

Media Release

26 July 2005
Embargoed till 5.30 p.m.

Manager of



Suntec REIT's Year-to-Date DPU¹ Exceeds Forecast by 5.2%

Office Occupancy Jumps to 90%

Singapore, 26 July 2005 - ARA Trust Management (Suntec) Limited ("ARA Suntec"), the Manager of Suntec REIT, is pleased to announce a higher than forecast² income available for distribution to unitholders of S\$20.1 million for the period 1 April 2005 to 30 June 2005.

Year-to-date DPU exceeds forecast by 5.2%. Distribution per unit ("DPU") year-to-date and for the period under review are 3.42 cents and 1.56 cents respectively. This is 5.2% and 5.0% higher than the forecast respectively. Year-to-date, Suntec REIT would have delivered an annualized DPU of 6.11 cents, providing unitholders with a distribution yield of 5.1% based on the closing price of S\$1.19 per unit on 25 July 2005.

Mr Yeo See Kiat, Acting CEO of ARA Suntec, said, "Suntec REIT has outperformed DPU forecast again. Our pro-active leasing efforts coupled with a strengthening office market have resulted in committed office occupancy jumping close to 90%. Strong demand for prime office space amidst a tightening supply resulted in an 11.1% increase in achieved office rents compared to forecast for new/renewal leases that came into effect in the last quarter.

¹ Distribution per unit for the period 9 December 2004 (date of listing) to 30 June 2005.

² Based on the assumptions used and forecast stated in the Prospectus dated 29 November 2004.

On the retail front, Suntec REIT continues to register a double digit growth in retail rents from preceding levels. This provides further evidence of Suntec REIT's relatively strong organic growth potential. Together with the 1st phase of our asset enhancement plans, our unitholders will be embarking on a rewarding journey aimed at harnessing the potential of the assets. For example, we added 31 pushcarts in the mall last quarter (from 8 pushcarts in the previous quarter) which are expected to generate an additional revenue of over S\$1 mil per annum.”

Overview of Suntec REIT Results

From 1 April 2005 to 30 June 2005	Actual	Forecast ²	Variance
Net Property Income (S\$'000)	24,330	24,268	0.3%
Net Investment Income ³ (S\$'000)	16,533	16,466	0.4%
Income currently available for distribution (S\$'000)	20,149	19,212	4.9%
Distribution per unit ⁴ (cents)	1.56¢	1.49¢	4.7%
Distribution yield (annualized) ^{4,5}			
- based on 30 June 2005 closing price of S\$1.22	5.13%	4.89%	4.9%
- based on 25 July 2005 closing price of S\$1.19	5.26%	5.01%	5.0%

³ Excluding a financial adjustment of S\$1.6 mil due to the change in fair value that relates to the ineffective part of the 5-year interest rate hedge for S\$500 mil of the debt. Such a financial adjustment has no impact on the distribution per unit.

⁴ Excluding 207,002,170 units (“Deferred Units”) which will be issued to Suntec City Development Pte Ltd over 6 installments, the first of which falls 42 months after 9 December 2004, as partial satisfaction of the purchase consideration for the initial portfolio of properties. The deferred units will be issued in 6 equal instalments, with the first instalment to be issued on the date falling 42 months after 9 December 2004 and the rest semi-annually thereafter.

⁵ Please note that past performance is not necessarily indicative of future performance of Suntec REIT.

⁶ Computed as average monthly forecast office gross revenue for FY2005 divided by the average forecast leased area for FY2005

Office Occupancy and Rentals Continue to Rise. Strong demand for office space at Suntec City continued to boost occupancy, from actual occupancy of 75% as at 9 December 2004 (date of listing) to a committed occupancy level of 89.3% as at 30 June 2005.

In addition, achieved rental rates rose to S\$4.52 psf for new and renewal leases that came into effect during the period under review. This is 11.1% higher than the average forecast rental rate of S\$4.07⁶ for FY2005.

With limited supply of quality office space over the next 3 years and an expected increase in demand for office space in tandem with sustained economic growth, occupancy and rentals are expected to continue on the upward trend. In addition, the strong interest in the new Business Financial Centre site highlights the renewed investor confidence in the office sector.

Rising Retail Rents & High Occupancy. Suntec City Mall continues to record double digit growth in rental rates from preceding levels for leases replaced/renewed during the reporting period. On a year-to-date basis, rental rates have increased by an average of 12.5% from preceding levels. This is significantly higher than the island wide average increase of a low single digit – a reflection of Suntec City Mall's relatively strong organic growth potential. The retail sector is expected to remain robust, bolstered by positive economic growth, limited supply of prime retail space, and the government's efforts to promote the tourism industry. The retail committed occupancy level as at 30 June 2005 has strengthened to 96.2% as at 30 June 2005.

Revenue & Asset Enhancement Plans on Track. In the last quarter, the Manager commissioned AC Nielsen to carry out a comprehensive consumer survey. The survey was completed in June and the findings were used to evaluate, affirm and fine-tune its strategy on the asset enhancement plans.

In the period under review, the Manager also embarked on the re-positioning of a 39,317 sq ft area of retail space area on the 3rd floor of the Tropics zone into a children and infant lifestyle specialty zone called Happy Kidz.

Renovation works is in progress with a formal launch expected before Christmas. The new zone is expected to generate an additional revenue of ~S\$3 mil per annum.

Several new zones have also been identified and would be implemented over a 1-2 year period. These include a proposed new Youth zone, a proposed new Food Hall and a proposed new Digital World zone. These initiatives are expected to increase existing revenue from these areas by more than 50% after the enhancements.

The Manager is pro-active in identifying new sources of revenue through various initiatives and asset enhancement plans. In the period under review, the advertising & promotions revenue increased by more than 30% and the pushcart revenue jumped by more than two folds.

Acquisition strategies to deliver yield accretive acquisitions. The Manager continues to pro-actively seek yield accretive acquisition targets, focusing on opportunities in the new growth corridors surrounding the Marina Bay Enclave and the Civic & Cultural District.

Another area of focus is the strengthening office sector where the Manager believes there will be significant growth from rising rental rates and capital values.

On an opportunistic basis, the Manager also seeks to participate in the robust retail market, or acquire assets where there are potential for growth. Mr Yeo commented, "The developments relating to the new Business Financial Centre will not only shift focus to the proposed new downtown but will also be a catalyst for urban renewal in the existing Central Business District. We are excited about the proposed acquisitions for Park Mall and CDL properties as the properties provide both the strategic fit in terms of being largely located in the growth corridors and additional exposure to the strengthening office sector."

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ABOUT SUNTEC REIT

Listed on 9 December 2004, Suntec REIT holds properties in Suntec City, Singapore's largest integrated commercial development (including Singapore's largest shopping mall). Its aim is to invest in income-producing real estate which is primarily used for retail and/or office purposes. Suntec REIT is managed by an external manager, ARA Trust Management (Suntec) Limited.

In relation to the initial public offering of units in Suntec REIT ("Units") in November/December 2004, the joint financial advisors were Citigroup Global Markets Singapore Pte. Ltd. ("Citigroup") and DBS Bank Ltd ("DBS Bank"). The joint lead underwriters and bookrunners were Citigroup, DBS Bank and Deutsche Bank AG, Singapore Branch, and BNP Paribas Peregrine (Singapore) Ltd was the co-manager in the transaction.

ABOUT ARA TRUST MANAGEMENT (SUNTEC) LIMITED

ARA Trust Management (Suntec) Limited, part of the ARA Asset Management Limited group ("ARA"), is the manager of Suntec REIT. ARA is a member of the Cheung Kong Group. ARA is currently involved in managing the publicly listed Fortune REIT and private equity real estate funds such as Al Islami Far Eastern Real Estate Fund Limited. It is staffed by experienced professionals who have extensive experience in the real estate industry in Singapore and the region.

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IMPORTANT NOTICE

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, ARA Trust Management (Suntec) Limited (as the manager of Suntec REIT) (the “**Manager**”) or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they will 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 holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Suntec REIT is not necessarily indicative of the future performance of Suntec REIT.

Pro Forma Impact of Deferred Units Issuance

Suntec City Development Pte Ltd, the vendor of Suntec City Mall and Suntec City Office Towers (both as defined in the prospectus dated 29 November 2004 (the “Prospectus”) issued in connection with the initial public offering of units in Suntec REIT (“Units”) in November/December 2004 and together, the “Properties”), will be issued with 207,002,170 additional Units (the “Deferred Units”) in satisfaction of the deferred payment consideration for the purchase of the Properties. The Deferred Units will be issued in six equal instalments, with the first instalment to be issued on the date falling 42 months after 9 December 2004 (being the date of completion of the sale and purchase of the Properties) and the rest semi-annually thereafter. Any change in rental rates, occupancy rates and distributable income of Suntec REIT can affect the impact of any dilution in the yields of Suntec REIT arising from the issuance of the Deferred Units in the future. The table below illustrates the pro forma impact under the scenario where the Deferred Units were entirely issued on 9 December 2004, the date of admission of Suntec REIT to the Official List of the SGX-ST (the “Listing Date”):

	Distribution per unit (“DPU”) under the scenario that all Deferred Units are issued on the Listing Date	
	Forecast	Actual
	(1 Apr 05 – 30 Jun 05)	(1 Apr 05 – 30 Jun 05)
DPU based on total number of units entitled to the distribution (cents)	1.487	1.561
DPU assuming Deferred Units were issued on the Listing Date (cents)	1.282	1.345