained on or before 30 June 2019, the Interim Period shall be extended until such date when the Approvals are obtained provided that if the Approvals are not obtained on or before 31 December 2019, parties to the New Starhill Master Tenancy Agreement shall re-negotiate the terms of the New Starhill Master Tenancy Agreement in good faith and the Interim Period shall be extended beyond 31 December 2019 until the Approvals are obtained or the New Starhill Master Tenancy Agreement is lapsed by any party to the New Starhill Master Tenancy Agreement with at least one month's written notice at any time after 31 December 2019. If the fees, charges and costs for securing the Approvals exceed the Landlord's estimates, the Landlord shall have the right to terminate the New Starhill Master Tenancy Agreement.

¹ Based on an exchange rate of RM3.04 to SGD1.00 as at the Latest Practicable Date.

In addition, if the Approvals come with conditions imposed by the relevant authorities including any additional changes required by the relevant authorities that would, in the reasonable opinion of the Master Tenant, result in an increase of the costs of undertaking the Asset Enhancement Works beyond the Asset Enhancement Cost, the parties shall negotiate in good faith with a view to agreeing on appropriate measures.

In the event that the terms of the renegotiated master tenancy agreement and/or the renegotiated Asset Enhancement Cost is materially different from the terms of the New Starhill Master Tenancy Agreement, the Manager will again seek approval from Unitholders for the entry into the renegotiated master tenancy agreement and/or the renegotiated Asset Enhancement Cost.

2.5 Rental under the New Master Tenancy Agreements

The rent payable under the New Master Tenancy Agreements were negotiated on an arm's-length basis and based on normal commercial terms. The initial annual rent payable under the New Master Tenancy Agreements are comparable to the appraised rental values of the Properties provided by the Independent Valuers (rental valuation certificates of Starhill Gallery and Lot 10 Property are set out in **Appendix A** of this Circular).

The initial annual rents under the New Master Tenancy Agreements following the completion of the Asset Enhancement Works represent an increase of 1.5% or RM1.3 million compared to the expiring rents under the Existing Master Tenancy Agreements.¹

Rent under the New Starhill Master Tenancy Agreement

The rent payable under the New Starhill Master Tenancy Agreement, assuming that the Approvals are obtained by 30 June 2019 and that the Asset Enhancement Works are completed before the commencement of Year 3 of the First Starhill Term, shall be as follows:

Period	Amount of rent payable
Interim Period from 28 June 2019 to 30 June 2019 ²	RM21 million per annum (to be prorated for the relevant period)
Year 1, 2 and 3	RM52 million per annum subject to a rental rebate of RM26 million per annum for Year 1 and 2
Year 4, 5 and 6	approximately RM54.5 million per annum
Year 7, 8 and 9	approximately RM57.1 million per annum
Year 10, 11 and 12	approximately RM59.8 million per annum
Year 13, 14 and 15	approximately RM62.6 million per annum
Year 16, 17 and 18	approximately RM65.6 million per annum
Year 19	approximately RM68.7 million per annum
1 July 2038 to 31 December 2038, being the expiry date of the New Starhill Master Tenancy Agreement	approximately RM68.7 million per annum (to be prorated for the relevant period)

¹ Assuming that the Approvals are obtained by 30 June 2019 and the Asset Enhancement Works are completed prior to the commencement of Year 3 of the First Starhill Term.

² The Interim Period will be extended and annual rent of RM21 million will continue to apply if Approvals are not obtained by 30 June 2019.

As indicated above, the New Starhill Master Tenancy Agreement includes a rent step-up feature whereby the amount of rent payable for the Second Starhill Term represents a 4.75% increase over the rent payable in the First Starhill Term (without the Rent Rebate). Thereafter, the amount of rent shall increase by 4.75% of the then prevailing rent at every three-year period until the expiry date of the New Starhill Master Tenancy Agreement. For the Interim Period, the Master Tenant shall be entitled to continue to rent Starhill Gallery at RM1.75 million per month (or on a proportionate basis for part of a month). This figure has been arrived at based on the assumption that the existing tenancies in Starhill Gallery will be phased out in preparation of the Asset Enhancement Works and according to the proposed construction schedule of the Asset Enhancement Works, the NLA of Starhill Gallery available for rental in Year 1 of the First Starhill Term will be less than 50% of the total NLA of Starhill Gallery due to the Asset Enhancement Works. If the Approvals are not obtained by 30 June 2019, the Interim Period will be extended and the rent at RM1.75 million per month shall continue to apply until Approvals are obtained.

In the event the Asset Enhancement Works are not completed at the commencement of Year 3 of the First Starhill Term due to force majeure or other events which are beyond the reasonable control of the Master Tenant and/or its appointed contractor (including but not limited to an act of God, flooding, national emergency, war, insurgency, civil commotion, terrorism or riots), the payment of rent and the rent step-up shall be adjusted on the basis that the Initial Rent and the Rent Rebate shall continue to apply until the completion of the Asset Enhancement Works. In such event, the Initial Rent (without the Rent Rebate) shall only commence upon completion of the Asset Enhancement Works (on a proportionate basis for part of a month), and shall be applicable for one year. Subsequently, the rent shall be increased by 4.75% in the following year and such rent shall be applicable for a period of three years following which, the rent shall be increased by 4.75% of the then prevailing rent at every three-year period thereafter until 31 December 2038, being the expiry date of the New Starhill Master Tenancy Agreement. If the Landlord does not agree that an event of force majeure has occurred or the extent of the delay caused and such disagreement cannot be resolved amicably between the Landlord and the Master Tenant after all bona fide discussions, then an independent expert shall be jointly appointed by the Landlord and the Master Tenant to verify the event of force majeure and the appropriate extension of time. This process shall be subject to the independent review and if necessary, the approval of the Audit Committee.

Rent under the New Lot 10 Master Tenancy Agreement

The rent payable under the New Lot 10 Master Tenancy Agreement, shall be as follows:

Period	Amount of rent payable
First Lot 10 Term (being the period from 28 June 2019 to 30 June 2022)	approximately RM33.7 million per annum (to be prorated for the relevant period)
Second Lot 10 Term (being the period from 1 July 2022 to 30 June 2025)	approximately RM35.7 million per annum
Third Lot 10 Term (being the period from 1 July 2025 to 30 June 2028, assuming the option to renew is exercised)	approximately RM37.8 million per annum

As indicated above, the New Lot 10 Master Tenancy Agreement includes a rent step-up feature whereby the amount of rent payable for the Second Lot 10 Term and the Third Lot 10 Term (assuming the option to renew is exercised) represents a 6.0% increase over the rent payable in the First Lot 10 Term and the Second Lot 10 Term respectively.

2.6 The Asset Enhancement Works

As a condition of the New Starhill Master Tenancy Agreement, the Landlord shall pay for the Asset Enhancement Works to be performed on Starhill Gallery which will be undertaken by the Master Tenant at a cost of RM175 million. The Master Tenant shall appoint Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd or such other contractor to carry out the Asset Enhancement Works. The Asset Enhancement Works are expected to be completed prior to the commencement of Year 3 of the First Starhill Term.

The proposed Asset Enhancement Works for Starhill Gallery are timely as the last major renovation was in 2005, with a facelift in 2011. It is crucial for retail malls to constantly evolve with the changing retail landscape. The Asset Enhancement Works are aimed at reinforcing and refreshing the mall's traditional positioning as a luxury stronghold within the Bukit Bintang precinct. The new Starhill Gallery is envisioned to be a luxury retail and lifestyle destination for shoppers.

The Asset Enhancement Works aim to provide a revamped mall entrance, refreshed interiors with a modern and contemporary look, improved accessibility as well as to activate underutilised spaces. Besides revamping retail floors, the top three storeys of Starhill Gallery will be converted into hotel rooms as an extension of the adjoining JW Marriott Hotel Kuala Lumpur, which is owned by YTL Hospitality REIT, a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad. The conversion of space for hospitality use is in line with the global trend of integrated developments.

The Asset Enhancement Works are subject to regulatory approvals, including development order, building plans and building erection approvals and there may be a possibility that the regulators will require amendments to be made to the plans and work scope of the Asset Enhancement Works. An application for the development order has been submitted to the DBKL.

2.6.1 Details of the Asset Enhancement Works

The scope of the Asset Enhancement Works includes:

(i) Revamped entrance with open Public Square

The double-storey indoor lobby at the mall entrance will be reinstated, with a grand new double-volume glass facade that offers improved visibility for mall tenants. A public square with open space will replace the existing Sephora Pavilion, suitable for hosting functions and promotional activities. The new public square, with reinstated drop-off area and revised hardscape design, will connect the new entrance to two existing entrances – the JW Marriott entrance and the Jalan Gading entrance. This will improve accessibility for shoppers.

(ii) Interior works for retail space

The lower four storeys of Starhill Gallery will undergo refurbishments to improve foot traffic and shopping experience. The interior common areas will be refurbished and the design of the main atrium will also be overhauled with connecting bridges and

balconies for pop-up spaces. The washrooms will also be redesigned and mechanical and electrical maintenance equipment will also be upgraded to better serve the mall.

(iii) Conversion into hotel use

The upper three storeys of Starhill Gallery will be repurposed into hospitality use with approximately 162 hotel rooms to be operated as an extension of the adjoining JW Marriott Hotel Kuala Lumpur. The Asset Enhancement Works will also include the construction of additional amenities for the hotel, such as meeting rooms and guest lounges. When completed, the hotel space will comprise approximately 40% of the total NLA for Starhill Gallery.

(iv) External enhancements along Jalan Gading

The external facade of Starhill Gallery will be given a facelift so as to revive the cascading terraces along Jalan Gading to increase foot traffic and activate the underutilised spaces.

2.6.2 Cost of the Asset Enhancement Works

The Asset Enhancement Works will cost RM175 million in total, which shall be borne by the Landlord. Arcadis (Malaysia) Sdn Bhd was appointed by the Manager as the Independent Quantity Surveyor to conduct an assessment on the Asset Enhancement Works including cost studies. The Asset Enhancement Cost was negotiated based on normal commercial terms. As indicated in the QS Report, the Asset Enhancement Cost is fair and reasonable and within normal commercial terms for market cost, and represents a discount of approximately 1.3% to the estimated cost of the Asset Enhancement Works.

The Asset Enhancement Cost shall be paid in accordance with the completion of the Asset Enhancement Works reaching the value of the monthly payment milestones spread over two years and a 12-month defects liability period. While the Initial Rent will apply from the commencement of the First Starhill Term, the Landlord has agreed to the Rent Rebate for the first two years of the First Starhill Term, due to the disruption caused by the Asset Enhancement Works. The Rent Rebate has been agreed to be at an amount of 50.0% of the rent payable for Year 1 and Year 2 of the First Starhill Term because, according to the proposed construction schedule of the Asset Enhancement Works, the NLA of Starhill Gallery available for rental in Year 1 of the First Starhill Term will be less than 50.0% of the total NLA of Starhill Gallery due to the Asset Enhancement Works and the NLA of Starhill Gallery available for rental in Year 2 of the First Starhill Term will be marginally more than 50.0% of the total NLA of Starhill Gallery due to the Asset Enhancement Works.

Under the terms of the New Starhill Master Tenancy Agreement, the Landlord shall not be responsible for any cost overrun above the Asset Enhancement Cost. However, the Master Tenant and/or its appointed contractor shall be entitled to claim for reasonable costs and expenses incurred arising from any event of force majeure subject to the Landlord's prior written approval which should not be unreasonably withheld. The Master Tenant shall use its reasonable endeavours to mitigate the impact of the force majeure event. In the event that the terms and conditions imposed by the relevant authorities including any additional changes required by the relevant authorities result in an increase in the cost of undertaking the Asset Enhancement Works, as described in paragraph 2.4 above, the parties will negotiate in good faith with a view to agreeing on appropriate measures.

With regards to the abovementioned events whereby the Landlord is required to give written approval and/or negotiate in good faith to agree on appropriate measures, such processes shall be subject to the independent review and if necessary, the approval by the Audit Committee.

In addition, all fees, charges and costs for securing the Approvals shall be borne by the Landlord.

2.6.3 Key Terms of the Asset Enhancement Works under the New Starhill Master Tenancy Agreement

(i) Manner of Execution

The Master Tenant shall execute the Asset Enhancement Works in accordance with the approved plans, drawings, specifications and conditions of Approvals.

(ii) Master Tenant's Covenants

In executing the Asset Enhancement Works, the Master Tenant shall at all times:

- (a) ensure that the Asset Enhancement Works are executed properly in accordance with the terms under the New Starhill Master Tenancy Agreement;
- (b) maintain or cause to be maintained by the Master Tenant or its building contractor in the joint names of the Landlord and the Master Tenant, an all risks policy against usual comprehensive risk during the Asset Enhancement Works, and the amount shall be commensurate with insurances usually taken up for asset redevelopment and/or construction projects of similar scope and scale; and
- (c) keep the Landlord fully indemnified in respect of any breach of the Master Tenant's obligations in relation to the Asset Enhancement Works contained under Schedule C of the New Starhill Master Tenancy Agreement.

(iii) Standard of Asset Enhancement Works

The Asset Enhancement Works to be executed or performed by the Master Tenant must be effected and executed:

- (a) properly, in a good workmanlike manner, using due care, diligence and skill, expected of an experienced contractor in Malaysia; and
- (b) using supplies and materials which are of a suitable quality and at least comparable to the quality of the supplies and materials originally used to construct that part of Starhill Gallery.

The Master Tenant shall, for a period of 12 months after completion of the Asset Enhancement Works, remedy any defects and/or faults which may appear in the Asset Enhancement Works which are due to defective workmanship and/or defective materials.

(iv) Construction Milestone

- (a) The Master Tenant shall carry out and complete the Asset Enhancement Works before the commencement of Year 3 of the First Starhill Term;
- (b) If by reason of force majeure or other events beyond reasonable control, whether in respect of the Master Tenant or its appointed contractor, the completion of the Asset Enhancement Works is likely or has been delayed beyond the required completion date, the Master Tenant shall be entitled to a fair and reasonable extension of time for completion of the Asset Enhancement Works; and
- (c) If the Landlord does not agree that an event of force majeure has occurred or the extent of the delay caused (i.e. period of extension) and such disagreement cannot be resolved amicably between the Landlord and the Master Tenant after all bona fide discussions, then an independent expert shall be jointly appointed by the Landlord and the Master Tenant to verify the event of force majeure and the appropriate extension of time.

(v) Milestone Payment

- (a) Subject to the Approvals being obtained, the Landlord's cost shall be paid monthly in accordance with the milestone completion of the Asset Enhancement Works as certified by the independent architect appointed by the Master Tenant with a retention sum of 2.5% of the Asset Enhancement Cost to be paid after the expiry of the 12-month defects liability period;
- (b) If the Landlord has reasonable grounds to dispute the milestone completion certified by the appointed independent architect which cannot be resolved amicably between the Landlord and the Master Tenant after all bona fide discussions, the Landlord and the Master Tenant shall refer such dispute to an independent expert of international repute to be appointed jointly by the Landlord and the Master Tenant for determination; and
- (c) Title to the Asset Enhancement Works shall vest in the Landlord on payment for the same by the Landlord.

2.6.4 Method of Financing the Asset Enhancement Works

The Manager intends to finance the cost of the Asset Enhancement Works via a combination of external borrowings including SGD revolving credit facilities and/or internal working capital.

As at 30 June 2018, Starhill Global REIT has an aggregate leverage of approximately 35.5%. Under the Property Funds Appendix, Starhill Global REIT's aggregate leverage cannot exceed 45.0% of its deposited property. After the Proposed Transaction and upon completion of the Asset Enhancement Works, Starhill Global REIT's aggregate leverage is expected to increase from approximately 35.5% to approximately 36.7% as set out in Paragraph 2.12.3 of this Circular, which is within the maximum aggregate leverage limit of 45.0% under the Property Funds Appendix.

2.7 Rationale for the Proposed Transaction

- (a) The New Master Tenancy Agreements provide Starhill Global REIT with income stability, rent growth and sustainable occupancy for the Properties

(i) *Income stability*

The Proposed Transaction will bring further certainty of income to Starhill Global REIT. Starhill Gallery and Lot 10 Property are key assets in the Starhill Global REIT portfolio contributing approximately 11.8% of total asset value as at 30 June 2018 and approximately 16.6% of the total NPI for the financial year ended 30 June 2018 and the Existing Master Tenancy Agreements will be expiring in June 2019 after nine years. Additionally, the payment obligations of the Master Tenant under the New Master Tenancy Agreements are guaranteed by the Sponsor which has a credit rating of AA1/Stable by RAM Rating Services Berhad, thereby reducing tenant credit risk.

In addition, the Landlord had issued RM330 million of senior medium-term notes (“**Senior MTNs**”) in order to part finance the acquisition of the Properties in 2010. The Senior MTNs are due for refinancing in September 2019. The Proposed Transaction, including the Sponsor Guarantee (as defined herein) as mentioned above, will provide certainty of income to the Landlord, which would facilitate the refinancing of the Senior MTNs.

(ii) *Rent growth*

The New Master Tenancy Agreements have periodic built-in rent step-up, thereby securing yields at certain levels for the term of the leases. The initial annual rents under the New Master Tenancy Agreements following the completion of the Asset Enhancement Works represent an increase of 1.5% or RM1.3 million compared to the expiring rents under the Existing Master Tenancy Agreements¹. Assuming that (i) no master tenancy agreement has been entered into in relation to Starhill Gallery after the expiry of the Existing Starhill Master Tenancy Agreements; and (ii) no asset enhancement works will be performed on Starhill Gallery, the estimated annual market net rental of Starhill Gallery assessed by IVPS Property Consultant Sdn Bhd in their rental valuation report (the “**Supplemental Rental Valuation Report**”) is RM44.0 million.

The New Starhill Master Tenancy Agreement provides certainty of cashflows for the next 19.5 years with 4.75% rent step-ups every three-year period from the fourth¹ year onwards. The New Lot 10 Master Tenancy Agreement provides certainty of cashflows for the next nine years² with 6.0% rent step-ups every three-year period from the fourth year onwards.

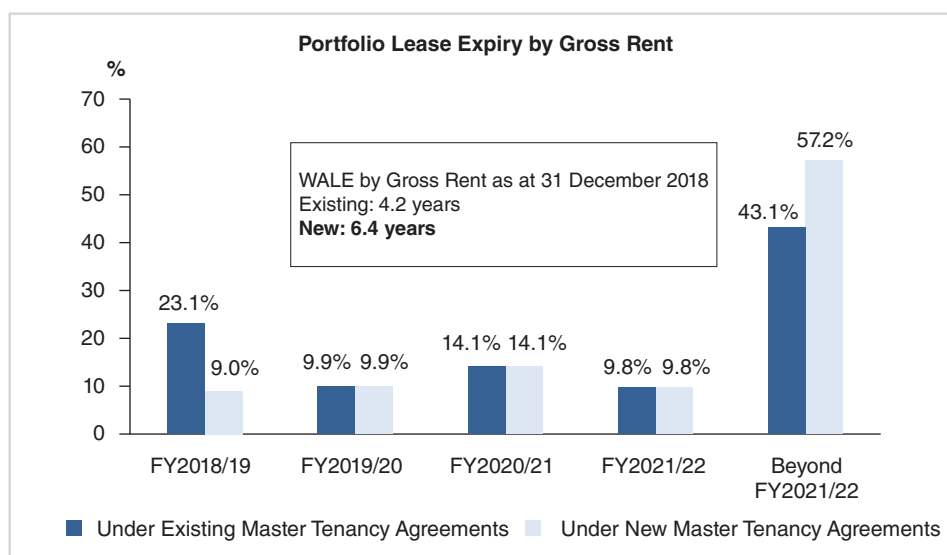
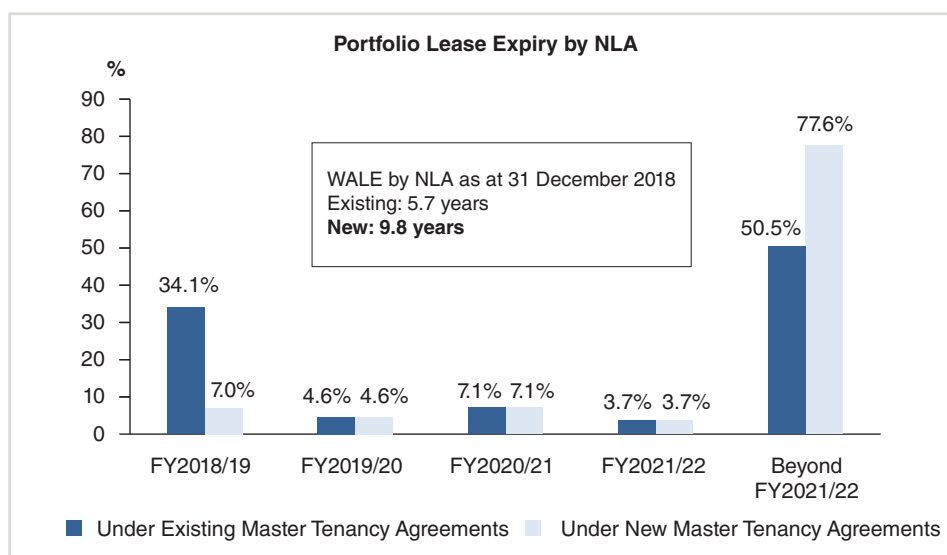
The lease tenure of the New Starhill Master Tenancy Agreement of 19.5 years is longer than the lease tenure of the New Lot 10 Master Tenancy Agreement of 9 years (assuming option to renew for the Third Lot 10 Term is being exercised) to, among others, allow a return of the capital invested in the Asset Enhancement Works.

1 Assuming that all Approvals are obtained by 30 June 2019 and Asset Enhancement Works are completed prior to the commencement of Year 3 of the First Starhill Term.

2 Assuming that the option to renew is exercised for the Third Lot 10 Term.

(iii) *Sustainable occupancy*

The long tenure of the New Master Tenancy Agreements will provide full occupancy for the Properties over a long period of time and thus ensure income stability for Starhill Global REIT. The New Master Tenancy Agreements will allow Starhill Global REIT to maintain its balanced portfolio of long-term and short-term leases. Upon the commencement of the New Master Tenancy Agreements, the weighted average lease expiries (“WALE”) of the Starhill Global REIT portfolio by NLA and gross rent are expected to increase from 5.7 years and 4.2 years as at 31 December 2018, to 9.8 years and 6.4 years respectively.



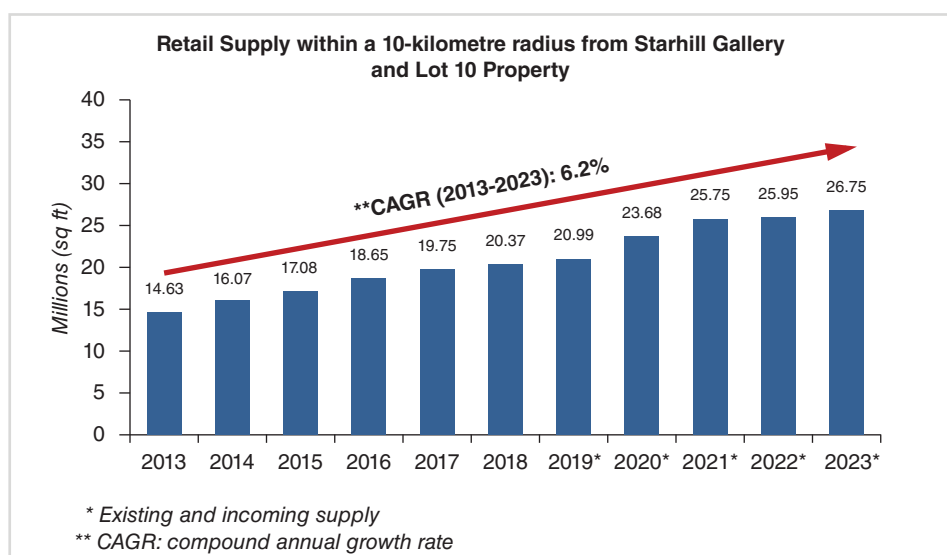
(b) Opportunity to revamp Starhill Gallery into an integrated development to stay at the forefront of a changing retail landscape

The proposed Asset Enhancement Works present an opportunity for Starhill Gallery to revamp itself, ensuring that the mall stays at the forefront of a changing retail landscape. Starhill Gallery last underwent extensive renovations in 2005, with a facelift in 2011.

The Asset Enhancement Works will allow Starhill Gallery to capitalise on the renewed vibrancy along the prime shopping stretch of Kuala Lumpur, especially since the completion of the Bukit Bintang MRT Station in Bukit Bintang. The Asset Enhancement Works will incorporate an integrated concept of hotel with retail elements, which is in line with the global trend of integrated developments. This will also allow Starhill Gallery to leverage on the hotel's guests to increase footfall to the retail component of the refurbished Starhill Gallery. Lot 10 Property underwent a similar redevelopment work in 2017 albeit on a smaller scale, which has resulted in a refreshed positioning for the mall and higher shopper traffic.

The enhancement of Starhill Gallery permits Starhill Global REIT to deploy incremental capital into an existing high quality but aging asset, with certainty of return provided by the New Master Tenancy Agreements.

The Proposed Transaction is timely as it comes at a time when competition in mid-to high-end retail in Kuala Lumpur is likely to intensify, thus ensuring Starhill Global REIT's resilience. The retail supply within a 10-kilometre radius from the Properties is expected to increase by approximately 31% over a five-year period to approximately 27 million square feet by 2023, upon completion of several large-scale projects such as the TRX Mall, Merdeka PNB 118, Bukit Bintang City Centre and Latitud 8¹. The growing supply of retail space could possibly lead to intensified competition and subsequent pressure on the rental and occupancy rate. Looking ahead, the retail market in Klang Valley will remain favourable to the tenants, with average overall growth rate for retail rent likely to be flattish, increasing marginally in the range of 1% to 2% per annum over the next decade¹.



Source: The Independent Market Research Consultant

1 Market Study Report issued by the Independent Market Research Consultant.

(c) Bukit Bintang presents long-term prospects in view of multiple public and private sector initiatives

Bukit Bintang is well-regarded as the retail epicentre of Kuala Lumpur. Home to many top international designer and luxury watch brands, Bukit Bintang is well-served by hotel brands such as JW Marriott, The Ritz Carlton, The Westin, Grand Millennium and Parkroyal, with hotels such as Mandarin Oriental, Shangri-La, Hilton and Grand Hyatt located in the near vicinity.

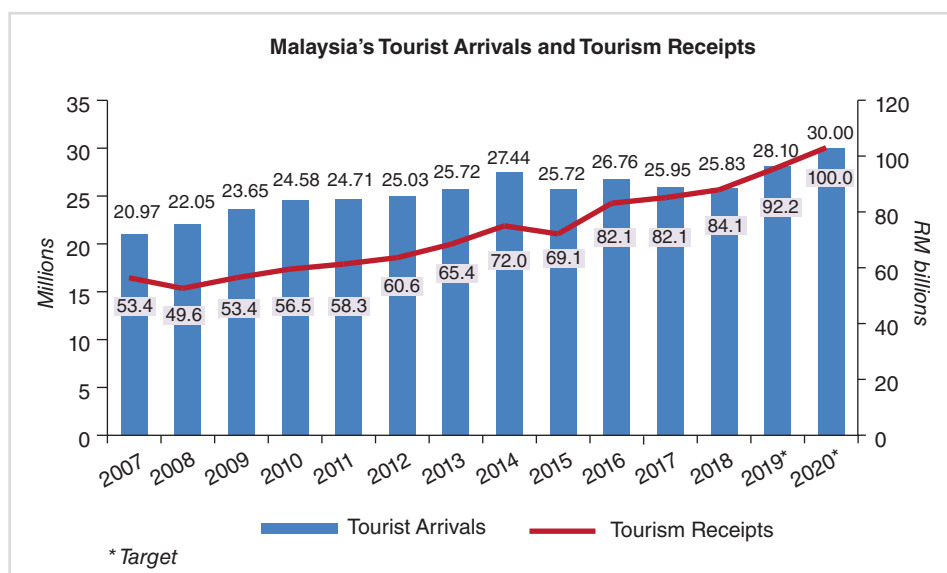
As a key shopping destination in Kuala Lumpur, Bukit Bintang continues to experience ongoing transformation, with renewed vibrancy expected from the evolving retail and tourism landscape and improved accessibility.

(i) *Evolving retail and tourism landscape in the area*

Several large-scale projects with integrated retail concepts in Bukit Bintang are due to be completed by 2023¹. These new developments would further entrench Bukit Bintang as the prime retail shopping precinct in Kuala Lumpur.

The hospitality scene in Bukit Bintang continues to grow, with upcoming hotel openings such as Park Hyatt atop the upcoming Merdeka PNB 118 tower, Canopy by Hilton as part of the upcoming Bukit Bintang City Centre and the Four Seasons Hotel & Resort and Pavilion Hotel which opened recently in 2018. The presence of international hotels is expected to strengthen Bukit Bintang's draw for both leisure and business travellers.

Tourism Malaysia aims to achieve a revised target of 30 million tourist arrivals and RM100 billion in tourist receipts by 2020¹. The Malaysian government will also allocate RM100 million in matching grants to the private sector for holding promotional and marketing campaigns overseas to increase the number of visitors to the country².



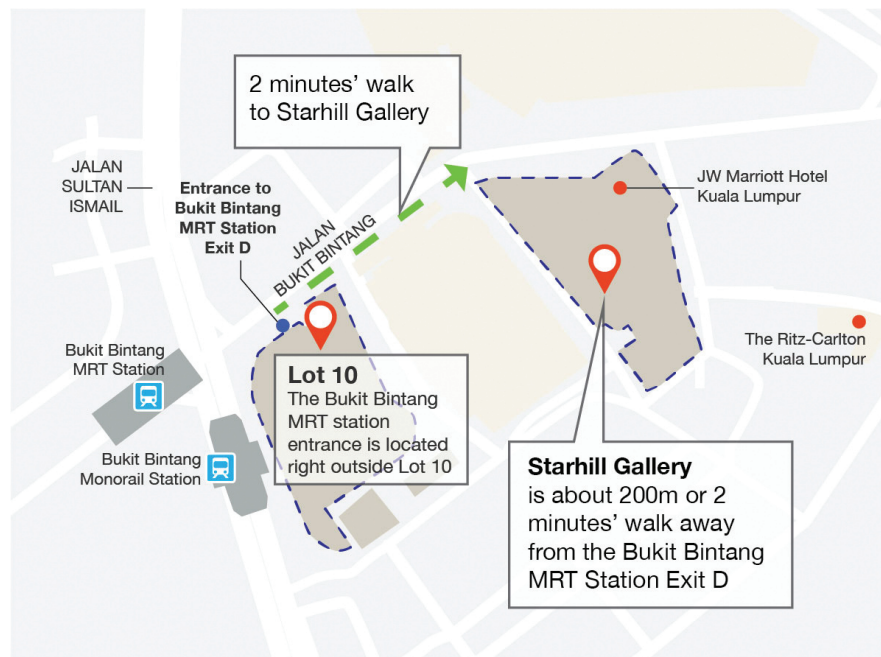
Source: Tourism Malaysia's website (www.tourism.gov.my), The Edge Markets, Ministry of Tourism, Arts and Culture Malaysia

1 Market Study Report issued by the Independent Market Research Consultant.

2 The Edge Markets, Light at the end of the tunnel for Malaysian tourism, 21 November 2018.

(ii) *Improved accessibility with enhanced rail network and connectivity*

The new Bukit Bintang MRT Station along the Sungai Buloh-Kajang (SBK) Line and the existing Bukit Bintang Monorail Station located in front of Lot 10 Property have enhanced connectivity and thus brought a new wave of vibrancy to the area, especially with the former's completion in July 2017. These will be complemented by the new Sungai Buloh-Serdang-Putrajaya (SSP) Line which is currently under construction and is expected to be fully operational in July 2022, with two stations located in the vicinity. The new train line will serve a population of approximately two million people with a projected daily ridership of 529,000¹. Such infrastructure developments improve linkages between the city centre and suburban areas, stimulating inward movements².



1 Mass Rapid Transit Corporation Sdn Bhd's website (<https://www.mymrt.com.my/public/sg-buloh-serdang-putrajaya-ssp-line/>).

2 Market Study Report issued by the Independent Market Research Consultant.

2.8 REQUIREMENT FOR UNITHOLDERS' APPROVAL

2.8.1 Interested Person Transaction

Under Chapter 9 of the Listing Manual, where Starhill Global REIT proposes to enter into a transaction with an Interested Person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000 with the same Interested Person during the same financial year) is equal to or exceeds 5.0% of Starhill Global REIT's latest audited NTA, Unitholders' approval is required in respect of the transaction.

Based on the audited consolidated financial statements of Starhill Global REIT for the financial year ended 30 June 2018 (the "**FY2017/18 Audited Consolidated Financial Statements**"), the NTA of Starhill Global REIT was S\$1,990.3 million as at 30 June 2018. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by Starhill Global REIT with an Interested Person is, either in itself or in aggregate with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same Interested Person during the current financial year, equal to or in excess of S\$99.5 million, such a transaction would be subject to Unitholders' approval.

As at 15 April 2019, being the Latest Practicable Date, the Manager has a direct interest in 12,937,885 Units (comprising 0.59% of the total number of issued Units).

The Manager is indirectly wholly-owned by YTL Starhill Global REIT Management Holdings Pte Ltd, which is in turn an indirect wholly-owned subsidiary of the Sponsor. The Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) approximately 37.09% in Starhill Global REIT and (ii) 100% in the Manager, and is therefore regarded as a "**Controlling Unitholder**"¹ of Starhill Global REIT and a "**Controlling Shareholder**"² of the Manager, respectively, under the Listing Manual.

The Master Tenant is an indirect wholly-owned subsidiary of the Sponsor. Accordingly, for the purpose of Chapter 9 of the Listing Manual, the Master Tenant is an Interested Person³ of Starhill Global REIT.

1 "**Controlling Unitholder**" means a person who:

- (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or
- (b) in fact exercises control over the property fund.

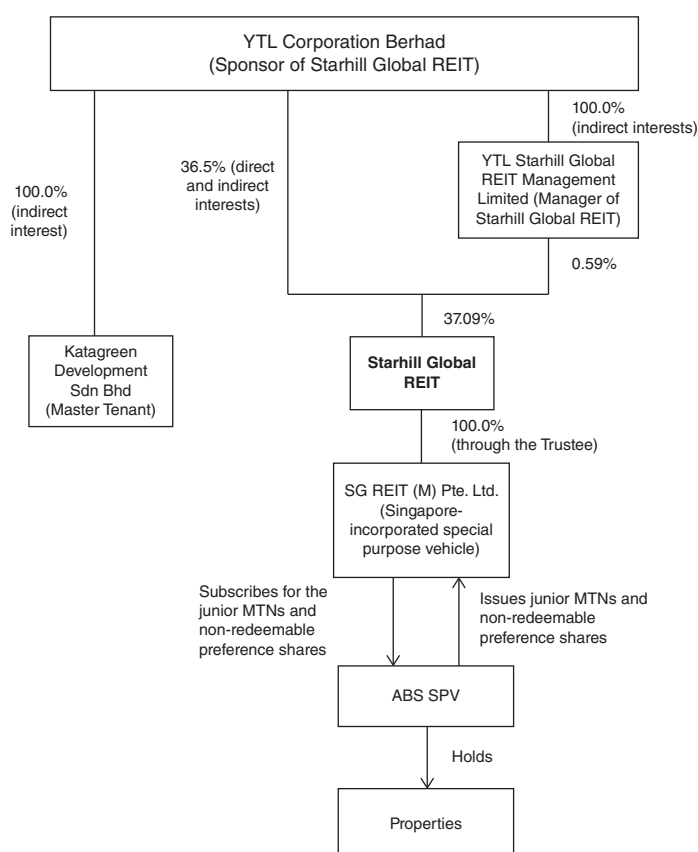
2 "**Controlling Shareholder**" means a person who:

- (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or
- (b) in fact exercises control over a company.

3 "**Interested Person**" means:

- (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of Starhill Global REIT; or
- (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of Starhill Global REIT.

Please see below the structure chart setting out the relationship between the Sponsor, the Manager, Starhill Global REIT, the ABS SPV and the Master Tenant:



Given that the value of the Proposed Transaction, comprising the total amount of rent payable under the New Master Tenancy Agreements (including the rent payable for the optional Third Lot 10 Term) and the Asset Enhancement Cost, of S\$526.8 million is approximately 26.5% of the NTA of Starhill Global REIT as at 30 June 2018, the value of the transaction will exceed (i) 5.0% of Starhill Global REIT's latest audited NTA. As such, the Proposed Transaction which constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual shall require Unitholders' approval. In compliance with Rule 906(1)(a) of the Listing Manual, the Manager is therefore seeking Unitholders' approval for the Proposed Transaction. For the avoidance of doubt, Unitholders should note that by approving the Proposed Transaction, they are also deemed to have approved the optional Third Lot 10 Term under the New Lot 10 Master Tenancy Agreement.

Should such approval be obtained, the Proposed Transaction shall not be subject to aggregation or further Unitholders' approval requirements under Rules 905 and 906 of the Listing Manual to the extent that there are no subsequent changes to the terms, rental, rates and/or basis of the fees charged thereunder which will adversely affect Starhill Global REIT. Notwithstanding the foregoing, in the event that the terms of the renegotiated master tenancy agreement and/or the renegotiated Asset Enhancement Cost is materially different from the terms of the New Starhill Master Tenancy Agreement, the Manager will again seek approval from Unitholders for the entry into the renegotiated master tenancy agreement and/or the renegotiated Asset Enhancement Cost.

2.9 Existing Interested Person Transactions

Prior to the Latest Practicable Date, Starhill Global REIT had entered into several interested person transactions with associates of the Sponsor during the course of the current financial year (the “**Existing Interested Person Transactions**”). The aggregate value of the Existing Interested Person Transactions amounts to approximately S\$2.3 million, which comprises 0.11% of the audited NTA of Starhill Global REIT as at 30 June 2018.

Details of the Existing Interested Person Transactions, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual, may be found in **Appendix E** of this Circular.

2.10 Interests of Directors and Substantial Unitholders

2.10.1 Interests of the Directors of the Manager

As at the Latest Practicable Date, the details of the unitholdings of the Directors are as follows:

Name of Director	Direct Interest		Deemed Interest		Total no. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping	—	—	—	—	—	—
Mr Ho Sing	150,000	0.007	54,000 ⁽²⁾	0.002	204,000	0.009
Dato’ Yeoh Seok Kian	—	—	—	—	—	—
Mr Tan Bong Lin	—	—	—	—	—	—
Mr Ching Yew Chye	—	—	—	—	—	—
Mr Tan Woon Hum	—	—	—	—	—	—

Notes:

(1) The percentage interest is based on total issued Units of 2,181,204,435 as at the Latest Practicable Date.

(2) Mr Ho Sing is deemed interested in the 54,000 Units held by his spouse, Ms Tay Soo Sien.

As at the Latest Practicable Date, Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping and Dato’ Yeoh Seok Kian are (i) non-executive Directors of the Manager; (ii) executive directors of the Sponsor; (iii) beneficiaries under a family trust which owns an indirect controlling interest in the Sponsor (held on trust by its trustee, Yeoh Tiong Lay & Sons Trust Company Limited); and (iv) direct shareholders of the Sponsor. Save as disclosed above and based on information available to the Manager, none of the Directors has an interest, direct or indirect, in the Proposed Transaction.

2.10.2 Interests of the Substantial Unitholders

Based on the Register of Substantial Unitholders as at the Latest Practicable Date, the details of the unitholdings of the Substantial Unitholders are as follows:

Name	Direct interest		Deemed interest		Total no. of Units	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
YTL Hotels & Properties Sdn Bhd	130,140,379 ⁽²⁾	5.97	–	–	130,140,379	5.97
Starhill Global REIT Investments Limited	539,840,000 ⁽³⁾	24.75	–	–	539,840,000	24.75
YTL Cayman Limited	18,000,000 ⁽⁴⁾	0.83	552,777,885 ⁽⁵⁾	25.34	570,777,885	26.17
YTL Corporation Berhad	80,054,810 ⁽⁶⁾	3.67	728,904,432 ⁽⁷⁾	33.42	808,959,242	37.09
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	–	–	808,959,242 ⁽⁸⁾	37.09	808,959,242	37.09
Yeoh Tiong Lay & Sons Family Holdings Limited	–	–	808,959,242 ⁽⁸⁾	37.09	808,959,242	37.09
Yeoh Tiong Lay & Sons Trust Company Limited	–	–	808,959,242 ⁽⁸⁾	37.09	808,959,242	37.09
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	–	–	808,959,242 ⁽⁸⁾	37.09	808,959,242	37.09
AIA Singapore Private Limited	161,070,000 ⁽⁹⁾	7.38	–	–	161,070,000	7.38
AIA Company Limited	4,313,400 ⁽¹⁰⁾	0.20	161,070,000 ⁽¹¹⁾	7.38	165,383,400	7.58
AIA Group Limited	–	–	165,383,400 ⁽¹²⁾	7.58	165,383,400	7.58
AIA Investment Management Private Limited	–	–	165,383,400 ⁽¹³⁾	7.58	165,383,400	7.58

Notes:

- (1) The percentage interest is based on total issued Units of 2,181,204,435 as at the Latest Practicable Date.
- (2) This relates to the 130,140,379 Units held through nominee, Raffles Nominees (Pte) Limited.
- (3) This relates to the 539,840,000 Units held through nominee, Raffles Nominees (Pte) Limited.
- (4) This relates to the 18,000,000 Units held through nominee, Raffles Nominees (Pte) Limited.
- (5) Deemed interest in 539,840,000 Units held by Starhill Global REIT Investments Limited (“SGRIL”) and 12,937,885 Units held by YTL Starhill Global REIT Management Limited (“YSGRM”).
- (6) This relates to 80,054,810 Units held through nominee, Raffles Nominees (Pte) Limited.
- (7) Deemed interest in 539,840,000 Units held by SGRIL, 18,000,000 Units held by YTL Cayman Limited, 12,937,885 Units held by YSGRM, 130,140,379 Units held by YTL Hotels & Properties Sdn Bhd (“YTLHP”) and 27,986,168 Units held by Business & Budget Hotels (Penang) Sdn Bhd (“BBHP”).
- (8) Deemed interest in 80,054,810 Units held by YTL Corporation Berhad, 539,840,000 Units held by SGRIL, 18,000,000 Units held by YTL Cayman Limited, 12,937,885 Units held by YSGRM, 130,140,379 Units held by YTLHP and 27,986,168 Units held by BBHP.
- (9) This relates to the 161,070,000 Units held by AIA Singapore Private Limited through Citibank Nominees Singapore Pte Ltd.
- (10) This relates to the 4,313,400 Units held by AIA Company Limited, Brunei Branch through Citibank Nominees Singapore Pte Ltd.

- (11) Deemed interest in 161,070,000 Units held by AIA Singapore Private Limited through Citibank Nominees Singapore Pte Ltd.
- (12) Deemed interest in 161,070,000 Units held by AIA Singapore Private Limited through Citibank Nominees Singapore Pte Ltd, and 4,313,400 Units held by AIA Company Limited, Brunei Branch through Citibank Nominees Singapore Pte Ltd.
- (13) AIA Investment Management Private Limited assumed investment management of the Units for its clients.

As at the Latest Practicable Date, the Sponsor holds an aggregate interest of approximately 37.09% in Starhill Global REIT and is deemed to be a Controlling Unitholder of Starhill Global REIT. Save as disclosed above and based on information available to the Manager, none of the Substantial Unitholders has an interest, direct or indirect, in the Proposed Transaction.

2.11 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in relation to the Proposed Transaction or any other transactions contemplated in relation to the Proposed Transaction.

2.12 PRO FORMA FINANCIAL INFORMATION

2.12.1 Pro Forma Financial Effects of the Proposed Transaction

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Transaction on the distribution per Unit ("**DPU**"), the net asset value ("**NAV**") per Unit and gearing presented below are **strictly for illustrative purposes only** and were prepared based on the FY2017/18 Audited Consolidated Financial Statements, assuming that the Asset Enhancement Works and related expenses would be financed by external borrowings and taking into account the following key assumptions:

- (i) The Approvals were obtained.
- (ii) The Asset Enhancement Works are completed prior to the commencement of Year 3 of the First Starhill Term.
- (iii) Rent Rebate of RM26 million per annum for the New Starhill Master Tenancy Agreement was taken into consideration during the first two years of the First Starhill Term, which is assumed as the period of the Asset Enhancement Works.
- (iv) Singapore dollar borrowings for an equivalent amount of approximately RM193 million was assumed at an interest rate of 3.5% per annum for the financing of the Asset Enhancement Works, capitalised interest costs, estimated professional and other fees and expenses in connection with the Proposed Transaction. The external borrowings were assumed to be progressively drawn down in the first two years and the corresponding borrowing costs were capitalised during the period of the Asset Enhancement Works.

- (v) Approximately 56% and 23% of the Manager's management fees being paid in Units (i) during the period of Asset Enhancement Works and (ii) after the completion of the Asset Enhancement Works respectively, at S\$0.7427 per Unit, determined based on the 10-day volume-weighted average price ("VWAP") of Starhill Global REIT prior to the Latest Practicable Date, so as to demonstrate the Manager's alignment of interest and support to the minority Unitholders by mitigating the disruption and costs resulting from the Asset Enhancement Works and stabilise the DPU as a result of the Proposed Transaction (as compared to the Manager receiving 100.0% of its management fees in cash for FY2017/18).
- (vi) Foreign exchange conversion was based on an exchange rate of RM3.04 to SGD1.00 as at the Latest Practicable Date.

2.12.2 Pro Forma DPU

The table below sets out the pro forma financial effects of the Proposed Transaction on Starhill Global REIT's DPU for FY2017/18, based on Starhill Global REIT's FY2017/18 Audited Consolidated Financial Statements, as if the Proposed Transaction was completed on 1 July 2017.

	Actual FY2017/18 (Before the Proposed Transaction)⁽¹⁾	After the Proposed Transaction and during the Asset Enhancement Works	After the Proposed Transaction and after the completion of the Asset Enhancement Works
Income to be distributed to Unitholders (S\$'000)	99,244	100,026 ⁽²⁾⁽³⁾⁽⁴⁾	100,435 ⁽²⁾⁽⁴⁾
Units in issue ('000)	2,181,204	2,199,153 ⁽⁴⁾	2,206,400 ⁽⁴⁾
DPU (cents)	4.55	4.55	4.55
% change in DPU	–	0.0%	0.0%

Notes:

- (1) Based on the FY2017/18 Audited Consolidated Financial Statements.
- (2) Assumed external borrowings were fully drawn down to finance the Asset Enhancement Works and related expenses, and the corresponding borrowing costs during the period of Asset Enhancement Works were capitalised.
- (3) Taken into account the Rent Rebate of RM26 million per annum for the New Starhill Master Tenancy Agreement during the first two years of the First Starhill Term, which is assumed as the period of the Asset Enhancement Works.
- (4) Assumed approximately 56% and 23% of the Manager's management fees from Starhill Global REIT were paid in Units (i) during the period of Asset Enhancement Works and (ii) after the completion of the Asset Enhancement Works respectively, at S\$0.7427 per Unit, determined based on the 10-day VWAP of Starhill Global REIT prior to the Latest Practicable Date and calculated on a time-weighted basis. For FY2017/18, 100% of the Manager's management fees were collected in cash.

2.12.3 Pro Forma NAV per Unit and Gearing

The table below sets out the pro forma financial effects of the Proposed Transaction on Starhill Global REIT's NAV per Unit and gearing as at 30 June 2018, based on Starhill Global REIT's FY2017/18 Audited Consolidated Financial Statements, as if the Proposed Transaction was completed on 30 June 2018.

	Actual as at 30 June 2018 (Before the Proposed Transaction) ⁽¹⁾	After the Proposed Transaction and upon the completion of the Asset Enhancement Works
NAV (S\$'000)	1,990,296	1,996,669 ⁽²⁾
Units in issue ('000)	2,181,204	2,203,468 ⁽³⁾
NAV per Unit (S\$)	0.91	0.90
% change in NAV	–	-1.1%
Gearing (%)	35.5%	36.7% ⁽²⁾

Notes:

- (1) Based on the FY2017/18 Audited Consolidated Financial Statements.
- (2) Assumed (i) increase in valuations of the Properties which was based on the average market values determined by the Independent Valuers post-entry into the New Master Tenancy Agreements and upon the completion of the Asset Enhancement Works; and (ii) the external borrowings were fully drawn down to finance the Asset Enhancement Works and related expenses, including the corresponding borrowing costs capitalised during the period of Asset Enhancement Works. Please refer to **Appendix B** of this Circular for the property valuation certificates issued by the Independent Valuers.
- (3) Assumed approximately 56% of the Manager's management fees from Starhill Global REIT were paid in Units upon the completion of the Asset Enhancement Works at S\$0.7427 per Unit, determined based on the 10-day VWAP of Starhill Global REIT prior to the Latest Practicable Date.

3. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

The Manager has appointed Deloitte & Touche Corporate Finance Pte Ltd (the “**IFA**”) pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the independent Directors (the “**Independent Directors**”), the Audit Committee and the Trustee in relation to the Proposed Transaction. A copy of the letter from the IFA to the Independent Directors, the Audit Committee and the Trustee (the “**IFA Letter**”), containing its advice in full in relation to the Proposed Transaction, is set out in **Appendix C** of this Circular. Unitholders are advised to read the IFA Letter in its entirety carefully.

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Proposed Transaction is based on normal commercial terms and is not prejudicial to the interests of Starhill Global REIT and its minority Unitholders.

The IFA is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the resolution in connection with the Proposed Transaction to be proposed at the EGM.

4. RECOMMENDATION

The Independent Directors and the Audit Committee of the Manager (comprising Mr Tan Bong Lin, Mr Ching Yew Chye, and Mr Tan Woon Hum) have considered the relevant factors, including:

- (i) the opinion of the IFA that the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of Starhill Global REIT and its minority Unitholders; and
- (ii) the rationale for the Proposed Transaction as set out in Paragraph 2.7 above,

and believe that the Proposed Transaction is based on normal commercial terms and would not be prejudicial to the interests of Starhill Global REIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote in favour of the Ordinary Resolution in relation to the Proposed Transaction.

5. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 16 May 2019 at 11.00 a.m. at Mandarin Ballroom I & II, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 for the purpose of considering and, if thought fit, passing with or without modification, the Ordinary Resolution in the Notice of Extraordinary General Meeting, which is set out on pages F-1 to F-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the Resolution.

Approval by way of an Ordinary Resolution is required in respect of the Resolution.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited (“**CDP**”) as at 72 hours before the EGM.

6. ABSTENTIONS FROM VOTING

6.1 Relationship between the Sponsor and the Manager

As at the Latest Practicable Date, the Manager is an indirect wholly-owned subsidiary of the Sponsor and the Sponsor holds an aggregate interest of approximately 37.09% in Starhill Global REIT and is deemed to be a Controlling Unitholder of Starhill Global REIT.

6.2 Abstention from Voting

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested. The relevant associates of the Sponsor (other than the Manager) which hold Units are YTL Cayman Limited, YTLHP, SGRIL and BBHP.

Given that the Proposed Transaction constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual, the Sponsor and the Manager (i) will abstain, and will procure that their associates will abstain, from voting at the EGM on the Resolution and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to the Resolution unless specific instructions as to voting are given.

7. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of Extraordinary General Meeting and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the unit registrar's registered office of Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623, not later than 14 May 2019 at 11.00 a.m., being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

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

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, Starhill Global REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

9. CONSENTS

Each of the IFA, the QS, the Independent Valuers and the Independent Market Research Consultant has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and respectively the IFA Letter, the QS Report, the property and rental valuation certificates (including the Supplemental Rental Valuation Report) and the Market Study Report, and all references thereto, in the form and context in which they are included in this Circular.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 391B Orchard Road, #21-08 Ngee Ann City Tower B, Singapore 238874 from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (i) the New Master Tenancy Agreements;
- (ii) the QS Report;
- (iii) the rental valuation reports on Starhill Gallery;
- (iv) the rental valuation reports on Lot 10 Property;
- (v) the property valuation reports on Starhill Gallery;
- (vi) the property valuation reports on Lot 10 Property;
- (vii) the Supplemental Rental Valuation Report on Starhill Gallery;
- (viii) the Market Study Report;
- (ix) the FY2017/18 Audited Consolidated Financial Statements; and
- (x) the IFA Letter.

The Trust Deed 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.

Yours faithfully

YTL Starhill Global REIT Management Limited
(as manager of Starhill Global REIT)
(Company Registration No. 200502123C)

Ho Sing
Executive Director and Chief Executive Officer

IMPORTANT NOTICE

This Circular does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of Starhill Global REIT in Singapore or any other jurisdictions. The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, the Trustee, or any of their affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Unitholders have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of Starhill Global REIT is not indicative of the future performance of Starhill Global REIT. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.

This Circular may contain forward-looking statements that involve assumptions, 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 and foreign exchange trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

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

GLOSSARY

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

%	:	Per centum or percentage
ABS SPV	:	Ara Bintang Berhad
Approvals	:	All relevant development, building and regulatory approvals required for the commencement of the Asset Enhancement Works
Asset Enhancement Cost	:	Cost of the Asset Enhancement Works, being RM175 million
Asset Enhancement Works	:	The asset enhancement works for Starhill Gallery, details of which are set out in paragraph 2.6.1 of this Circular
Audit Committee	:	The audit committee of the Manager, comprising Mr Tan Bong Lin, Mr Ching Yew Chye and Mr Tan Woon Hum
BBHP	:	Business & Budget Hotels (Penang) Sdn Bhd
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 25 April 2019
Controlling Shareholder	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or (b) in fact exercises control over a company
Controlling Unitholder	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or (b) in fact exercises control over the property fund
DBKL	:	Dewan Bandaraya Kuala Lumpur
Directors	:	The directors of the Manager
DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be held at Mandarin Ballroom I & II, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on 16 May 2019, at 11.00 a.m., to approve the matters set out in the Notice of Extraordinary General Meeting on pages F-1 and F-2 of this Circular

Existing Interested Person Transactions	:	Interested person transactions with the Sponsor and associates of the Sponsor during the course of Starhill Global REIT's current financial year
Existing Lot 10 Master Tenancy Agreement	:	The existing master tenancy agreement in respect of Lot 10 Property
Existing Master Tenancy Agreements	:	The Existing Starhill Master Tenancy Agreements and the Existing Lot 10 Master Tenancy Agreement
Existing Starhill Master Tenancy Agreements	:	The existing master tenancy agreements in respect of Starhill Gallery
First Lot 10 Term	:	The first term of the New Lot 10 Master Tenancy Agreement for the period from 28 June 2019 to 30 June 2022
First Starhill Term	:	Years 1, 2 and 3 of the Starhill Lease Term
FY2017/18	:	The financial year ended 30 June 2018
FY2017/18 Audited Consolidated Financial Statements	:	The audited consolidated financial statements of Starhill Global REIT for FY2017/18
IFA	:	Deloitte & Touche Corporate Finance Pte Ltd
IFA Letter	:	The letter from the IFA to the Independent Directors and the Trustee containing its advice as set out in Appendix C of this Circular
Independent Directors	:	The independent Directors of the Manager, being Mr Tan Bong Lin, Mr Ching Yew Chye and Mr Tan Woon Hum
Independent Market Research Consultant	:	Nawawi Tie Leung Property Consultants Sdn Bhd
Independent Valuers	:	IVPS Property Consultant Sdn Bhd and Nawawi Tie Leung Property Consultants Sdn Bhd
Initial Rent	:	The initial rent payable under the New Master Tenancy Agreements
Interested Person	:	<p>As stated in the Listing Manual, in the case of a real estate investment trust, has the meaning defined in the Code on Collective Investment Schemes issued by the MAS. Therefore, interested person means:</p> <p>(a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of the property fund; or</p> <p>(b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of the property fund</p>

Interested Person Transaction	:	Means a transaction between an entity at risk and an Interested Person
Interim Period	:	The period between the expiry of the Existing Starhill Master Tenancy Agreements and the commencement of the First Starhill Term
Landlord	:	ABS SPV
Latest Practicable Date	:	15 April 2019, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The listing manual of the SGX-ST
Lot 10 Property	:	137 strata parcels with two accessory parcels of retail, office, storage and other spaces, within a shopping complex known as “Lot 10 Shopping Centre” which consists of an eight-level building with a basement and a lower ground floor, together with a seven-level annex building with a lower ground floor, located at 50 Jalan Sultan Ismail, 50250 Kuala Lumpur
Manager	:	YTL Starhill Global REIT Management Limited, in its capacity as manager of Starhill Global REIT
Market Study Report	:	The market study report issued by the Independent Market Research Consultant dated December 2018
Master Tenant	:	Katagreen Development Sdn Bhd
MAS	:	Monetary Authority of Singapore
NAV	:	Net asset value
New Lot 10 Master Tenancy Agreement	:	The proposed master tenancy agreement in relation to Lot 10 Property
New Master Tenancy Agreements	:	The New Starhill Master Tenancy Agreement and the New Lot 10 Master Tenancy Agreement
New Starhill Master Tenancy Agreement	:	The proposed master tenancy agreement in relation to Starhill Gallery
NLA	:	Net lettable area
NPI	:	Net property income
NTA	:	Net tangible assets
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
Properties	:	Starhill Gallery and Lot 10 Property

Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS in relation to real estate investment trusts
Proposed Transaction	:	The entry into the New Master Tenancy Agreements and the Asset Enhancement Works for Starhill Gallery
QS	:	Arcadis (Malaysia) Sdn Bhd
QS Report	:	The quantity survey report issued by the QS in relation to the Asset Enhancement Works dated February 2019
REIT	:	Real Estate Investment Trust
Rent Rebate	:	Rental rebate of RM26 million per annum for Year 1 and Year 2 of the First Starhill Term
Resolution	:	The Ordinary Resolution to approve the entry into the Proposed Transaction, to be put up for approval at the EGM
RM or Ringgit	:	Malaysian Ringgit, the official currency of Malaysia
S\$ or SGD	:	Singapore Dollar, the official currency of Singapore
Second Lot 10 Term	:	The second term of the New Lot 10 Master Tenancy Agreement for the period from 1 July 2022 to 30 June 2025
Second Starhill Term	:	Year 4, 5 and 6 of the Starhill Lease Term
Senior MTNs	:	The RM330 million senior medium-term notes which were issued by the Landlord to part finance the acquisition of the Properties in 2010, which were last refinanced in 2014
Servicer	:	Just Heritage Sdn Bhd, a wholly-owned subsidiary of the Manager (as the servicer to administer the assets of the ABS SPV or perform such other services on behalf of the ABS SPV)
SGRIL	:	Starhill Global REIT Investments Limited
SGX-ST	:	Singapore Exchange Securities Trading Limited
Sponsor	:	YTL Corporation Berhad
Sponsor Guarantee	:	The guarantee provided by the Sponsor under the New Master Tenancy Agreements to guarantee the Master Tenant's payment obligations therein
sq ft	:	Square feet
Starhill Gallery	:	Starhill Gallery is a seven-storey retail mall located at 181 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia
Starhill Global REIT	:	Starhill Global Real Estate Investment Trust
Starhill Lease Term	:	The term of lease under the New Starhill Master Tenancy Agreement

Substantial Unitholder	:	A Unitholder with an interest in more than 5.0% of all Units in issue
Supplemental Rental Valuation Report	:	The rental valuation report on Starhill Gallery issued by IVPS Property Consultant Sdn Bhd based on the assumptions that (i) no master tenancy agreement has been entered into in relation to Starhill Gallery after the expiry of the Existing Starhill Master Tenancy Agreements; and (ii) no asset enhancement works will be performed on Starhill Gallery
Third Lot 10 Term	:	The optional third term of the New Lot 10 Master Tenancy Agreement for the period from 1 July 2025 to 30 June 2028
Trust Deed	:	The trust deed dated 8 August 2005 entered into between the Trustee and the Manager constituting Starhill Global REIT (as amended, restated or supplemented from time to time)
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Starhill Global REIT
Unit	:	A unit representing an undivided interest in Starhill Global REIT
Unitholders	:	Unitholders of Starhill Global REIT
VWAP	:	Volume-weighted average price
WALE	:	Weighted average lease expiry
YSGRM	:	YTL Starhill Global REIT Management Limited
YTLHP	:	YTL Hotels & Properties Sdn Bhd

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

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

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

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

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Unless otherwise stated in this Circular, where applicable, figures and percentages are rounded to one decimal place.

MASTER LEASE RENTAL VALUATION CERTIFICATES



Alliance Member of CUSHMAN & WAKEFIELD

IVPS PROPERTY CONSULTANT SDN. BHD. (822703-M)

Lot 3-2, Level 3, Wisma WIM,
7 Jalan Abang Haji Openg,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur, Malaysia.

Tel : 603-7728 4117
Fax : 603-7727 1448
Email : valuation@ivpsmalaysia.com
Website : www.ivpsmalaysia.com
www.cushmanwakefield.com

VALUATION CERTIFICATES

1st March 2019

HSBC Institutional Trust Services (Singapore) Limited

(In its capacity as the trustee of Starhill Global Real Estate Investment Trust)
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320

RENTAL VALUATION OF THE FOLLOWING PROPERTIES: -

- I) A SHOPPING CENTRE COMPRISING PART OF A 7-LEVEL BUILDING WITH 5 BASEMENTS AND A 12-LEVEL ANNEX BUILDING WITH 3 BASEMENTS HELD UNDER PARENT LOT NO. 1267 SEKSYEN 67, MASTER TITLE NO. GRN 28678, TOWN AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR ("STARHILL GALLERY") AND
- II) 137 SUBDIVIDED PARCELS TOGETHER WITH TWO ACCESSORY PARCELS OF RETAIL, OFFICE, STORAGE AND OTHER ANCILLARY AREA, WITHIN AN EIGHT-STOREY BUILDING WITH A BASEMENT AND A LOWER GROUND FLOOR, TOGETHER WITH A SEVEN-STOREY ANNEX BUILDING WITH A LOWER GROUND FLOOR, ALL HELD UNDER PART OF PARENT LOT NO. 1247 SEKSYEN 67, TOWN AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR ("LOT 10")

We have been instructed by HSBC Institutional Trust Services (Singapore) Limited (as the trustee of Starhill Global Real Estate Investment Trust), to determine the Gross Market Rental Value based on the master lease basis for master lease renewal purposes as at 1 March 2019, and for the inclusion in a circular to be issued to the unitholders of Starhill Global Real Estate Investment Trust in connection to the proposed master lease renewal for the abovementioned properties. We confirm that we have inspected the properties and conducted relevant enquiries and investigations as we considered necessary for the purposes of providing you with our opinion of the Gross Market Rental Value (based on master lease basis) of the subject properties.

Our valuation is prepared in accordance with the Malaysian Valuation Standards (6th Edition 2019) issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia.

• International Property Consultants • Registered Valuers • Real Estate Agents • Property & Facilities Managers

Johor Branch : Suite 8-01B, 8th Floor, City Plaza, No. 21, Jalan Tebrau, 80300 Johor Bahru, Malaysia.

Tel : 607-338 1077 Fax : 607-338 1078

Melaka Branch : No. 20-1, Jalan KSB12, Taman Kota Syahbandar, 75200 Melaka, Malaysia.

Tel : 606-264 4681 Fax : 606-264 4683

Perak Branch : 38, 1st Floor, Jalan Sultan Abdul Jalil, 30000 Ipoh, Perak, Malaysia.

Tel : 605-242 8899 Fax : 605-254 1889

Board Reg. No. V(1)0044



Our basis of valuation adopted is "Gross Market Rental Value (Master Lease)", which is defined as the estimated amount for which an interest in real property should be leased, on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Our valuation is based on the Comparison Method of Valuation. This method seeks to determine the rental value of the properties by comparing and adopting, as a yardstick, recent passing rental of comparable properties in the locality. Due consideration was given for factors such as location, tenant mix/ performance, size, building condition and occupancy rate. The characteristics, merits and demerits of these properties were analysed and appropriate adjustments were then made to arrive at the rental value of Starhill Gallery and Lot 10. After which, adjustments were made to deduct the operating expenses and tenancy downtime (i.e. void) from the rental value. A master tenant discount ranging from 10% to 20%, depending on the tenure and other relevant factors, was then applied to derive at the net gross market rental for a master lease arrangement. Landlord's obligations on the outgoing expenses were then added back in arriving at the final gross market rental for a master lease.

A copy of the valuation certificate is attached.

This valuation summary is for the use of HSBC Institutional Trust Services (Singapore) Limited as trustee of Starhill Global Real Estate Investment Trust

We hereby certify that our valuers undertaking this valuation is authorized to practice as valuers and have the necessary expertise and experience in valuing similar types of properties.

We confirm that we do not have a pecuniary interest that would conflict with a proper valuation of the subject properties and the valuers undertaking the valuation are authorized to practise as valuers and have the necessary expertise and experience in valuation of such type of properties.

For and on behalf of,
IVPS PROPERTY CONSULTANT SDN BHD

A handwritten signature in black ink, appearing to read 'Ng Yen Yong', written over a horizontal line.

NG YEN YONG, MRISM
REGISTERED VALUER, V-747

I) STARHILL GALLERY

No. 181, Jalan Bukit Bintang, 55100 Kuala Lumpur

Reference No.: V/18/8816(B)/HSBC/CSY

Date of Inspection: 12 December 2018

Legal Description of Master Title:	(i) Geran 28678/M1/B5/2, together with 11 accessory parcels identified as Accessory Parcel Nos. A1 to A6, A10, A12, A13, A14 & A18; and (ii) Additional lettable area of 8,100 sq. feet as per Master Tenancy Agreement dated 4 April 2011 (Master Tenancy II), all located on Lot No. 1267 Seksyen 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur							
Name and Address:	Starhill Gallery, No. 181, Jalan Bukit Bintang, 55100 Kuala Lumpur							
Type of Property:	A shopping centre comprising part of a 7-level building with 5 basements and a 12-level annex building with 3 basements							
Tenure:	Interest in perpetuity (Freehold interest)							
Planning Details:	The subject property is designated for commercial use							
Net Lettable Area:	<table><tr><td>Retail (4 floors)</td><td>199,326 square feet</td></tr><tr><td>Hotel (Top 3 floors, 162 rooms)</td><td>133,963 square feet</td></tr><tr><td>Total NLA</td><td>333,289 square feet</td></tr></table>		Retail (4 floors)	199,326 square feet	Hotel (Top 3 floors, 162 rooms)	133,963 square feet	Total NLA	333,289 square feet
Retail (4 floors)	199,326 square feet							
Hotel (Top 3 floors, 162 rooms)	133,963 square feet							
Total NLA	333,289 square feet							
Basis of Valuation:	ON THE ASSUMPTION THAT THE SUBJECT PROPERTY HAS BEEN FULLY REVAMPED, REFURBISHED AND UPGRADED TO ACCOMMODATE A HIGH-END MALL AND A 162-ROOM 5-STAR HOTEL, WITH A RENEWED MASTER LEASE TERM OF 19.5 YEARS							
Purpose of Valuation:	To determine the gross market rental value (based on master lease basis) of the demised premises for master lease renewal purposes and inclusion of the valuation report in a circular to be issued to unitholders of Starhill Global Real Estate Investment Trust in connection with the proposed master lease renewal							
Valuation Methodologies:	Comparison Method							
Date of Valuation:	1 March 2019							
Gross Annual Market Rental Value (based on master lease basis):	RM51,800,000/- per annum (Ringgit Malaysia: Fifty-One Million and Eight Hundred Thousand Only) IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTION(S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S) THAT IS/ARE NOT YET OR FULLY REALISED							

For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal valuation report.

Thank you.

For and on behalf of
IVPS PROPERTY CONSULTANT SDN BHD



NG YEN YONG, MRISM
REGISTERED VALUER, V-747
YEN/CSY

II) LOT 10

No. 50, Jalan Sultan Ismail, 50250 Kuala Lumpur

Reference No.: V/18/8817(B)/HSBC/AL

Date of Inspection: 12 December 2018

Date of Inspection: 12 December 2018								
Legal Description of Master Title:	137 strata parcels and 2 accessory parcels of retail, office, storage and other ancillary area, all held under Parent Lot No. 1247 Seksyen 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur							
Name and Address:	Lot 10, No. 50, Jalan Sultan Ismail, 50250 Kuala Lumpur							
Type of Property:	137 subdivided parcels together with 2 accessory parcels of retail, office, storage and other ancillary areas within an 8-storey building with a basement and a lower ground floor, together with a 7-storey annex building with a lower ground floor known as Lot 10 Shopping Centre							
Tenure:	99-year leasehold interest expiring on 29 July 2076							
Planning Details:	The subject property is designated for commercial use							
Net Lettable Area:	<table><tr><td>Retail</td><td>222,967 square feet</td></tr><tr><td>Office</td><td>31,196 square feet</td></tr><tr><td>Total NLA</td><td>254,163 square feet</td></tr></table>		Retail	222,967 square feet	Office	31,196 square feet	Total NLA	254,163 square feet
Retail	222,967 square feet							
Office	31,196 square feet							
Total NLA	254,163 square feet							
Purpose of Valuation:	To determine the gross market rental value (based on master lease basis) of the demised premises for master lease renewal purposes and inclusion of the valuation report in a circular to be issued to unitholders of Starhill Global Real Estate Investment Trust in connection with the proposed master lease renewal.							
Valuation Methodologies:	Comparison Method							
Date of Valuation:	1 March 2019							
Gross Annual Market Rental Value (based on master lease basis):	RM33,500,000/- per annum (Ringgit Malaysia: Thirty Three Million And Five Hundred Thousand Only)							

For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal valuation report.

Thank you.

For and on behalf of
IVPS PROPERTY CONSULTANT SDN BHD



NG YEN YONG, MRISM
REGISTERED VALUER, V-747
YEN/AL

Corporate Profile
IVPS Property Consultant Sdn Bhd
(822703-M)

IVPS in Malaysia ("IVPS") was established in 2008 and headquartered in Kuala Lumpur. "IVPS" represents the core value of the company, i.e. **"Integrity, Value, Passion, Solutions"**. Branch offices were opened in Johor Bahru, Melaka and Perak in 2013, 2015 and 2018 respectively. IVPS Malaysia is registered with the Board of Valuers, Appraisers and Estate Agent, Malaysia (under the purview of Ministry of Finance) as a full-serviced property consultancy company with services such as Valuation, Research & Consultancy, Real Estate Agency and Investment as well as Property & Facilities Management.

Since 2008 till today, IVPS has been entrusted and continue as the formal Alliance Member of Cushman & Wakefield in providing transactional, valuation and advisory services to its local and global clients. Our range of services to clients strengthens in 2014 when **Cushman & Wakefield Malaysia Sdn Bhd** is being formed to provide project & facilities management services.

We have valued close to RM18.0 billion worth of properties since 2008 till to-date for various properties with the majority for financing purposes, i.e. for Maybank, OCBC, UOB, Nova Scotia, MBSB, CIMB Bank and Deutsche Bank. For corporate clients, our clientele ranges from Public Listed Companies on the Bursa Malaysia, Singapore Stock Exchange, Hong Kong, Japan, Korea etc within the Asia Pacific. We also serve clients from the State Development Corporations and other Government Agencies, Public Institutions, Multi-National Companies, Private Organizations and Private Individuals in various capacities.

The selected major valuation track records for Shopping Malls, Hotels and Office Buildings in Malaysia conducted by IVPS include: -

Shopping Malls: Setia City Mall, Starling Mall, Kinta Shopping Centre, Johor Premium Outlet

Hotels: Pullman KL, Ascott Kuala Lumpur, Marriott Melaka, Holiday Inn Express KL, Sommerset Ampang, Sommerset Seri Bukit Ceylon, Sommerset Uptown

Office Buildings: Menara Citibank, Menara Shell, Menara Prudential, Central Plaza, Menara Hap Seng, Menara Hap Seng 2, Menara Standard Chartered, Wisma IBI.

VALUATION CERTIFICATES

1 March 2019

YTL Starhill Global REIT Management Limited

(In its capacity as the manager of Starhill Global Real Estate Investment Trust)
391B Orchard Road
#21-08 Ngee Ann City Tower B
Singapore 238874

RENTAL VALUATION OF THE FOLLOWING PROPERTIES: -

- I) PART OF A SEVEN LEVEL BUILDING WITH FIVE BASEMENT AND A 12 LEVEL ANNEX BUILDING WITH THREE BASEMENTS HELD UNDER PARENT LOT NO. 1267, MASTER TITLE NO. GRN 28678, TOWN AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR ("STARHILL GALLERY") AND
- II) 137 SUBDIVIDED PARCELS TOGETHER WITH TWO ACCESSORY PARCELS OF RETAIL, OFFICE, STORAGE AND OTHER SPACES WITHIN AN EIGHT-STOREY BUILDING WITH A BASEMENT AND A LOWER GROUND FLOOR, TOGETHER WITH A SEVEN-STOREY ANNEX BUILDING WITH A LOWER GROUND FLOOR, ALL HELD UNDER PART OF PARENT LOT NO. 1247, TOWN AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR ("LOT 10")

We have been instructed by YTL Starhill Global REIT Management Limited (in its capacity as the manager of Starhill Global Real Estate Investment Trust), to determine the **Gross Market Rental Value (based on a Master Lease Basis)** of the abovementioned properties as at 1 March 2019 for the Proposed Master Lease Renewal and for the inclusion in a Circular to be issued to unitholders of Starhill Global Real Estate Investment Trust purposes. We confirm that we have inspected the properties and conducted relevant enquiries and investigations as we considered necessary for the purposes of providing you with our opinion of the **Gross Market Rental Value (based on a Master Lease Basis)** of the subject properties.

Our valuation is prepared in accordance with the Malaysian Valuation Standards (6th Edition 2019) issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia.

Our basis of valuation adopted is "**Gross Market Rental Value**", which is defined as the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Our valuation is based on the **Comparison Method of Valuation**. This method seeks to determine the Market Rental Value of the properties by comparing and adopting, as a yardstick, recent passing rental of comparable properties in the locality. Due consideration was given for factors such as location, tenant mix / mall performance, size, building condition and occupancy rate. The characteristics, merits and demerits of these properties were analysed and appropriate adjustments were then made to arrive at the rental value of Starhill Gallery and Lot 10. After which, a master tenant discount ranging from 10% to 20%, depending on the tenure and other relevant factors, was then applied to derive at the net gross market rental for a master lease arrangement. Landlord's obligations on the outgoing expenses (i.e. comprising mainly 50% of quit rent and assessment) were then added back in arriving at the final gross market rental for a master lease.

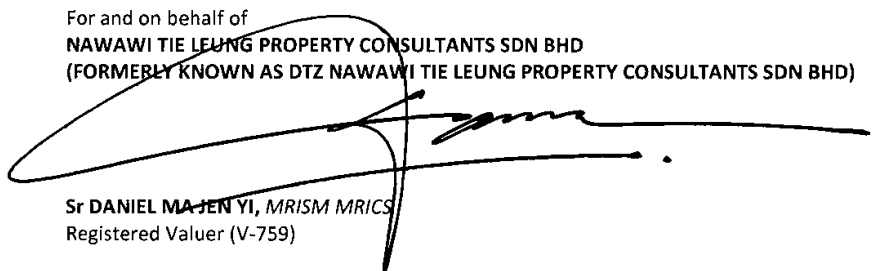
A copy of the valuation certificate is attached.

This valuation summary is for the use of HSBC Institutional Trust Services (Singapore) Limited (in its capacity as the trustee of Starhill Global Real Estate Investment Trust) and YTL Starhill Global REIT Management Limited (in its capacity as the manager of Starhill Global Real Estate Investment Trust).

We hereby certify that our valuers undertaking this valuation is authorized to practise as valuers and have the necessary expertise and experience in valuing similar types of properties.

We confirm that we do not have a pecuniary interest that would conflict with a proper valuation of the subject properties and the valuers undertaking the valuation are authorized to practice as valuers and have the necessary expertise and experience in valuation of such type of properties.

For and on behalf of
NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD
(FORMERLY KNOWN AS DTZ NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD)



Sr DANIEL MA JEN YI, MRISM MRICS
Registered Valuer (V-759)

I) STARHILL GALLERY

STARHILL GALLERY, 181, JALAN BUKIT BINTANG, 55100 KUALA LUMPUR, MALAYSIA

Reference No.: NTL/KL/18/0812(1)/LSF

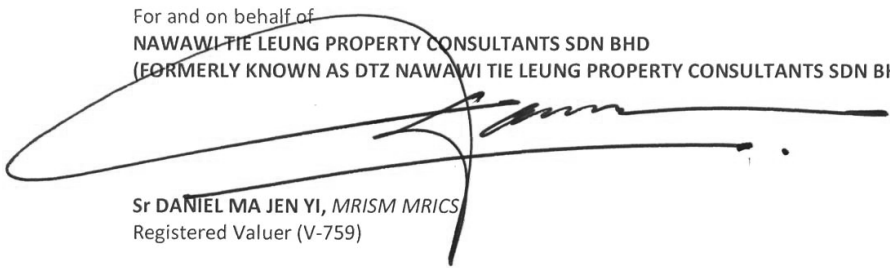
Date of Inspection: 28 February 2019

Legal Description of Master Title:	Geran 28678/M1/B5/2, Parcel No. 2, Storey No. B5, Building No. M1, together with Accessory Parcel No(s). A1, A2, A3, A4, A5, A6, A10, A12, A13, A14 & A18 erected on Parent Lot No. 1267, Seksyen 67, Bandar Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur								
Name and Address:	Starhill Gallery, 181, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia								
Type of Property:	A retail portion of a seven-storey building with five (5) basements and a twelve (12) storey annexed building with three (3) basements								
Tenure:	Freehold								
Planning Details:	The subject property is designated for commercial use.								
Net Lettable Area:	<table border="1"> <thead> <tr> <th>Usage</th><th>NLA (sq ft)</th></tr> </thead> <tbody> <tr> <td>Hotel Component (162 rooms)</td><td>133,963</td></tr> <tr> <td>Retail Component</td><td>199,326</td></tr> <tr> <td>TOTAL</td><td>333,289</td></tr> </tbody> </table>	Usage	NLA (sq ft)	Hotel Component (162 rooms)	133,963	Retail Component	199,326	TOTAL	333,289
Usage	NLA (sq ft)								
Hotel Component (162 rooms)	133,963								
Retail Component	199,326								
TOTAL	333,289								
Basis of Assumption:	On the assumption that the subject property has been fully revamped, refurbished and upgraded to accommodate a high-end mall and a 162-room 5-star hotel, with a renewed master lease term of 19.5 years, and upon the expiry of the master lease term, the subject property shall be fully used as a high-end mall only.								
Purpose of Valuation:	To determine the Gross Market Rental Value (based on a Master Lease Basis) for the Proposed Master Lease Renewal and inclusion in a circular to be issued to unitholders of Starhill Global Real Estate Investment Trust purposes								
Valuation Methodologies:	Comparison Method of Valuation								
Date of Valuation:	1 March 2019								
Gross Annual Market Rental Value (based on master lease basis):	RM51,960,000/- (Ringgit Malaysia Fifty-One Million Nine Hundred and Sixty Thousand Only)								

For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal valuation report.

Thank you.

For and on behalf of
NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD
 (FORMERLY KNOWN AS DTZ NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD)


 Sr **DANIEL MA JEN YI**, MRISM MRICS
 Registered Valuer (V-759)

II) LOT 10 SHOPPING CENTRE

LOT 10 SHOPPING CENTRE, NO.50, JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR, MALAYSIA

Reference No.: NTL/KL/18/0812(2)/LSF

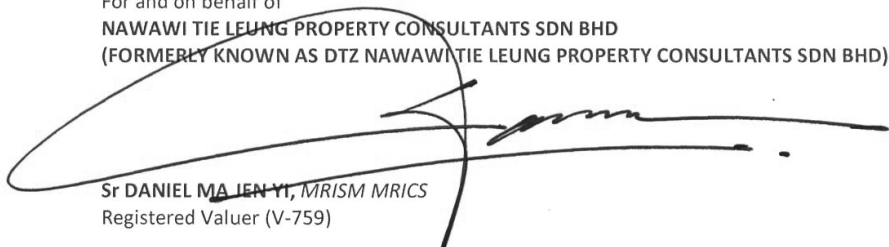
Date of Inspection: 28 February 2019

Legal Description of Master Title:	Pajakan Negeri 11008, Lot 1247, Seksyen 67, Bandar of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur								
Name and Address:	Lot 10 Shopping Centre, No.50, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia								
Type of Property:	A subdivided building comprising an eight-storey commercial building with a basement and a lower ground floor for retail use annexed with a seven-storey (excluding Isetan)								
Tenure:	99-year leasehold interest expiring on 29 July 2076								
Planning Details:	The subject property is designated for commercial use.								
Net Lettable Area:	<table border="1"> <thead> <tr> <th>Usage</th><th>NLA (sq ft)</th></tr> </thead> <tbody> <tr> <td>Retail Component</td><td>222,967</td></tr> <tr> <td>Office Component</td><td>31,196</td></tr> <tr> <td>TOTAL</td><td>254,163</td></tr> </tbody> </table>	Usage	NLA (sq ft)	Retail Component	222,967	Office Component	31,196	TOTAL	254,163
Usage	NLA (sq ft)								
Retail Component	222,967								
Office Component	31,196								
TOTAL	254,163								
Purpose of Valuation:	To determine the Gross Market Rental Value (based on a Master Lease Basis) for the Proposed Master Lease Renewal and inclusion in a circular to be issued to unitholders of Starhill Global Real Estate Investment Trust purposes								
Valuation Methodologies:	Comparison Method of Valuation								
Date of Valuation:	1 March 2019								
Gross Annual Market Rental Value (based on master lease basis):	RM31,860,000/- (Ringgit Malaysia Thirty-One Million Eight Hundred and Sixty Thousand Only)								

For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal valuation report.

Thank you.

For and on behalf of
NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD
 (FORMERLY KNOWN AS DTZ NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD)


 Sr DANIEL MA IEN YI, MRISM MRICS
 Registered Valuer (V-759)

Corporate Profile
Nawawi Tie Leung Property Consultants Sdn Bhd
(579078-V)

Established in 2000, Nawawi Tie Leung (formerly known as DTZ Nawawi Tie Leung), is a prominent property consulting firm in Malaysia with offices in Singapore and Thailand. Our distinctive Asian philosophy based on trust, integrity, collaboration and reciprocity allows us to create value for our clients and stakeholders that exceed their expectations.

Nawawi Tie Leung comprises a competent team of locally registered property advisors and specialists with more than 100 years of combined experience in property consulting.

As a member of Edmund Tie & Company (SEA), we are supported by some 500 experienced professionals across our network. Our expertise cover a comprehensive range of property services including: commercial agency and occupier services, residential agency, retail property services, investment sales, valuations, property management, and research & consulting.

The valuation advisory team at Nawawi Tie Leung is a market leader in the profession. We also sit on the valuation panels of established public agencies, private companies and banks.

We appraise various types of landed and strata properties including residential, industrial, commercial as well as special purpose properties such as hotels, quarries and various property use rights. These valuations are conducted for various purposes such as mortgages, submissions to the Securities Commission, intended purchase/sale and land acquisitions.

The selected major valuation track records for Shopping Malls, Hotels and Office Buildings in Malaysia conducted by Nawawi Tie Leung include: -

Shopping Malls: Suria KLCC Shopping Centre, My Town Shopping Centre, Intermark Mall, AEON Bandar Perda

Hotels: Mandarin Oriental Hotel Kuala Lumpur, Park Royal Hotel KL, Doubletree Hotel, Novotel 1 Borneo, Amari Hotel

Office Buildings: Petronas Twin Towers, Integra Tower, Vista Tower, Standard Chartered Building

SUPPLEMENTAL RENTAL VALUATION CERTIFICATE



Alliance Member of  CUSHMAN & WAKEFIELD

IVPS PROPERTY CONSULTANT SDN. BHD. (822703-M)

Lot 3-2, Level 3, Wisma WIM,
7 Jalan Abang Haji Openg,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur, Malaysia.

Tel : 603-7728 4117
Fax : 603-7727 1448
Email : valuation@ivpsmalaysia.com
Website : www.ivpsmalaysia.com
www.cushmanwakefield.com

VALUATION CERTIFICATE

1st March 2019

HSBC Institutional Trust Services (Singapore) Limited

(In its capacity as the trustee of Starhill Global Real Estate Investment Trust)

21 Collyer Quay
#13-02 HSBC Building
Singapore 049320

RENTAL VALUATION OF THE FOLLOWING PROPERTY: -

A SHOPPING CENTRE COMPRISING PART OF A 7-LEVEL BUILDING WITH 5 BASEMENTS AND A 12-LEVEL ANNEX BUILDING WITH 3 BASEMENTS HELD UNDER PARENT LOT NO. 1267 SEKSYEN 67, MASTER TITLE NO. GRN 28678, TOWN AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR ("STARHILL GALLERY")

We have been instructed by HSBC Institutional Trust Services (Singapore) Limited (as the trustee of Starhill Global Real Estate Investment Trust), to determine the Net Annual Market Rental Value based on open market basis and for the inclusion in a circular to be issued to the unitholders of Starhill Global Real Estate Investment Trust in connection to the proposed master lease renewal for the abovementioned properties. We confirm that we have inspected the property and conducted relevant enquiries and investigations as we considered necessary for the purposes of providing you with our opinion of the Net Annual Market Rental Value (based on open market basis) of the subject property.

Our valuation is prepared in accordance with the Malaysian Valuation Standards (6th Edition 2019) issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia.

Our basis of valuation adopted is "Net Annual Market Rental Value (Open Market basis)", which is defined as the estimated amount for which an interest in real property should be leased and deducting therefore the market outgoings, on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Our valuation is based on the Comparison Method of Valuation. This method seeks to determine the rental value of the property by comparing and adopting, as a yardstick, recent passing rental of comparable properties in the locality. Due consideration was given for factors such as location, tenant mix/ performance, size, building condition and occupancy rate. The characteristics, merits and demerits of these properties were analysed and appropriate adjustments were then made to arrive at the rental value of Starhill Gallery. After which, adjustments were made to deduct the operating expenses and tenancy downtime (i.e. void) from the rental value in arriving at the final net market rental for open market basis.

• International Property Consultants • Registered Valuers • Real Estate Agents • Property & Facilities Managers

Johor Branch : Suite 8-01B, 8th Floor, City Plaza, No. 21, Jalan Tebrau, 80300 Johor Bahru, Malaysia.

Tel : 607-338 1077 Fax : 607-338 1078

Melaka Branch : No. 20-1, Jalan KSB12, Taman Kota Syahbandar, 75200 Melaka, Malaysia.

Tel : 606-264 4681 Fax : 606-264 4683

Perak Branch : 38, 1st Floor, Jalan Sultan Abdul Jalil, 30000 Ipoh, Perak, Malaysia.

Tel : 605-242 8899 Fax : 605-254 1889

Board Reg. No. V(1)0044



A copy of the valuation certificate is attached.

This valuation summary is for the use of HSBC Institutional Trust Services (Singapore) Limited as trustee of Starhill Global Real Estate Investment Trust.

We hereby certify that our valuers undertaking this valuation is authorized to practice as valuers and have the necessary expertise and experience in valuing similar types of properties.

We confirm that we do not have a pecuniary interest that would conflict with a proper valuation of the subject property and the valuers undertaking the valuation are authorized to practise as valuers and have the necessary expertise and experience in valuation of such type of properties.

For and on behalf of,
IVPS PROPERTY CONSULTANT SDN BHD

A handwritten signature in black ink, appearing to read 'Ng Yen Yung', with a horizontal line extending to the right.

NG YEN YUNG, MRISM
REGISTERED VALUER, V-747



STARHILL GALLERY

No. 181, Jalan Bukit Bintang, 55100 Kuala Lumpur

Reference No.: V/18/8816(B)-3/HSBC/CSY

Date of Inspection: 12 December 2018

Legal Description of Master Title:	(i) Geran 28678/M1/B5/2, together with 11 accessory parcels identified as Accessory Parcel Nos. A1 to A6, A10, A12, A13, A14 & A18; and (ii) Additional lettable area of 8,100 sq. feet as per Master Tenancy Agreement dated 4 April 2011 (Master Tenancy II), all located on Lot No. 1267 Seksyen 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
Name and Address:	Starhill Gallery, No. 181, Jalan Bukit Bintang, 55100 Kuala Lumpur
Type of Property:	A shopping centre comprising part of a 7-level building with 5 basements and a 12-level annex building with 3 basements
Tenure:	Interest in perpetuity (Freehold interest)
Planning Details:	The subject property is designated for commercial use
Net Lettable Area:	332,727 square feet
Basis of Valuation:	On "As-Is" basis, a shopping centre comprising part of a 7-level building with 5 basements and a 12-level annex building with 3 basement, on the assumption that: - (i) no master tenancy agreement has been entered into in relation to Starhill Gallery after the expiry of the Existing Starhill Master Tenancy Agreement; and (ii) no asset enhancement works will be performed on Starhill Gallery
Purpose of Valuation:	To determine the net market rental value (based on open market basis) of the demised premises and inclusion of the valuation report in a circular to be issued to unitholders of Starhill Global Real Estate Investment Trust in connection with the proposed master lease renewal
Valuation Methodologies:	Comparison Method
Date of Valuation:	1 March 2019
Net Annual Market Rental Value (based on open market basis):	RM44,000,000/- per annum (Ringgit Malaysia: Forty Four Million Only)

For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal valuation report.

Thank you.

For and on behalf of
IVPS PROPERTY CONSULTANT SDN BHD

NG YEN YONG, MRISM
REGISTERED VALUER, V-747
YEN/CSY

Corporate Profile
IVPS Property Consultant Sdn Bhd
(822703-M)

IVPS in Malaysia ("IVPS") was established in 2008 and headquartered in Kuala Lumpur. "IVPS" represents the core value of the company, i.e. **"Integrity, Value, Passion, Solutions"**. Branch offices were opened in Johor Bahru, Melaka and Perak in 2013, 2015 and 2018 respectively. IVPS Malaysia is registered with the Board of Valuers, Appraisers and Estate Agent, Malaysia (under the purview of Ministry of Finance) as a full-serviced property consultancy company with services such as Valuation, Research & Consultancy, Real Estate Agency and Investment as well as Property & Facilities Management.

Since 2008 till today, IVPS has been entrusted and continue as the formal Alliance Member of Cushman & Wakefield in providing transactional, valuation and advisory services to its local and global clients. Our range of services to clients strengthens in 2014 when **Cushman & Wakefield Malaysia Sdn Bhd** is being formed to provide project & facilities management services.

We have valued close to RM18.0 billion worth of properties since 2008 till to-date for various properties with the majority for financing purposes, i.e. for Maybank, OCBC, UOB, Nova Scotia, MBSB, CIMB Bank and Deutsche Bank. For corporate clients, our clientele ranges from Public Listed Companies on the Bursa Malaysia, Singapore Stock Exchange, Hong Kong, Japan, Korea etc within the Asia Pacific. We also serve clients from the State Development Corporations and other Government Agencies, Public Institutions, Multi-National Companies, Private Organizations and Private Individuals in various capacities.

The selected major valuation track records for Shopping Malls, Hotels and Office Buildings in Malaysia conducted by IVPS include: -

Shopping Malls: Setia City Mall, Starling Mall, Kinta Shopping Centre, Johor Premium Outlet

Hotels: Pullman KL, Ascott Kuala Lumpur, Marriott Melaka, Holiday Inn Express KL, Sommerset Ampang, Sommerset Seri Bukit Ceylon, Sommerset Uptown

Office Buildings: Menara Citibank, Menara Shell, Menara Prudential, Central Plaza, Menara Hap Seng, Menara Hap Seng 2, Menara Standard Chartered, Wisma IBI.

PROPERTY VALUATION CERTIFICATES



Alliance Member of CUSHMAN & WAKEFIELD

IVPS PROPERTY CONSULTANT SDN. BHD. (822703-M)

Lot 3-2, Level 3, Wisma WIM,
7 Jalan Abang Haji Openg,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur, Malaysia.

Tel : 603-7728 4117
Fax : 603-7727 1448
Email : valuation@ivpsmalaysia.com
Website : www.ivpsmalaysia.com
www.cushmanwakefield.com

VALUATION CERTIFICATES

1st March 2019

HSBC Institutional Trust Services (Singapore) Limited

(In its capacity as the trustee of Starhill Global Real Estate Investment Trust)
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320

VALUATION OF THE FOLLOWING PROPERTIES: -

- I) A SHOPPING CENTRE COMPRISING PART OF A 7-LEVEL BUILDING WITH 5 BASEMENTS AND A 12-LEVEL ANNEX BUILDING WITH 3 BASEMENTS HELD UNDER PARENT LOT NO. 1267 SEKSYEN 67, MASTER TITLE NO. GRN 28678, TOWN AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR ("STARHILL GALLERY") AND
- II) 137 SUBDIVIDED PARCELS TOGETHER WITH TWO ACCESSORY PARCELS OF RETAIL, OFFICE, STORAGE AND OTHER ANCILLARY AREA, WITHIN AN EIGHT-STORY BUILDING WITH A BASEMENT AND A LOWER GROUND FLOOR, TOGETHER WITH A SEVEN-STORY ANNEX BUILDING WITH A LOWER GROUND FLOOR, ALL HELD UNDER PART OF PARENT LOT NO. 1247 SEKSYEN 67,, TOWN AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR ("LOT 10")

We have been instructed by HSBC Institutional Trust Services (Singapore) Limited (as the trustee of Starhill Global Real Estate Investment Trust), to determine the property valuation for the proposed master lease renewal as at 1 March 2019, and for the inclusion in a circular to be issued to the unitholders of Starhill Global Real Estate Investment Trust in connection to the proposed master lease renewal for the abovementioned properties. We confirm that we have inspected the subject properties and conducted relevant enquiries and investigations as we considered necessary for the purposes of providing you with our opinion of the Market Value of the subject properties.

Our valuation is prepared in accordance with the Malaysian Valuation Standards (6th Edition 2019) issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia.

• International Property Consultants • Registered Valuers • Real Estate Agents • Property & Facilities Managers

Johor Branch : Suite 8-01B, 8th Floor, City Plaza, No. 21, Jalan Tebrau, 80300 Johor Bahru, Malaysia.

Tel : 607-338 1077 Fax : 607-338 1078

Melaka Branch : No. 20-1, Jalan KSB12, Taman Kota Syahbandar, 75200 Melaka, Malaysia.

Tel : 606-264 4681 Fax : 606-264 4683

Perak Branch : 38, 1st Floor, Jalan Sultan Abdul Jalil, 30000 Ipoh, Perak, Malaysia.

Tel : 605-242 8899 Fax : 605-254 1889

Board Reg. No. V(1)0044



Our basis of valuation adopted is "Market Value", which is defined as "the estimated amount for which an asset and liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion". The Market Value will reflect its highest and best use, which is defined as "the asset is put to a use that maximizes its potential in continuation of its existing use or for some other alternative use assuming that the use is physically possible, legally permissible and financially feasible".

Our valuation is based on Investment Method of Valuation. As a check, we have also adopted the Comparison method. Investment method entails determining the net annual income by deducting the annual outgoings from the gross annual income, and capitalizing the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value. Comparison method entails analysis of rentals of similar properties in the locality and the rental value of the property is arrived at by comparison after making adjustments for differences in location, size, neighborhood and other relevant factors.

A copy of the valuation certificate is attached.

This valuation summary is for the use of HSBC Institutional Trust Services (Singapore) Limited as trustee of Starhill Global Real Estate Investment Trust.

We confirm that we do not have a pecuniary interest that would conflict with a proper valuation of the subject properties and the valuers undertaking the valuation are authorized to practise as valuers and have the necessary expertise and experience in valuation of such type of properties.

For and on behalf of,
IVPS PROPERTY CONSULTANT SDN BHD

A handwritten signature in black ink, appearing to read 'Ng Yen Yong', written over a horizontal line.

NG YEN YONG, MRISM,MRICS
REGISTERED VALUER, V-747

I) STARHILL GALLERY

No. 181, Jalan Bukit Bintang, 55100 Kuala Lumpur

Reference No.: V/18/8816(A)/HSBC/CSY

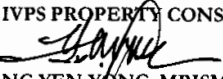
Date of Inspection: 12 December 2018

Legal Description of Master Title:	(i) Geran 28678/M1/B5/2, together with 11 accessory parcels identified as Accessory Parcel Nos. A1 to A6, A10, A12, A13, A14 & A18; and (ii) Additional lettable area of 8,100 sq. feet as per Master Tenancy Agreement dated 4 April 2011 (Master Tenancy II), all located on Lot No. 1267 Seksyen 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	
Name and Address:	Starhill Gallery, No. 181, Jalan Bukit Bintang, 55100 Kuala Lumpur	
Type of Property:	A shopping centre comprising part of a 7-level building with 5 basements and a 12-level annex building with 3 basements	
Tenure:	Interest in perpetuity (Freehold interest)	
Planning Details:	The subject property is designated for commercial use	
Net Lettable Area (During the proposed master lease renewal term):	Retail (4 floors)	199,326 square feet
	Hotel (Top 3 floors, 162 rooms)	133,963 square feet
	Total NLA	333,289 square feet
Net Lettable Area (Based on 100% retail use, upon expiry of renewed master lease):	339,472 square feet	
Basis of Valuation:	ON THE ASSUMPTION THAT THE SUBJECT PROPERTY HAS BEEN FULLY REVAMPED, REFURBISHED AND UPGRADED TO ACCOMMODATE A HIGH-END MALL AND A 162 ROOMS 5-STAR HOTEL, WITH A RENEWED MASTER LEASE TERM OF 19.5 YEARS, AND UPON EXPIRY OF THE MASTER LEASE TERM, THE SUBJECT PROPERTY SHALL BE FULLY USED AS A HIGH-END MALL ONLY	
Purpose of Valuation:	To determine the property valuation for the proposed master lease renewal and inclusion of the valuation report in a circular to be issued to unitholders of Starhill Global Real Estate Investment Trust in connection with the proposed master lease renewal.	
Valuation Methodologies:	Investment Method & Comparison Method	
Date of Valuation:	1 March 2019	
Annual Gross Income: (Master Lease)	RM52,319,364/- (As at 1 March 2019)	
Net Income: (Master Lease)	RM50,739,821/- (As at 1 March 2019)	
Capitalization Rate:	Term Yield: 6.00% Reversionary Yield: 6.50%	
Market Value:	RM840,000,000/- IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTION(S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S) THAT IS/ARE NOT YET OR FULLY REALISED	

For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal valuation report.

Thank you.

IVPS PROPERTY CONSULTANT SDN BHD


NG YEN YONG, MRISM
REGISTERED VALUER, V-747
YEN/CSY

II) LOT 10

No. 50, Jalan Sultan Ismail, 50250 Kuala Lumpur

Reference No.: V/18/8817(A)/HSBC/AL

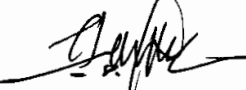
Date of Inspection: 12 December 2018

Legal Description of Master Title:	Parent Lot No. 1247 Seksyen 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	
Name and Address:	Lot 10, No. 50, Jalan Sultan Ismail, 50250 Kuala Lumpur	
Type of Property:	137 subdivided parcels together with 2 accessory parcels of retail, office, storage and other ancillary areas within an 8-storey building with a basement and a lower ground floor, together with a 7-storey annex building with a lower ground floor known as Lot 10 Shopping Centre	
Tenure:	99-year leasehold interest expiring on 29 July 2076	
Planning Details:	The subject property is designated for commercial use	
Net Lettable Area:	Retail	222,967 square feet
	Office	31,196 square feet
	Total	254,163 square feet
Purpose of Valuation:	To determine the property valuation for the proposed master lease renewal and inclusion of the valuation report in a circular to be issued to unitholders of Starhill Global Real Estate Investment Trust in connection with the proposed master lease renewal.	
Valuation Methodologies:	Investment Method & Comparison Method	
Date of Valuation:	1 March 2019	
Annual Gross Income: (Master Lease)	RM32,079,960/- (As at 1 March 2019)	
Annual Net Income: (Master Lease)	RM30,890,477/- (As at 1 March 2019)	
Capitalization Rate:	Term Yield: 6.25% Reversionary Yield: 7.00%	
Market Value:	RM469,000,000/-	

For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal valuation report which will be submitted to you in due course.

Thank you.

For and on behalf of
IVPS PROPERTY CONSULTANT SDN BHD



NG YEN YONG, MRISM
REGISTERED VALUER, V-747
YEN/AL

Corporate Profile
IVPS Property Consultant Sdn Bhd
(822703-M)

IVPS in Malaysia ("IVPS") was established in 2008 and headquartered in Kuala Lumpur. "IVPS" represents the core value of the company, i.e. **"Integrity, Value, Passion, Solutions"**. Branch offices were opened in Johor Bahru, Melaka and Perak in 2013, 2015 and 2018 respectively. IVPS Malaysia is registered with the Board of Valuers, Appraisers and Estate Agent, Malaysia (under the purview of Ministry of Finance) as a full-serviced property consultancy company with services such as Valuation, Research & Consultancy, Real Estate Agency and Investment as well as Property & Facilities Management.

Since 2008 till today, IVPS has been entrusted and continue as the formal Alliance Member of Cushman & Wakefield in providing transactional, valuation and advisory services to its local and global clients. Our range of services to clients strengthens in 2014 when **Cushman & Wakefield Malaysia Sdn Bhd** is being formed to provide project & facilities management services.

We have valued close to RM18.0 billion worth of properties since 2008 till to-date for various properties with the majority for financing purposes, i.e. for Maybank, OCBC, UOB, Nova Scotia, MBSB, CIMB Bank and Deutsche Bank. For corporate clients, our clientele ranges from Public Listed Companies on the Bursa Malaysia, Singapore Stock Exchange, Hong Kong, Japan, Korea etc within the Asia Pacific. We also serve clients from the State Development Corporations and other Government Agencies, Public Institutions, Multi-National Companies, Private Organizations and Private Individuals in various capacities.

The selected major valuation track records for Shopping Malls, Hotels and Office Buildings in Malaysia conducted by IVPS include: -

Shopping Malls: Setia City Mall, Starling Mall, Kinta Shopping Centre, Johor Premium Outlet

Hotels: Pullman KL, Ascott Kuala Lumpur, Marriott Melaka, Holiday Inn Express KL, Sommerset Ampang, Sommerset Seri Bukit Ceylon, Sommerset Uptown

Office Buildings: Menara Citibank, Menara Shell, Menara Prudential, Central Plaza, Menara Hap Seng, Menara Hap Seng 2, Menara Standard Chartered, Wisma IBI.

Nawawi Tie Leung
Property
Consultants Sdn Bhd
(579078-V)
(formerly known as
DTZ Nawawi Tie Leung
Property Consultants Sdn Bhd)
Suite 34.01 Level 34
Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur
Malaysia

tel. +603 2161 7228
fax. +603 2161 1633
www.ntl.my



VALUATION CERTIFICATES

1 March 2019

YTL Starhill Global REIT Management Limited

(In its capacity as the manager of Starhill Global Real Estate Investment Trust)
391B Orchard Road
#21-08 Ngee Ann City Tower B
Singapore 238874

VALUATION OF THE FOLLOWING PROPERTIES: -

- I) PART OF A SEVEN LEVEL BUILDING WITH FIVE BASEMENT AND A 12 LEVEL ANNEX BUILDING WITH THREE BASEMENTS HELD UNDER PARENT LOT NO. 1267, MASTER TITLE NO. GRN 28678, TOWN AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR ("STARHILL GALLERY") AND
- II) 137 SUBDIVIDED PARCELS TOGETHER WITH TWO ACCESSORY PARCELS OF RETAIL, OFFICE, STORAGE AND OTHER SPACES WITHIN AN EIGHT-STOREY BUILDING WITH A BASEMENT AND A LOWER GROUND FLOOR, TOGETHER WITH A SEVEN-STOREY ANNEX BUILDING WITH A LOWER GROUND FLOOR, ALL HELD UNDER PART OF PARENT LOT NO. 1247, TOWN AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR ("LOT 10")

We have been instructed by YTL Starhill Global REIT Management Limited (in its capacity as the manager of Starhill Global Real Estate Investment Trust), to determine the **Market Value** of the abovementioned properties as at 1 March 2019 for the Proposed Master Lease Renewal and for the inclusion in a Circular to be issued to unitholders of Starhill Global Real Estate Investment Trust purposes. We confirm that we have inspected the subject properties and conducted relevant enquiries and investigations as we considered necessary for the purposes of providing you with our opinion of the **Market Value** of the subject properties.

Our valuation is prepared in accordance with the Malaysian Valuation Standards (6th Edition 2019) issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia.

Our basis of valuation adopted is "**Market Value**", which is defined as "the estimated amount for which an asset and liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion". The Market Value will reflect its highest and best use, which is defined as "the asset is put to a use that maximizes its potential in continuation of its existing use or for some other alternative use assuming that the use is physically possible, legally permissible and financially feasible".

Our valuation is based on the **Investment Method of Valuation**, which entails determining the net annual income by deducting the annual outgoings from the gross annual income, and capitalizing the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

A copy of the valuation certificate is attached.

This valuation summary is for the use of HSBC Institutional Trust Services (Singapore) Limited (in its capacity as the trustee of Starhill Global Real Estate Investment Trust) and YTL Starhill Global REIT Management Limited (in its capacity as the manager of Starhill Global Real Estate Investment Trust).

We confirm that we do not have a pecuniary interest that would conflict with a proper valuation of the subject properties and the valuers undertaking the valuation are authorized to practise as valuers and have the necessary expertise and experience in valuation of such type of properties.

For and on behalf of,
NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD
(FORMERLY KNOWN AS DTZ NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD)

Sr DANIEL MA JEN YI, MR/ISA MRICS
Registered Valuer (V-759)

I) STARHILL GALLERY

STARHILL GALLERY, 181, JALAN BUKIT BINTANG, 55100 KUALA LUMPUR, MALAYSIA

Reference No.: NTL/KL/18/0812(1)/LSF

Date of Inspection: 28 February 2019

Legal Description of Strata Title:	Geran 28678/M1/B5/2, Parcel No. 2, Storey No. B5, Building No. M1, together with Accessory Parcel No(s). A1, A2, A3, A4, A5, A6, A10, A12, A13, A14 & A18 erected on Parent Lot No. 1267, Seksyen 67, Bandar Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur									
Name and Address:	Starhill Gallery, 181, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia									
Type of Property:	A retail portion of a seven-storey building with five (5) basements and a twelve (12) storey annexed building with three (3) basements									
Tenure:	Freehold									
Planning Details:	The subject property is designated for commercial use.									
Net Lettable Area (During the proposed master lease renewal term):	<table><tr><th>Usage</th><th>NLA (sq ft)</th></tr><tr><td>Hotel Component (162 rooms)</td><td>133,963</td></tr><tr><td>Retail Component</td><td>199,326</td></tr><tr><td>TOTAL</td><td>333,289</td></tr></table>		Usage	NLA (sq ft)	Hotel Component (162 rooms)	133,963	Retail Component	199,326	TOTAL	333,289
Usage	NLA (sq ft)									
Hotel Component (162 rooms)	133,963									
Retail Component	199,326									
TOTAL	333,289									
Net Lettable Area (Based on 100% retail use, upon expiry of renewed master lease):	339,472 sq ft									
Basis of Assumption:	On the assumption that the enhancement works for asset redevelopment has been completed and fit for occupation, free from encumbrances and subject to the renewed master lease for a period of nineteen-and-half (19.5) years expiring on 31 December 2038, and on the basis of full reinstatement as retail use upon the expiry of the master lease term as at 1 March 2019									
Purpose of Valuation:	To determine the Market Value for the Proposed Master Lease Renewal and inclusion in a circular to be issued to unitholders of Starhill Global Real Estate Investment Trust purposes									
Valuation Methodologies:	Investment Method of Valuation									
Date of Valuation:	1 March 2019									
Estimated Gross Income:	Approximately RM52,319,364/- (based on current gross rental income as at 1 March 2019)									
Estimated Net Income:	Approximately RM50,739,821/- (based on current net rental income as at 1 March 2019)									
Capitalization Rate:	6.00% for term period and 6.50% for reversionary period respectively									
Market Value:	RM828,000,000/- (Ringgit Malaysia Eight Hundred And Twenty Eight Million Only)									

For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal valuation report.

Thank you.

For and on behalf of

NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD
(FORMERLY KNOWN AS DTZ NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD)

Sr DANIEL MA JEN YI, MRISMA MRICS
Registered Valuer (V-759)

II) LOT 10 SHOPPING CENTRE

LOT 10 SHOPPING CENTRE, NO.50, JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR, MALAYSIA

Reference No.: NTL/KL/18/0812(2)/LSF

Date of Inspection: 28 February 2019

Legal Description of Master Title:	Pajakan Negeri 11008, Lot 1247, Seksyen 67, Bandar of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur								
Name and Address:	Lot 10 Shopping Centre, No.50, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia								
Type of Property:	A subdivided building comprising an eight-storey commercial building with a basement and a lower ground floor for retail use annexed with a seven-storey (excluding Isetan)								
Tenure:	99-year leasehold interest expiring on 29 July 2076								
Planning Details:	The subject property is designated for commercial use.								
Net Lettable Area:	<table border="1"> <thead> <tr> <th>Usage</th><th>NLA (sq ft)</th></tr> </thead> <tbody> <tr> <td>Retail Component</td><td>222,967</td></tr> <tr> <td>Office Component</td><td>31,196</td></tr> <tr> <td>TOTAL</td><td>254,163</td></tr> </tbody> </table>	Usage	NLA (sq ft)	Retail Component	222,967	Office Component	31,196	TOTAL	254,163
Usage	NLA (sq ft)								
Retail Component	222,967								
Office Component	31,196								
TOTAL	254,163								
Purpose of Valuation:	To determine the Market Value for the Proposed Master Lease Renewal and inclusion in a circular to be issued to unitholders of Starhill Global Real Estate Investment Trust purposes								
Valuation Methodologies:	Investment Method of Valuation								
Date of Valuation:	1 March 2019								
Estimated Gross Income:	Approximately RM32,079,960/- (based on current gross rental income as at 1 March 2019)								
Estimated Net Income:	Approximately RM30,878,085/- (based on current net rental income as at 1 March 2019)								
Capitalization Rate:	6.25% for term period; 7.00% for retail component and 6.75% for office component during reversionary period respectively								
Market Value:	RM462,000,000/- (Ringgit Malaysia Four Hundred and Sixty Two Million Only)								

For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal valuation report which will be submitted to you in due course.

Thank you.

For and on behalf of
NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD
 (FORMERLY KNOWN AS DTZ NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD)

Sr **DANIEL MA JEN YI, MRISM MRICS**
 Registered Valuer (V-759)

Corporate Profile
Nawawi Tie Leung Property Consultants Sdn Bhd
(579078-V)

Established in 2000, Nawawi Tie Leung (formerly known as DTZ Nawawi Tie Leung), is a prominent property consulting firm in Malaysia with offices in Singapore and Thailand. Our distinctive Asian philosophy based on trust, integrity, collaboration and reciprocity allows us to create value for our clients and stakeholders that exceed their expectations.

Nawawi Tie Leung comprises a competent team of locally registered property advisors and specialists with more than 100 years of combined experience in property consulting.

As a member of Edmund Tie & Company (SEA), we are supported by some 500 experienced professionals across our network. Our expertise cover a comprehensive range of property services including: commercial agency and occupier services, residential agency, retail property services, investment sales, valuations, property management, and research & consulting.

The valuation advisory team at Nawawi Tie Leung is a market leader in the profession. We also sit on the valuation panels of established public agencies, private companies and banks.

We appraise various types of landed and strata properties including residential, industrial, commercial as well as special purpose properties such as hotels, quarries and various property use rights. These valuations are conducted for various purposes such as mortgages, submissions to the Securities Commission, intended purchase/sale and land acquisitions.

The selected major valuation track records for Shopping Malls, Hotels and Office Buildings in Malaysia conducted by Nawawi Tie Leung include: -

Shopping Malls: Suria KLCC Shopping Centre, My Town Shopping Centre, Intermark Mall, AEON Bandar Perda

Hotels: Mandarin Oriental Hotel Kuala Lumpur, Park Royal Hotel KL, Doubletree Hotel, Novotel 1 Borneo, Amari Hotel

Office Buildings: Petronas Twin Towers, Integra Tower, Vista Tower, Standard Chartered Building

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INDEPENDENT FINANCIAL ADVISER'S LETTER

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200200144N)

25 April 2019

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

HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of Starhill Global Real Estate Investment Trust) (the "**Trustee**")
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320

Dear Sirs

THE PROPOSED TRANSACTION COMPRISING THE ENTRY INTO NEW MASTER TENANCY AGREEMENTS FOR STARHILL GALLERY AND LOT 10 PROPERTY AND THE ASSET ENHANCEMENT WORKS FOR STARHILL GALLERY

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 25 April 2019 to the unitholders of Starhill Global Real Estate Investment Trust (the "**Circular**").*

1. INTRODUCTION

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 Singapore Exchange Securities Trading Limited (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 ten properties in Singapore, Australia, Malaysia, China and Japan valued at about S\$3,118.3 million as at 30 June 2018.

This letter ("**Letter**") has been prepared for inclusion in the Circular to be issued by the Manager of Starhill Global REIT, in connection with *inter alia* the following:

- (i) Entering into a new master tenancy agreement for Starhill Gallery between the Master Tenant and ABS SPV (the "**New Starhill Master Tenancy Agreement**");
- (ii) Entering into a new master tenancy agreement for Lot 10 Property between the Master Tenant and ABS SPV (the "**New Lot 10 Master Tenancy Agreement**"; together with the New Starhill Master Tenancy Agreement, the "**New Master Tenancy Agreements**"); and
- (iii) Payment for the cost of the Asset Enhancement Works as a condition of the New Starhill Master Tenancy Agreement (the "**Asset Enhancement Works**" or "**AEW**").

Taken collectively, the transactions above are referred to as the **“Proposed Transaction”**.

As at 15 April 2019, the Latest Practicable Date, the Manager has a direct interest in 12,937,885 Units (comprising 0.59% of the total number of issued Units). The Manager is wholly-owned by YTL Starhill Global REIT Management Holdings Pte Ltd, which is in turn an indirect wholly-owned subsidiary of the Sponsor. The Sponsor directly and/or through its subsidiaries and through its interest in the Manager has deemed interests of (i) approximately 37.09% in Starhill Global REIT and (ii) 100% in the Manager, and is therefore regarded as a “Controlling Unitholder” of Starhill Global REIT and a “Controlling Shareholder” of the Manager, respectively, under the Listing Manual. The Master Tenant is an indirect wholly-owned subsidiary of the Sponsor. Accordingly and for the purpose of Chapter 9 of the Listing Manual, the Master Tenant is an Interested Person of Starhill Global REIT.

As such, the New Master Tenancy Agreements will constitute Interested Person Transactions under Chapter 9 of the Listing Manual for which Unitholders’ approval is required. The value of the Proposed Transaction comprising the total amount of rent payable under the New Master Tenancy Agreements and the Asset Enhancement Cost (as defined herein) is S\$526.8 million. This represents approximately 26.5% of the NTA of Starhill Global REIT as at 30 June 2018. The value of the Proposed Transaction will exceed 5.0% of Starhill Global REIT’s latest audited NTA. As such, the Proposed Transaction which constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual shall require Unitholders’ approval. In compliance with the requirements of the Listing Manual, the Manager is seeking Unitholders’ approval for the Proposed Transaction.

We, Deloitte & Touche Corporate Finance Pte Ltd (**“DTCF”**), have been appointed as independent financial adviser (the **“IFA”**) pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Independent Directors of the Manager (the **“Independent Directors”**), the Audit Committee of the Manager (the **“Audit Committee”**) and HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Starhill Global REIT (the **“Trustee”**) on whether the Proposed Transaction is on normal commercial terms and are not prejudicial to the interests of Starhill Global REIT and its minority Unitholders.

This Letter, which sets out our evaluation for the Independent Directors and the Audit Committee and the Trustee in respect of this engagement, is an integral part of the Circular.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion as to whether the Proposed Transaction is on normal commercial terms and are not prejudicial to the interests of Starhill Global REIT and its minority Unitholders.

We were neither a party to the negotiations entered into in relation to the Proposed Transaction nor were we involved in the deliberations leading up to the decision on the part of the Manager to undertake the Proposed Transaction.

We do not, by this Letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Proposed Transaction. All such evaluations, advice, judgements or comments remain the sole responsibility of the management of the Manager and their advisors. We have however drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of Starhill Global REIT. We do not express any view as to the price at which the Units may trade upon completion of the

Proposed Transaction nor on the future value, financial performance or condition of Starhill Global REIT after the Proposed Transaction.

It is also not within our terms of reference to compare the merits of the Proposed Transaction to any alternative arrangements that were or may have been available to Starhill Global REIT. Such comparison and consideration remain the responsibility of the Directors and their advisors.

In the course of our evaluation, we have held discussions with the Manager, the Independent Valuers and the Independent Quantity Surveyor and have considered the information contained in the Circular as well as publicly available information collated by us. Specifically, we have had access to:

- (i) The rental valuation report (the “**IVPS Rental Valuation Report**”) and the property valuation report (the “**IVPS Property Valuation Report**”) for the Properties prepared by IVPS Property Consultant Sdn. Bhd. (“**IVPS**”);
- (ii) The rental valuation report (the “**Nawawi Rental Valuation Report**”) and the property valuation report (the “**Nawawi Property Valuation Report**”) for the Properties prepared by Nawawi Tie Leung Property Consultants Sdn Bhd (“**Nawawi**”); and
- (iii) The total development cost plan of the AEW of Starhill Gallery (the “**QS Report**”) prepared by Arcadis (Malaysia) Sdn Bhd (“**Arcadis**”).

We have relied upon and assumed the accuracy of the relevant information, both written and verbal provided to us by the aforesaid parties and have not independently verified such information, whether written or verbal and accordingly cannot and do not warrant and do not accept any responsibility for the accuracy, completeness and adequacy of such information.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of Starhill Global REIT or the Proposed Transaction.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. Unitholders should take note of any announcements relevant to their considerations of the Transaction which may be released by the Manager after the Latest Practicable Date.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder. As the Unitholders will have different investment objectives, we advise the Independent Directors to recommend that any Unitholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors.

Our opinion in relation to the Transaction as set out under paragraph 5 of this Letter should be considered in the context of the entirety of our advice. This Letter is prepared pursuant to Listing Rule 921(4)(a) as well as for the benefit and use by the Trustee, Independent Directors and the Audit Committee of the Manager and will be incorporated as an Appendix to the Circular. The Manager may not reproduce, disseminate or quote this Letter or any part thereof for any purpose, other than for matters relating to the Proposed Transaction, without our prior written consent in each instance.

3. INFORMATION ON THE PROPOSED TRANSACTION

Details of the terms of the Proposed Transaction are set out in Sections 2.1 to 2.6 of the Manager's Letter to the Unitholders in the Circular. **We recommend that the Independent Directors advise the Unitholders to read this information carefully.** We set out below a summary of the key terms of the New Master Tenancy Agreements, the Asset Enhancement Works and the Sponsor Guarantees.

3.1. The New Master Tenancy Agreements

Starhill Gallery and Lot 10 Property are currently under the third term of their Existing Master Tenancy Agreements with the Master Tenant, both of which commenced on 28 June 2016 and will expire on 27 June 2019.

We note the following as being the principal terms of the New Starhill Gallery Tenancy Agreement:

- (i) The tenancy has a total tenure of 19.5 years and three days ending on 31 December 2038;
- (ii) The agreement incorporates a Rent Rebate of 50% for Years 1 and 2;
- (iii) Each three year period after the First Starhill Term entails a step-up of rent of 4.75%;
- (iv) There are no options granted to either party in the agreement to terminate prior to expiry, other than for failure to obtain approvals for the Asset Enhancement Works by 31 December 2019 or if fees, charges and costs for such approvals exceed the Landlord's estimates; and
- (v) There is an option for the Landlord to require the Master Tenant to reinstate the hotel component back to its original retail use at the end of the tenancy at the Master Tenant's cost.

The Master Tenant has specified that the Asset Enhancement Works must be performed as a condition to entering into the New Starhill Master Tenancy Agreement. If the Proposed Transaction has been approved by Unitholders, the Starhill Lease Term (as defined herein) shall commence on 28 June 2019 (that is, the date immediately after the expiry of the Existing Starhill Master Tenancy Agreements). The First Starhill Term (as defined herein) will commence on 1 July 2019 provided that all relevant development, building and regulatory approvals required for the commencement of the Asset Enhancement Works (“**Approvals**”) have been granted. The rent payable under the New Starhill Master Tenancy Agreement, assuming that the Approvals are obtained by 30 June 2019 and the Asset Enhancement Works are completed prior to the commencement of Year 3 of the First Starhill Term shall be as follows:

Period	Amount of rent payable
Interim Period from 28 June 2019 to 30 June 2019	RM21 million per annum (to be prorated for the relevant period)
Years 1, 2 and 3 (the “ First Starhill Term ”)	RM52 million per annum (the “ Initial Rent ”) subject to a rental rebate of RM26 million per annum (the “ Rent Rebate ”) for Year 1 and 2 of the First Starhill Term
Year 4, 5 and 6 (the “ Second Starhill Term ”)	approximately RM54.5 million per annum
Years 7, 8 and 9	approximately RM57.1 million per annum
Years 10, 11 and 12	approximately RM59.8 million per annum
Years 13, 14 and 15	approximately RM62.6 million per annum
Years 16, 17 and 18	approximately RM65.6 million per annum
Year 19	approximately RM68.7 million per annum
1 July 2038 to 31 December 2038, being the expiry date of the New Starhill Master Tenancy Agreement	approximately RM68.7 million per annum (to be prorated for the relevant period)

If the Proposed Transaction has been approved by Unitholders, the New Lot 10 Master Tenancy Agreement shall take effect on 28 June 2019, immediately upon the expiry of the Existing Lot 10 Master Tenancy Agreement. The first term of the New Lot 10 Master Tenancy Agreement shall be for a period of three years and three days, with an automatic renewal of a second three-year term. Each of the Landlord and the Master Tenant has an option to extend the tenancy for a further period of three years thereafter.

We note the following as the being the principal terms of the New Lot 10 Master Tenancy Agreement:

- (i) The tenancy has a total tenure of nine years and three days ending on 30 June 2028 (assuming that the option to extend the tenancy for the Third Lot 10 Term is exercised by either party);
- (ii) Each three year period after the initial period entails a step-up of rent of 6.0%; and
- (iii) Each of the Landlord and the Master Tenant has an option to extend the tenancy for the Third Lot 10 Term.

The rent payable under the New Lot 10 Master Tenancy Agreement shall be as follows:

Period	Amount of rent payable
First Lot 10 Term	approximately RM33.7 million per annum (to be prorated for the relevant period)
Second Lot 10 Term	approximately RM35.7 million per annum
Third Lot 10 Term (assuming the option to renew is exercised)	approximately RM37.8 million per annum

3.2. The Asset Enhancement Works

Details of the contractual terms of the Asset Enhancement Works are set out in Sections 2.6.2 to 2.6.3 of the Manager's Letter. **We recommend that the Independent Directors advise the Unitholders to read this information carefully.** We summarise the key points below.

The AEW is to be undertaken by the Master Tenant. The Master Tenant shall appoint Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd, or such other contractor to carry out the AEW.

The AEW is to be undertaken at a cost of RM175 million, which shall be borne by the Landlord. The costs in respect of the AEW shall be capped at RM175 million in all circumstances other than where the Master Tenant and/or its appointed contractors are affected by force majeure or terms are imposed by authorities or changes are required in order to secure development, building and regulatory approvals. Should such terms be imposed or change be necessary, the Manager and the Master Tenant will renegotiate the cost of the AEW in light of the changes required. In addition, all fees, charges and costs for securing the approvals shall be borne by the Landlord.

The AEW are expected to be completed prior to the commencement of Year 3 of the First Starhill Term. The Unitholders should note that where there are delays in obtaining approvals for the AEW the period to which the reduced rent payable (in terms of the Rent for the Interim Period) shall be extended by a corresponding period. Delay in completion of the AEW will extend the period for the application of the Rent Rebate only if such delay is due to force majeure or other events which are beyond the reasonable control of the Master Tenant and/or its appointed contractor. The Landlord shall not be responsible for any cost overrun over and above RM175 million. However, the Master Tenant shall be entitled to claim for reasonable costs and expenses incurred by the Master Tenant and/or the Master Tenant's Contractors arising from any event of force majeure subject to the prior written approval of the Landlord which approval shall not be unreasonably withheld. The Master Tenant will use its reasonable endeavours to mitigate the impact of any event of force majeure with a view of minimizing such costs and expenses.

3.3. The Sponsor Guarantees

Under the terms of the New Master Tenancy Agreements, the Sponsor will guarantee the payment obligations of the Master Tenant, similar to the Existing Master Tenancy Agreements.

We note specifically that the quantum guaranteed by the Sponsor shall include all payment of rent and other amounts payable under the New Master Tenancy Agreements during the Lease Term. Further we note that the Sponsor Guarantees are unconditional and irrevocable, covering all of the Master Tenant's payment obligations under the New Master Tenancy Agreements.

Additionally, the Sponsor shall pay on demand on a full indemnity basis all reasonable and documented costs and expenses (including legal fees on a solicitor and client basis) incurred by the Landlord in protecting or enforcing any rights under the corporate guarantees set out in the New Master Tenancy Agreements.

4. INFORMATION ON THE INDEPENDENT EXPERT REPORTS

Copies of the short form of the Rental Valuation Reports, the Property Valuation Reports and the Cost Plan are set out in Appendices A, B and D of the Circular. **We recommend that the Independent Directors advise the Unitholders read this information carefully.**

We set out below a summary of the role, scope, basis and summary findings of the Rental Valuation Reports, Property Valuation Reports and Cost Plan.

4.1. The IVPS Rental Valuation Report and Property Valuation Reports

IVPS was appointed to deliver Rental Valuation Reports and Property Valuation Reports for both Starhill Gallery and Lot 10 Property. These reports were completed using 1 March 2019 as the relevant date and have been compiled in compliance with Malaysian Valuation Standards (6th Edition 2019) issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia.

The Rental Valuation Reports have been prepared on the basis of Gross Market Rental Value. For Starhill Gallery, the opinions given assume completion of the AEW¹ while for Lot 10 Property it assumes existing condition. For both properties, the appraised rental value is based on a master tenancy agreement and other standard tenancy terms and conditions. IVPS arrived at their appraised values using the Comparison Method Approach. This method seeks to determine the rental value of the properties by comparing recent passing gross rentals of comparable properties in the locality and adjusting those rentals for a range of factors (including, but not limited to, tenancy downtime, a master tenant discount and the Landlord's obligations on the outgoing expenses) to arrive at the final gross market rental under a master tenancy.

The Property Valuation Reports have been prepared on the basis of Market Value. This is defined as the estimated amount for which the asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion. It reflects the asset's highest and best use, which is defined as "the asset is put to a use that maximises its potential in continuation of its existing use or for some other alternative use assuming that the use is physically possible, legally permissible and financially feasible". This is determined by what a typical market participant would have in mind for the asset when formulating the price that it would be willing to transact at. For Starhill Gallery, the appraised value assumes completion of the AEW and the property is under the New Starhill Master Tenancy Agreement. For Lot 10 Property, the appraised value assumes an "as is, where is" basis and the property is under the New Lot 10 Master Tenancy Agreement.

IVPS arrived at their appraised property values using the Investment Method Approach. This method entails determining the annual income by deducting the annual outgoings from the gross annual income and capitalizing net income using a suitable rate of return consistent with the type and quality of investment to arrive at the market value. The Comparison Method was used as a counter-check to the Investment Method.

¹ That is on the assumption that the subject property has been fully revamped, refurbished and upgraded to accommodate a high-end mall and a 162 rooms 5-star hotel (with a renewed MTA term of 19.5 years, and upon expiry of the MTA, the subject property shall be fully reinstated as a high-end mall only, with the reinstatement cost incurred to be borne by the Master Tenant).

Property Name	Annual Market Rental Value	Market Value
Starhill Gallery	RM51,800,000	RM840,000,000
Lot 10 Property	RM33,500,000	RM469,000,000

4.2. The Nawawi Rental Valuation Reports and Property Valuation Reports

Nawawi Tie Leung was appointed to prepare Rental Valuation Reports and Property Valuation Reports for both Starhill Gallery and Lot 10 Property. These reports were completed using 1 March 2019 as the relevant date and have been compiled in compliance with Malaysian Valuation Standards (6th Edition 2019) issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia.

The Rental Valuation Reports are based upon Market Rental Value for the freehold interest in Starhill Gallery assuming completion of the AEW and for the leasehold interest in Lot 10 Property in its existing condition. For both properties, the appraised rental value is based upon a master tenancy agreement and other standard tenancy terms and conditions. Nawawi arrived at their appraised values using the Comparison Method Approach. This method seeks to determine the rental value of the properties by comparing recent passing net property income of comparable properties in the locality. Consideration was given to a range of factors in adjusting net property income including, but not limited to, tenancy downtime, a master tenant discount and the Landlord's obligations on the outgoing expenses.

For Starhill Gallery, the Property Valuation Report is based upon the Market Value of the freehold interest in the subject property on the assumption that the AEW have been completed and is fit for occupation, free from encumbrances and is subject to the New Starhill Master Tenancy Agreement. For Lot 10 Property, the Property Valuation Report is based upon the Market Value of the leasehold interest in the subject property, free from encumbrances and subject to the New Lot 10 Master Tenancy Agreement.

Market Value is defined as the estimated amount for which the an asset and liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. It will reflect its highest and best use, which is defined as "the asset is put to a use that maximises its potential in continuation of its existing use or for some other alternative use assuming that the use is physically possible, legally permissible and financially feasible". This is determined by what a typical market participant would have in mind for the asset when formulating the price that it would be willing to bid at.

Nawawi Tie Leung has arrived at their appraised values using the Investment Method Approach.

Property Name	Annual Market Rental Value	Market Value
Starhill Gallery	RM51,960,000	RM828,000,000
Lot 10 Property	RM31,860,000	RM462,000,000

4.3. The Cost Plan Report

Arcadis was appointed by the Manager to prepare a cost report for the hotel and retail redevelopment of Starhill Gallery and to opine as to whether the cost of the AEW is fair and reasonable and within normal commercial terms for market cost. The QS Report estimate was completed using a relevant date of 30 January 2019 and was used by the Manager as a basis of assessment of the cost of the AEW to be borne by the Landlord. The QS Report was estimated based upon preliminary information and layout plans received from the Manager and assumes a construction period of 23 months commencing on 1 July 2019 and completing on 31 May 2021. Arcadis has arrived at their appraised values for each working cost using external quotations and benchmarking against past similar projects.

Property segment	AEW Cost	QS Estimates
Hotel	RM76,683,000	RM81,789,000
Retail	RM98,317,000	RM95,526,000
Total	RM175,000,000	RM177,315,000

Arcadis has concluded that based on their methodology and the appraised value, the cost of the AEW is fair and reasonable and within normal commercial terms for market cost.

5. EVALUATION OF THE NEW MASTER TENANCY AGREEMENTS

In our evaluation of the New Master Tenancy Agreements, we have given due consideration to, *inter alia*, the following factors:

- (i) Rationale for and the benefits of the New Master Tenancy Agreements;
- (ii) Rental rates compared to the appraisal by the Independent Valuers;
- (iii) Comparison of the Existing and New Master Tenancy Agreements;
- (iv) Comparison of rental rates with selected retail, hospitality and office properties;
- (v) Pro forma financial effects of the New Master Tenancy Agreements; and
- (vi) Certain other considerations.

5.1. Rationale for the Master Tenancy Agreements

The Manager's rationale for the new Master Tenancy Agreements is set out in Section 2.7 of the Manager's Letter to the Unitholders contained in the Circular. **We recommend that the Independent Directors advise the Unitholders to read this information carefully.**

We highlight to Unitholders the following points as to the strategic rationale to enter into the Proposed Transaction:

1. The Proposed Transaction will bring further certainty of income to Starhill Global REIT.

Starhill Gallery and Lot 10 Property are key assets in the Starhill Global REIT portfolio, representing 11.8% of total asset value as at 30 June 2018 and approximately 16.6% of the total NPI for the financial year ended 30 June 2018.

Additionally, the payment obligations of the Master Tenant under the New Master Tenancy Agreements are guaranteed by the Sponsor which has a credit rating of AA1/Stable by RAM Rating Services Berhad, thereby reducing tenant credit risk.

2. The New Master Tenancy Agreements have periodic built-in rent step-ups, thereby securing yields at certain levels for the term of the leases. The initial annual rents under the New Master Tenancy Agreements following the completion of the Asset Enhancement Works represent an increase of 1.5% or RM1.3 million compared to the expiring rents under the Existing Master Tenancy Agreements.

The New Starhill Master Tenancy Agreement provides certainty of cashflows for the next 19.5 years with 4.75% rent step-ups every three years from the fourth year onwards. The New Lot 10 Master Tenancy Agreement provides certainty of cashflows for the next 9 years (assuming option to renew has been exercised) with 6.0% rent step-ups every three years from the fourth year onwards.

3. The long tenure of the New Master Tenancy Agreements will provide income stability for Starhill Global REIT over a long period of time.

The New Master Tenancy Agreements enables Starhill Global REIT to maintain its balanced portfolio of long term and short term leases.

Upon the commencement of the New Master Tenancy Agreements, the weighted average lease expiry (“**WALE**”) of the portfolio by NLA and gross rent are expected to increase from 5.7 years and 4.2 years as at 31 December 2018, to 9.8 years and 6.4 years respectively.

4. The Proposed Transaction facilitates the re-development of Starhill Gallery at a time when competition in mid-to-high-end retail in Kuala Lumpur is likely to intensify.

The nature of the arrangement for the AEW means that Unitholders will not be exposed to the risks associated with cost and time overruns, other than in certain prescribed circumstances as outlined in Sections 2.4 to 2.6 of the Circular.

We note also that Starhill Global REIT has an option to require the Master Tenant to reinstate the hospitality component into retail use at the end of lease, at the Master Tenant’s cost.

5. The enhancement of Starhill Gallery permits Starhill Global REIT to deploy incremental capital into an existing high quality asset, with certainty of return provided by the Master Tenancy Agreement structure.

5.2. Rental rates compared to the appraisal by the Independent Valuers

The valuation certificates of the Independent Valuers are attached in Appendices A and B of the Circular. The approaches and methods employed by the Independent Valuers in the completion of their roles are outlined in paragraph 4 of this Letter.

The appraised values ascribed by the Independent Valuers in respect of Starhill Gallery and Lot 10 Property are summarised in the table below:

Property Name	Annual Market Rental Value		Initial Rental per annum of the New Master Tenancy Agreements
	IVPS	Nawawi	
Starhill Gallery	RM51,800,000	RM51,960,000	RM52,000,000 (before reduction for Rent Rebate)
Lot 10 Property	RM33,500,000	RM31,860,000	RM33,683,964

In reviewing the summary above, we note that:

- (i) The opinions of Independent Valuers are given as at 1 March 2019 and so provide support for the rentals of Starhill Gallery and Lot 10 Property in the initial term of the New Master Tenancy Agreements;
- (ii) The Initial Rental of the New Starhill Master Tenancy Agreement is comparable to the Annual Market Rental Value as appraised by both IVPS and Nawawi; and
- (iii) The Initial Rental of the New Lot 10 Master Tenancy Agreement is higher than the Annual Market Rental Value as opined on by both IVPS and Nawawi.

We noted that in arriving at the respective market values, both IVPS and Nawawi adopted the Comparison Method approach in their respective valuations.

IVPS have determined the rental value of the properties by comparing and adopting recent passing gross rentals of comparable properties in the locality. Due consideration was given in selecting comparable properties for factors such as location, tenant mix and performance, size, building condition and occupancy rate. The characteristics, merits and demerits of these properties were analysed and appropriate adjustments were then made to arrive at the market rental value of Starhill Gallery and Lot 10 Property. After which, adjustments were made to deduct the operating expenses and tenancy downtime from the rental value. A master tenant discount ranging from 10% to 15%, depending on the tenure and other relevant factors, was then applied to derive at the market rental value for a master lease arrangement. The Landlord's obligations on outgoing expenses were then added back in arriving at the final gross market rental for a master lease.

We also note that Nawawi have determined the rental value of the properties by comparing and adopting recent passing net property income of comparable properties in the locality. Due consideration was given in selecting comparable properties for factors such as location, tenant mix and performance, size, building condition, tenancy downtime and occupancy rate. The characteristics, merits and demerits of these properties were analysed and appropriate adjustments were then made to arrive at the market rental value of Starhill Gallery and Lot 10 Property. After which a further adjustment was made to account for a master tenant discount ranging from 15% to 20% to arrive at the final net market rental under a master tenancy.

5.3. Comparison of the Existing and New Master Tenancy Agreements

We have reviewed both the Existing Master Tenancy Agreements and the New Master Tenancy Agreements and have interviewed the Manager in respect of both agreements. In evaluating the terms of the New Master Tenancy Agreements, we wish to highlight the following:

- (i) The initial annual rents under the New Master Tenancy Agreements following the completion of the Asset Enhancement Works represent an increase of RM1.3 million (or 1.5%) compared to the expiring rents under the Existing Master Tenancy Agreements¹.
- (ii) The rental escalations per 3 year term for Starhill Gallery has decreased from between 6.7% to 7.1% in the Existing Master Tenancy Agreements to 4.75% in the New Starhill Master Tenancy Agreement.
 - a. We understand that this is due to the longer term of 19.5 years for the New Starhill Master Tenancy Agreement as compared to the 9 year term of the Existing Master Tenancy Agreements;
 - b. We understand also that the Master Tenant must procure and arrange new tenants after the Asset Enhancement Works have been completed, as a significant proportion of Starhill Gallery will not be available for let during the period in which works are being completed;
 - c. It is expected that there will be a significant increase in supply of retail space in the next two or three years in the Bukit Bintang area. This is expected to have an adverse effect on rental rates for properties in the area; and
 - d. The 4.75% increase every three years is broadly in line with the market outlook² of rental increases between 1% to 2% per annum over the next 10 years in the Klang Valley area.
- (iii) The length of the overall tenancy for Starhill Gallery has increased from 9 years under the Existing Master Tenancy Agreements to 19.5 years, *inter alia*, to allow a return of the capital invested in paying for the Asset Enhancement Works.
- (iv) The Rent Rebate in Years 1 and 2 of the New Starhill Master Tenancy Agreement has been set at 50% of the rent payable in those years. We note that the proposed construction schedule for the AEW indicates that:
 - a. In Year 1 of the First Starhill Term, the Net Lettable Area available for rental for Starhill Gallery will be less than 50% of the total of Starhill Gallery due to the AEW; and
 - b. In Year 2, the Net Lettable Area available for rental will be marginally more than 50% of the total of Starhill Gallery due to the AEW.
- (v) The rental escalations per 3 year term for Lot 10 Property has decreased from between 6.7% to 7.1% in the Existing Master Tenancy Agreements to 5.0% to 6.0% in the New Lot 10 Master Tenancy Agreement.
 - a. It is expected that there will be a significant increase in supply of retail space in the next two or three years in the Bukit Bintang area. This is expected to have an adverse effect on rental rates for properties in the area; and

¹ Assuming that all Approvals are obtained by 30 June 2019 and the Asset Enhancement Works are completed prior to the commencement of Year 3 of the First Starhill Term.

² Based on the market study conducted by Nawawi Tie Leung Property Consultant in December 2018.

- b. The 5.0% to 6.0% increase every three years is broadly in line with the market outlook¹ of rental increases of between 1% to 2% per annum over the next 10 years in the Klang Valley area.

With the exception of the terms highlighted in Sections 2.4 to 2.6 of the Circular, there are no other material changes to terms between the Existing Master Tenancy Agreements as was approved by the Unitholders and the New Master Tenancy Agreements.

5.4. Comparison of rental rates with selected retail, hospitality and office properties

We have compared the Initial Rental and/or Net Market Rental Value to other recently committed rental rates in Malaysia of comparable properties. We have selected comparable properties based upon the building size and design, building age, location, accessibility, tenant composition, room mix, market risks, operating history and other relevant criteria. We highlight that there are no properties which may be considered entirely comparable to Starhill Gallery and Lot 10 Property in terms of their land ownership nature, overall size, property composition, geographical location, lease contracting structures, track record, financial performance, operating and financial leverage, risk profile, liquidity, future prospects and other relevant criteria. As a result, any comparisons drawn can serve only as an illustrative guide.

For the above reasons, while the comparable properties taken as a whole may provide a broad and indicative benchmark for assessing the Properties, care has to be taken in the selection and use of any individual data point for comparison purposes.

The following table compares the yield of Starhill Gallery against selected comparable properties for which we were able to source recent, relevant, publicly available information:

Properties	Valuation Date	Valuation (RM mil)	Net Income (RM mil)	Yield
Retail				
Pavilion Mall	31/12/18	4,700	313	6.7%
Sunway Pyramid	30/06/18	3,580	238	6.6%
Mid Valley Megamall	31/12/18	3,665	286	7.8%
The Garden Mall	31/12/18	1,295	100	7.7%
Hospitality				
Sunway Resort Hotel & Spa	30/06/18	530	36	6.7%
Sunway Pyramid Hotel	30/06/18	360	16	4.3%
Starhill Gallery	01/03/19	834 (based on an average of the two valuations conducted)	50.3 (on a Master Tenancy basis)	6.0%

¹ Based on the market study conducted by Nawawi Tie Leung Property Consultant in December 2018.

In reviewing the summary above, we note that:

- (i) Starhill Gallery is held on a freehold basis. The comparable properties cited are held under leasehold titles, with remaining terms of between 78 and 90 years.
- (ii) The valuation for Starhill Gallery shown is the simple average of the valuations prepared by the Independent Valuers.
- (iii) The yield for Starhill Gallery of 6.0% is stated on the basis of a master tenancy agreement. None of the Retail comparable properties have master tenancy agreements.
- (iv) We note that the Independent Valuers have applied discounts to market rentals of 15% to 20% for master tenancy agreements.
- (v) Taking into account the difference in tenancy arrangements as between Starhill Gallery and the comparable properties, the yield implied by the New Starhill Master Tenancy Agreement is broadly in line with the range of yields disclosed for the comparable properties.

The following table compares the yield of Lot 10 Property against selected comparable properties for which we were able to source recent, relevant, publicly available information:

Properties	Valuation Date	Valuation (RM mil)	Net Income (RM mil)	Yield
Retail				
Pavilion Mall	31/12/18	4,700	313	6.7%
Sunway Pyramid	30/06/18	3,580	238	6.6%
Mid Valley Megamall	31/12/18	3,665	286	7.8%
The Garden Mall	31/12/18	1,295	100	7.7%
Office				
Petronas Twin Towers	31/12/18	7,010	422	6.0%
Menara 3 PETRONAS	31/12/18	2,052	88	4.3%
Pavilion Tower-Office	31/12/18	133	8	6.0%
Lot 10 Property	01/03/19	466 (based on an average of the two valuations conducted)	32.5 (on a Master Tenancy basis)	7.0%

In reviewing the summary above, we note that:

- (i) Lot 10 Property is held on a leasehold basis with a remaining term of 57 years. The comparable properties cited are held under freehold (that is, Petronas Twin Towers and Menara 3 PETRONAS) and leasehold titles, with the latter having remaining terms of between 80 and 90 years.

- (ii) The valuation for Lot 10 Property shown is the simple average of the valuations prepared by the Independent Valuers.
- (iii) The yield for Lot 10 Property of 7.0% is stated on the basis of a master tenancy agreement. Of the comparable properties, only Petronas Twin Towers and Menara 3 PETRONAS have similar lease structures. We note that the yield implied by the New Lot 10 Master Tenancy Agreement is higher than the yields disclosed for these two properties.
- (iv) None of the other comparable properties have master tenancy agreements. We note that the Independent Valuers have applied discounts to market rentals of 10% to 15% for master tenancy agreements. Taking into account the difference in tenancy arrangements as between Lot 10 Property and these other comparable properties, the yield implied by the New Lot 10 Master Tenancy Agreement is broadly in line with the range of yields disclosed for the other comparable properties.

5.5. Pro forma financial effects of the Proposed Transaction

The pro forma financial effect of the New Master Tenancy Agreements are set out in Section 2.12 of the Manager's Letter to the Unitholders contained in the Circular.

The pro forma financial effects of the Proposed Transaction on the DPU, the NAV per Unit and gearing presented below are strictly for illustrative purposes only and were prepared based on the FY2017/18 Audited Consolidated Financial Statements, assuming that the Asset Enhancement Works and related expenses would be financed by external borrowings and taking into account the following key assumptions:

- (i) The Approvals have been obtained.
- (ii) The Asset Enhancement Works are completed prior to the commencement of Year 3 of the First Starhill Term.
- (iii) The Rent Rebates of RM26 million per annum for the New Starhill Master Tenancy Agreement have been taken into consideration during the first two years of the First Starhill Term, which is assumed as the period of the Asset Enhancement Works.
- (iv) Singapore dollar borrowings have been used to finance the Asset Enhancement Works, capitalised interest costs, estimated professional and other fees and expenses in connection with the Proposed Transaction. The equivalent of RM193 million has been assumed to be utilised at an interest cost of 3.5% per annum. These borrowings have been assumed to be drawn down progressively in the first two years and the related interest costs have been capitalised during the period of the Asset Enhancement Works.
- (v) Approximately 56% and 23% of the Manager's management fees have been assumed to be paid in Units (i) during the period of Asset Enhancement Works and (ii) after the completion of the Asset Enhancement Works respectively, at S\$0.7427 per Unit, determined based on the 10-day volume-weighted average price ("VWAP") of Starhill Global REIT prior to the Latest Practicable Date. This is to demonstrate the Manager's alignment of interest and support to the minority Unitholders by mitigating the disruption and costs resulting from the Asset Enhancement Works and stabilising the DPU as a result of the Proposed Transaction (as compared to the Manager receiving 100.0% of its management fees in cash for FY2017/18).
- (vi) Foreign exchange conversion has been based upon an exchange rate of RM3.04 to SGD1.00 as at the Latest Practicable Date.

The table below sets out the pro forma financial effects of the Proposed Transaction on Starhill Global REIT's DPU for FY2017/18, based on Starhill Global REIT's FY2017/18 Audited Consolidated Financial Statements, as if the Proposed Transaction was completed on 1 July 2017.

	Actual FY2017/18 (Before the Proposed Transaction)⁽¹⁾	After the Proposed Transaction and during the Asset Enhancement Works	After the Proposed Transaction and after the completion of the Asset Enhancement Works
Income to be distributed to Unitholders (S\$'000)	99,244	100,026 ⁽²⁾⁽³⁾⁽⁴⁾	100,435 ⁽²⁾⁽⁴⁾
Units in issue ('000)	2,181,204	2,199,153 ⁽⁴⁾	2,206,400 ⁽⁴⁾
Distribution per Unit (cents)	4.55 cents	4.55 cents	0.0%

Notes:

- (1) Based on the FY2017/18 Audited Consolidated Financial Statements.
- (2) Assumed external borrowings were fully drawn down to finance the Asset Enhancement Works and related expenses, and the corresponding borrowing costs during the period of Asset Enhancement Works were capitalised.
- (3) Taken into account the Rent Rebate of RM26 million per annum for the New Starhill Master Tenancy Agreement during the first two years of the First Starhill Term, which is assumed as the period of the Asset Enhancement Works.
- (4) Assumed approximately 56% and 23% of the Manager's management fees from Starhill Global REIT were paid in Units (i) during the period of Asset Enhancement Works and (ii) after the completion of the Asset Enhancement Works respectively, at S\$0.7427 per Unit, determined based on the 10-day VWAP of Starhill Global REIT prior to the Latest Practicable Date and calculated on a time-weighted basis. For FY2017/18, 100% of the Manager's management fees were collected in cash.

On the basis of the assumptions set out above, we note that the Proposed Transaction has no material effect on the DPU for the period cited.

The table below sets out the pro forma financial effects of the Proposed Transaction on Starhill Global REIT's NAV per Unit and gearing as at 30 June 2018, based on Starhill Global REIT's FY2017/18 Audited Consolidated Financial Statements, as if the Proposed Transaction was completed on 30 June 2018.

	Actual as at 30 June 2018 (Before the Proposed Transaction)⁽¹⁾	After the Proposed Transaction and upon the completion of the Asset Enhancement Works
Net asset value (S\$'000)	1,990,296	1,996,669 ⁽²⁾
Units in issue ('000)	2,181,204	2,203,468 ⁽³⁾
Net asset value per Unit (S\$)	0.91	0.90
Gearing (%)	35.5%	36.7% ⁽²⁾

Notes:

- (1) Based on the FY2017/18 Audited Consolidated Financial Statements.
- (2) Assumed (i) increase in valuations of the Properties which was based on the average market values determined by the Independent Valuers post-entry into the New Master Tenancy Agreements and upon the completion of the Asset Enhancement Works; and (ii) the external borrowings were fully drawn down to finance the Asset Enhancement Works and related expenses, including the corresponding borrowing costs capitalised during the period of Asset Enhancement Works. Please refer to Appendix B of this Circular for the property valuation certificates issued by the Independent Valuers.
- (3) Assumed approximately 56% of the Manager's management fees from Starhill Global REIT were paid in Units upon the completion of the Asset Enhancement Works at S\$0.7427 per Unit, determined based on the 10-day VWAP of Starhill Global REIT prior to the Latest Practicable Date.

On the basis of the assumptions set out above, we note that the Proposed Transaction reduces the NAV per Unit by approximately 1 cent (or 1.1%) and increases gearing by 1.2% from 35.5% to approximately 36.7%.

6. OTHER CONSIDERATIONS

In our evaluation of the above, we have also given due consideration to, *inter alia*, the following factors:

- (i) Rationale of the Asset Enhancement Works.
- (ii) The opinion of Arcadis in respect of the cost of Asset Enhancement Works.

6.1. Rationale of the Asset Enhancement Works

We highlight to Unitholders the following extract as to the strategic rationale to undertake the Asset Enhancement Works as outlined in Section 2.7(b) of the Circular:

The proposed Asset Enhancement Works present an opportunity for Starhill Gallery to revamp itself, ensuring that the mall stays at the forefront of a changing retail landscape. Starhill Gallery last underwent extensive renovations in 2005, with a facelift in 2011.

The Asset Enhancement Works will allow Starhill Gallery to capitalise on the renewed vibrancy along the prime shopping stretch of Kuala Lumpur, especially since the completion of the Bukit Bintang MRT Station in Bukit Bintang.

The Asset Enhancement Works will incorporate an integrated concept of hotel with retail elements, which is in line with the global trend of integrated developments. This will also allow Starhill Gallery to leverage on the hotel's guests to increase footfall to the retail component of the refurbished Starhill Gallery. Lot 10 Property underwent a similar redevelopment work in 2017 albeit on a smaller scale, which has resulted in a refreshed positioning for the mall and higher shopper traffic.

The redevelopment of Starhill Gallery permits Starhill Global REIT to deploy incremental capital into an existing high quality but aging asset.

6.2. The opinion of Arcadis in respect of the cost of the asset enhancement works

The following table compares the cost of the Asset Enhancement Works with the estimates drawn up by Arcadis as an integral part of their engagement:

Property segment	AEW Cost	QS Estimates
Hotel	RM76,683,000	RM81,789,000
Retail	RM98,317,000	RM95,526,000
Total	RM175,000,000	RM177,315,000

We note that the cost of RM175 million to be borne by the Landlord in respect of the Asset Enhancement Works is approximately RM2.3 million (or 1.3%) less than the costs estimated by Arcadis. We note also that Arcadis has concluded that the cost of the Asset Enhancement is fair and reasonable and within normal commercial terms for market cost.

7. OTHER INTERESTED PERSON TRANSACTIONS SUBJECT TO AGGREGATION

Details of the Existing Interested Person Transactions entered into by Starhill Global REIT entities are extracted below and are detailed in Appendix E of the Circular.

Date of IPT	Name of Related Party	Details of Transactions	Value of Transaction (\$)
21/12/2018	YTL Starhill Global Property Management Pte Ltd	Appointment of YTL Starhill Global Property Management Pte Ltd as project manager for capital upgrading works for Wisma Atria common areas and paid under MCST 1471.	153,885
8/03/2019	YTL Starhill Global Property Management Pte Ltd	Renewal of the appointment of YTL Starhill Global Property Management Pte Ltd by the Management Corporation of Wisma Atria (in which Starhill Global REIT has 74.23% share value) as managing agent to manage the common property of Wisma Atria and to provide ancillary services such as mechanical and engineering services, customer relation, security and accounting and general administrative support. The appointment is from the 2019 annual general meeting of the Management Corporation until the conclusion of the next following annual general meeting.	2,133,336
TOTAL WITH THE SAME INTERESTED PARTY FOR FY2018/19			2,287,221

We note that all Interested Person Transactions entered into by Starhill Global REIT entities are subject to internal procedures, including review by the Audit Committee or approval by the Audit Committee if the value of the IPT is higher than 3% of the Starhill Global REIT NTA.

8. OUR RECOMMENDATIONS

In arriving at our recommendations, we have taken into account the following factors which we consider to have a significant bearing on our assessment of the Proposed Transaction.

In respect of the New Master Tenancy Agreements:

- (i) The rationale for entering into the New Master Tenancy Agreements as stated in paragraph 5.1 above;
- (ii) The initial annual rent payable under the New Master Tenancy Agreements for Starhill Gallery is comparable to the appraised rental values provided by the Independent Valuers;
- (iii) The initial annual rent payable under the New Master Tenancy Agreements for Lot 10 Property is higher than the appraised rental values provided by the Independent Valuers;
- (iv) The initial annual rent payable under the New Master Tenancy Agreements following the completion of the Asset Enhancement Works represents an increase of RM1.3 million (or 1.5%) as compared to the expiring rent under the Existing Master Tenancy Agreements¹;
- (v) The rental yields expected to be achieved by Starhill Gallery and Lot 10 Property under the New Master Tenancy Agreements are comparable to those achieved by the selected comparable retail, hospitality and office properties for which information is in the public domain, taking into account differences in tenancy arrangements and underlying land titles.

In respect of the Asset Enhancement Works:

- (i) The rationale for the Asset Enhancement Works as stated in paragraph 6.1 above;
- (ii) The cost of the AEW to be borne by the Landlord is approximately RM2.3 million (or 1.3%) less than the estimate of costs by the Independent QS; and
- (iii) The Independent QS has opined that the cost of the AEW is fair and reasonable and within normal commercial terms for market cost.

We note further that the Proposed Transaction as a whole including the key assumptions stated in paragraph 5.5 above will have the following financial impacts:

- (i) The pro forma DPU will remain unchanged;
- (ii) The pro forma NAV per Unit will decrease by approximately 1 cent (or 1.1%); and
- (iii) The pro forma gearing will increase by 1.2% to approximately 36.7% (from 35.5%).

¹ Assuming that the Approvals are obtained by 30 June 2019 and the Asset Enhancement Works are completed prior to the commencement of Year 3 of the First Starhill Term.

Having given due consideration to the above and subject to the qualifications set out herein and taking into account the prevailing conditions as at the Latest Practicable Date, we are of the opinion that the Proposed Transaction and all other transactions which are subject of aggregation are on normal commercial terms and are not prejudicial to Starhill Global REIT and its minority Unitholders. Accordingly, we are of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the Proposed Transaction to be proposed at the Extraordinary General Meeting.

Our recommendation is addressed to the Independent Directors, the Audit Committee and the Trustee for their benefit in connection with and for the purpose of their consideration of the Proposed Transaction. Any recommendation made by the Independent Directors and the Audit Committee in respect of the Proposed Transaction shall remain their responsibility.

Our recommendation is governed by the laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

Deloitte & Touche Corporate Finance Pte Ltd

Jeff Pirie
Executive Director

QUANTITY SURVEYOR REPORT



K5857/LJF/QS83148-19

20 February 2019

HSBC Institutional Trust Services (Singapore) Limited
(as trustee of Starhill Global REIT)
21 Collyer Quay
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CONFIDENTIAL
By Hand

Dear Sir,

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LJBM No.: 2001/FC00302

HOTEL & RETAIL REDEVELOPMENT AT STARHILL GALLERY, KUALA LUMPUR**SUMMARY OF REPORT ON CONTRACTOR COST PROPOSAL ON STARHILL GALLERY REDEVELOPMENT**

Arcadis (Malaysia) Sdn Bhd ("Arcadis") rendered quantity surveyor cost estimates assessment ("Cost Assessment") on the Contractor cost proposal ("Cost Proposal") in regards to the proposed redevelopment at Starhill Gallery ("Redevelopment"), on behalf of YTL Starhill Global REIT Management Limited ("SGREIT"), HSBC Institutional Trust Services (Singapore) Limited (in its capacity as the Trustee of Starhill Global Real Estate Investment Trust) and Malaysian Trustees Berhad (Company No. 21666-V).

Arcadis (Malaysia) Sdn Bhd is one of the largest and longest established Quantity Surveying practices in the country. Arcadis offers a multi-disciplinary construction cost consultancy services and provides integrated solutions to our clientele throughout Malaysia working from five offices in Kuala Lumpur, Penang, Johor Bahru, Kota Kinabalu and Kuching.

Arcadis provides specialist services to nearly all market segments in the construction industry from religious buildings to residential homes, hospitality to corporate headquarters, mixed use developments to master planning.

Contractor Cost Proposal for the Redevelopment amounted to **RM175,000,000.00**. Redevelopment works include interior refurbishment to 4 stories of the retail mall and conversion of the remaining 3 stories from retail to hotel use. In addition, it also includes exterior enhancements that encompass landscape and façade works. An outline of the main scope of works for the Redevelopment can be found in Annexure A below.

Arcadis Cost Assessment for the Redevelopment amounted to **RM177,315,000.00**. There is a variance of RM2,315,000.00 and the difference in terms of percentage is 1.32% which is deemed reasonable and within expected market range. Cost comparisons for Retail and Hotel components between Contractor Cost Proposal and Arcadis Cost Assessment are as follow:

Item	Component	Contractor Cost Proposal (RM)	Cost/m2 of CFA (RM/m2)	Arcadis Cost Assessment (RM)	Cost/m2 of CFA (RM/m2)	Variance (%)
(a)	Hotel (CFA: 15,208m2)	76,683,000.00	5,042.28	81,789,000.00	5,378.02	6.66%
(b)	Retail (CFA: 25,146m2)	98,317,000.00	3,909.85	95,526,000.00	3,798.85	-2.84%
	TOTAL (CFA: 40,354m2)	175,000,000.00	4,336.62	177,315,000.00	4,393.99	1.32%

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LJBM No.: 2001/FC00302/BR01
LJBM No.: 2001/FC00302/BR02

LJBM No.: 2001/FC00302/BR03

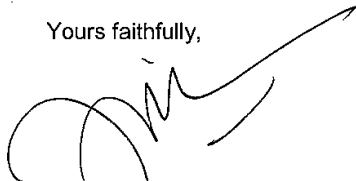


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Our ref: K5857/LJF/QS83148-19
Date: 20 February 2019

The above Cost Assessment benchmarked the Cost Proposal against cost data derived from Arcadis database, and also quotations obtained through sub-contractors. Arcadis utilised our database and also analysed tender prices from other projects of similar nature to establish general market rates to derive at the cost estimate. In regard to items relating to specialist works, quotations were also obtained from sub-contractors to check against the assumptions for items such as railing, laminated wood, ceiling panel, steel cladding, curtain wall façade, advertisement board, aluminium trellises, etc.

In conclusion, the Cost Proposal as submitted by Contractor is fair and reasonable and within normal commercial terms for market cost.

Yours faithfully,



For and on behalf of
ARCADIS (MALAYSIA) SDN BHD
Encl



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Our ref: K5857/LJF//QS83148-19
Date: 20 February 2019

ANNEXURE A

Redevelopment at Starhill Gallery located at Lot 1267, Seksyen 67, Jalan Bukit Bintang, Kuala Lumpur.

Overall construction period for Hotel and Retail as submitted by Contractor are as follows:

- Date of Commencement (subject to approval) : 1 July 2019
- Construction Period : 23 months
- Date of Completion (anticipated) : 31 May 2021

Outline for the main scope of works for the Redevelopment as priced by Contractor in their proposal shall cover: -

Architectural & Structural Works

- (a) Demolition of existing SEPHORA Retail
- (b) Demolition of existing façade facing SEPHORA and along Jalan Gading
- (c) Demolition of existing partitions to tenant units
- (d) Demolition of existing internal finishes; such as wall, floor, ceiling; handrails etc
- (e) Hacking of slabs to extend main entrance, new F&B and external walkway
- (f) New structural slabs; including some structural strengthening works
- (g) New link bridge and pop-up slabs
- (h) Micropile to new canopy at entrance
- (i) New façade facing Jalan Bukit Bintang and Jalan Gading
- (j) New partition walls to tenant units and hotel rooms
- (k) New finishes (wall, floor and ceiling) to Retail Mall common area & Hotel rooms
- (l) New FF&E and HOE to Hotel rooms
- (m) New handrails to retail void area
- (n) Toilet refurbishment (including finishes, sanitary ware & fittings)
- (o) New canopy and new curtain walling to entrances
- (p) New green feature wall
- (q) New landscape and fountain
- (r) New drop-off stand at the side of Jalan Gading entrance and drop-off space at Jalan Bukit Bintang

Mechanical & Electrical Works

- (a) Demolition of existing M&E services (equipment, cables, power, devices, piping, fittings, ducting, etc.) at Retail and Hotel
- (b) New ACMV Services equipment at Retail and ancillaries, piping and ducting at Retail and Hotel
- (c) New Building Management System (BMS) at Retail and Hotel
- (d) New Electrical and ELV Services (equipment, cables, power, fittings and device) at Retail and Hotel
- (e) New Hot and Cold Water and Sanitary Plumbing Services (equipment, pump, piping and fitting) at Retail and Hotel
- (f) New Fire Protection Services (equipment, pump, piping, valves and device) at Retail and Hotel
- (g) Dismantle existing and Install new Lift and Escalator Services at Retail
- (h) New LPG system at F&B area of Retail and upgrading existing JW Marriot kitchen at Hotel
- (i) New external Façade Lighting at Glass Façade area of Retail and Hotel

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EXISTING INTERESTED PERSON TRANSACTIONS

The table below sets out details of the Existing Interested Person Transactions, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

S/N	Date	Name of Interested Person	Details of Transactions	Value of Transaction
1.	21 December 2018	YTL Starhill Global Property Management Pte Ltd	Appointment of YTL Starhill Global Property Management Pte Ltd as project manager for capital upgrading works for Wisma Atria common areas and paid under MCST 1471	S\$153,885
2.	8 March 2019	YTL Starhill Global Property Management Pte Ltd	Renewal of the appointment of YTL Starhill Global Property Management Pte Ltd by the Management Corporation of Wisma Atria (in which Starhill Global REIT has 74.23% share value) as managing agent to manage the common property of Wisma Atria and to provide ancillary services such as mechanical and engineering services, customer relation, security and accounting and general administrative support. The appointment is from the 2019 annual general meeting of the Management Corporation until the conclusion of the next following annual general meeting.	S\$2,133,336

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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the unitholders (“**Unitholders**”) of Starhill Global Real Estate Investment Trust (“**SGR**”) will be held on Thursday, 16 May 2019 at 11.00 a.m. at Mandarin Ballroom I & II, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution (capitalised terms not otherwise defined herein shall bear the meanings ascribed to them in the circular to Unitholders dated 25 April 2019):

THE PROPOSED TRANSACTION COMPRISING THE NEW MASTER TENANCY AGREEMENTS FOR STARHILL GALLERY AND LOT 10 PROPERTY AND THE ASSET ENHANCEMENT WORKS FOR STARHILL GALLERY (ORDINARY RESOLUTION)

RESOLVED that:

- (i) approval be and is hereby given for the New Starhill Master Tenancy Agreement which incorporates the terms and conditions relating to the Asset Enhancement Works and the New Lot 10 Master Tenancy Agreement; and
- (ii) YTL Starhill Global REIT Management Limited, in its capacity as manager of SGR (the “**Manager**”), any director of the Manager (“**Director**”), and HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of SGR (the “**Trustee**”) be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of SGR to give effect to the New Master Tenancy Agreements (including, for the avoidance of doubt, the Sponsor Guarantee and the Asset Enhancement Works).

BY ORDER OF THE BOARD

YTL Starhill Global REIT Management Limited

(Company Registration No. 200502123C)

As Manager of Starhill Global Real Estate Investment Trust

Lam Chee Kin
Joint Company Secretary
Singapore
25 April 2019

Important Notice:

- 1 A Unitholder who is not a relevant intermediary entitled to attend and vote at the Extraordinary General Meeting (“EGM”) is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.
- 2 A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

“Relevant Intermediary”

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore; or
 - (c) the Central Provident Fund Board (“CPF Board”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- 3 The instrument appointing a proxy or proxies (the “Proxy Form”) must be deposited at the office of SGR’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the EGM.

Personal Data Privacy

- 4 By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder’s personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder’s proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder’s breach of warranty.

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A Unitholder of SGR (“**Unitholder**”) who is not a relevant intermediary entitled to attend and vote at the Extraordinary General Meeting (“**EGM**”) is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

“Relevant intermediary” means:

 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore, and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of SGR, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the “**Proxy Form**”) must be deposited at the Unit Registrar’s registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the EGM.
6. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with YTL Starhill Global REIT Management Limited, as manager of SGR (the “**Manager**”), be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the EGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the EGM.
9. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.
10. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.
11. At any meeting, a resolution put to the vote of the meeting shall be decided on a poll.
12. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.
13. CPF Approved Nominees acting on the request of the CPF/SRS investors who wish to attend the EGM are requested to submit in writing, a list with details of the CPF/SRS investors’ names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee) should reach SGR’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 14 May 2019 at 11.00 a.m., being 48 hours before the time fixed for the EGM.

Starhill Global Real Estate Investment Trust

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

**Proxy Form
Extraordinary General Meeting**

(Before completing this form, please read the notes behind)

IMPORTANT

1. A relevant Intermediary may appoint more than two proxies to attend and vote at the Extraordinary General Meeting (please see Note 2 for the definition of "Relevant Intermediary").
2. For CPF/SRS investors who have used their CPF monies to buy Units in SGR, this Report to Unitholders is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. PLEASE READ THE NOTES TO THE PROXY FORM.

Personal data privacy

5. By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 25 April 2019.

I/We, _____ (Name(s))

_____ (NRIC Number(s)/Passport Number(s)/Company Registration Number)

of _____ (Address)

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

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

and/or (delete as appropriate)

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

or, both of whom failing, the Lead Independent Director of YTL Starhill Global REIT Management Limited (as manager of SGR), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of SGR to be held at Mandarin Ballroom I & II, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Thursday, 16 May 2019 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the EGM.

No.	Ordinary Resolution	No. of Votes For*	No. of Votes Against*
1.	To approve the Proposed Transaction comprising the New Master Tenancy Agreements and the Asset Enhancement Works		

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

Dated this _____ day of _____ 2019

Total number of Units held

Signature(s) of Unitholder(s)/Common Seal

(this flap for sealing) Glue all sides firmly
Stapling and spot sealing is disallowed

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2nd fold here

Affix
Postage
Stamp

STARHILL GLOBAL REAL ESTATE INVESTMENT TRUST
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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