

**Press Release**

Manager of

28 October 2005  
Embargoed till 5.30 p.m.



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**Suntec REIT Outperforms Forecast by 7.4%;  
Acquires Park Mall; Obtains Credit Rating**

**Highlights:**

- **Strongest performing quarter to date**
- **Annualized yield stands at 6.1%<sup>1</sup>**
- **Completes acquisition of Park Mall**
- **Obtains credit rating of Baa1 from Moody's Investors Service**

**Singapore, 28 October 2005** – ARA Trust Management (Suntec) Limited ("ARA Suntec"), Manager of Suntec real estate investment trust ("Suntec REIT"), has announced strong performance from 1 July to 30 September 2005 ("4<sup>th</sup> quarter") and for the period 9 December 2004 ("Date of Listing") to 30 September 2005.

**4<sup>th</sup> quarter performance exceeds forecast by 7.4%**

Suntec REIT recorded its best quarter performance since listing with a gross revenue of S\$34.2 million, a 3.2% increase over the last quarter. As a result, distribution income for the quarter increased to S\$20.8 million and unitholders will enjoy a distribution payout of 1.61 cents per unit. Given this 4<sup>th</sup> quarter's distribution payout, Suntec REIT's annualised distribution yield is 6.1%<sup>2</sup>.

Commenting on Suntec REIT's performance over the last quarter, Mr Yeo See Kiat, CEO of ARA Suntec, said, "We are extremely pleased to report that Suntec REIT has outperformed our forecast for each quarter and in our maiden year, we have exceeded our IPO forecast by 6.0%."

**Strong Retail Rental Growth.** The average rental rates of leases replaced or renewed in the 4<sup>th</sup> quarter experienced strong rental growth of 24.2% over preceding levels. As at 30 September 2005, the retail passing rents has risen to S\$8.80 per sq ft.

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<sup>1</sup> Based on the last traded price of S\$1.04 per unit as at 27 October 2005

**100% Success for Happy Kidz Project.** ARA Suntec has successfully implemented its maiden asset enhancement project to re-position approximately 40,000 sq ft of retail space on the 3<sup>rd</sup> floor of Suntec City Mall for higher retail yield. The Happy Kidz project was a resounding success, achieving 100% commitment in less than 3 months of intensive marketing efforts. Happy Kidz attracted many new tenants, including anchor tenant Toys R Us, and exciting brands like Osh Kosh B’Gosh, Levi’s Kids, Chateau De Sable, Junior League and Paint 8 amongst the 32 specialty shop units paying an average rent of close to S\$13 per sq ft.

**Boosting Retail Rent Through Reconfiguration.** During the 4<sup>th</sup> quarter, ARA Suntec reconfigured a 6,500 sq ft of retail space into smaller shop sizes. This initiative resulted in a 23.5% increase in rentals from preceding levels.

**Improving Tenant Mix.** Since the Date of Listing, ARA Suntec has introduced 27 exciting retail concepts/shops to Suntec City. This brings the total number of retail shops in Suntec City Mall to 315 as at 30 September 2005

**Office Occupancy Exceeds 90%.** Strong demand for office space at Suntec City continued to boost occupancy, from actual occupancy of 75% as at the Date of Listing to a committed occupancy level of 90.4% as at 30 September 2005, an increase of 15% in less than 10 months.

From the Date of Listing to 30 September 2005, ARA Suntec has signed close to 180,000 sq ft of new leases and renewed approximately 100,000 sq ft of existing leases.

#### Overview of Suntec REIT Results

From 1 July 2005 to 30 September 2005	Actual	Forecast <sup>2</sup>	Variance
Revenue	34,155	33,118	3.1%
Net Property Income (S\$’000)	24,763	24,429	1.4%
Income available for distribution (S\$’000)	20,763	19,318	7.5%
Distribution per unit <sup>3</sup> (cents)	1.61¢	1.50¢	7.4%
Distribution yield (annualized) <sup>4</sup>			
- based on 30 September 2005 closing price of S\$1.15	5.5%	5.2%	7.4%
- based on 27 October 2005 closing price of S\$1.04	6.1%	5.7%	7.4%

For the period 9 December 2004 (Date of Listing) to 30 September 2005, Suntec REIT recorded gross revenue of S\$107.0 million and a distribution income of S\$64.9 million. Distribution payout to unitholders amounted to 5.02 cents per unit which exceeded the IPO forecast by 6%.

The distribution payout to unitholders will take place on 29 November 2005.

<sup>2</sup> Based on assumptions/forecasts stated in the Prospectus dated 29 November 2004

<sup>3</sup> Excluding 207,002,170 units (“Deferred Units”) which will be issued to Suntec City Developments 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

<sup>4</sup> Please note that past performance is not necessarily indicative of future performance of Suntec REIT.

## **Acquisition of Park Mall**

ARA Suntec is pleased to announce the completion of the acquisition of Park Mall from Wingain Investment Pte Ltd (“Wing Tai”) for a consideration of S\$230 million. This acquisition is funded by full debt and the yield accretion to our unitholders is expected to be 5%. The property is strategically located to attract the young adult catchment from the Orchard Road and Bras Basah growth corridors with the opening of Singapore Management University and other institutions of higher learning.

Mr Yeo commented, “We are very pleased to acquire a prime property in the Orchard Road belt. The keen interests shown for the Orchard Turn and Somerset land parcels will further boost property prices and confidence in the commercial property market. The acquisition of Park Mall reflects our ongoing strategy of identifying properties with asset enhancement and clear growth potential. We see opportunities to re-position Park Mall to tap the new catchment and increase in demand from the changing landscape.

We will continue to strive to deliver greater value to our unitholders going forward.”

## **Credit Rating**

Suntec REIT has obtained a credit rating of “Baa1” from Moody’s Investors Service. Under the new MAS property fund guidelines, Suntec REIT, with the new rating, will be able to pursue its expansion plans.

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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.

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**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"):

	<b>Distribution per unit ("DPU") under the scenario that all Deferred Units are issued on the Listing Date</b>	
	<b>Actual (1 Jul 05 – 30 Sep 05)</b>	<b>Forecast (1 Jul 05 – 30 Sep 05)</b>
<b>DPU based on total number of units entitled to the distribution (cents)</b>	<b>1.61</b>	<b>1.50</b>
DPU assuming Deferred Units were issued on the Listing Date (cents)	1.38	1.29

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