SUNTEC
Real Estate Investment Trust

(Constituted in the Republic of Singapore pursuant to a trust deed dated 1 November 2004 (as amended))

MANAGED BY

ARA Trust Management (Suntec) Limited

CIRCULAR DATED 12 NOVEMBER 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

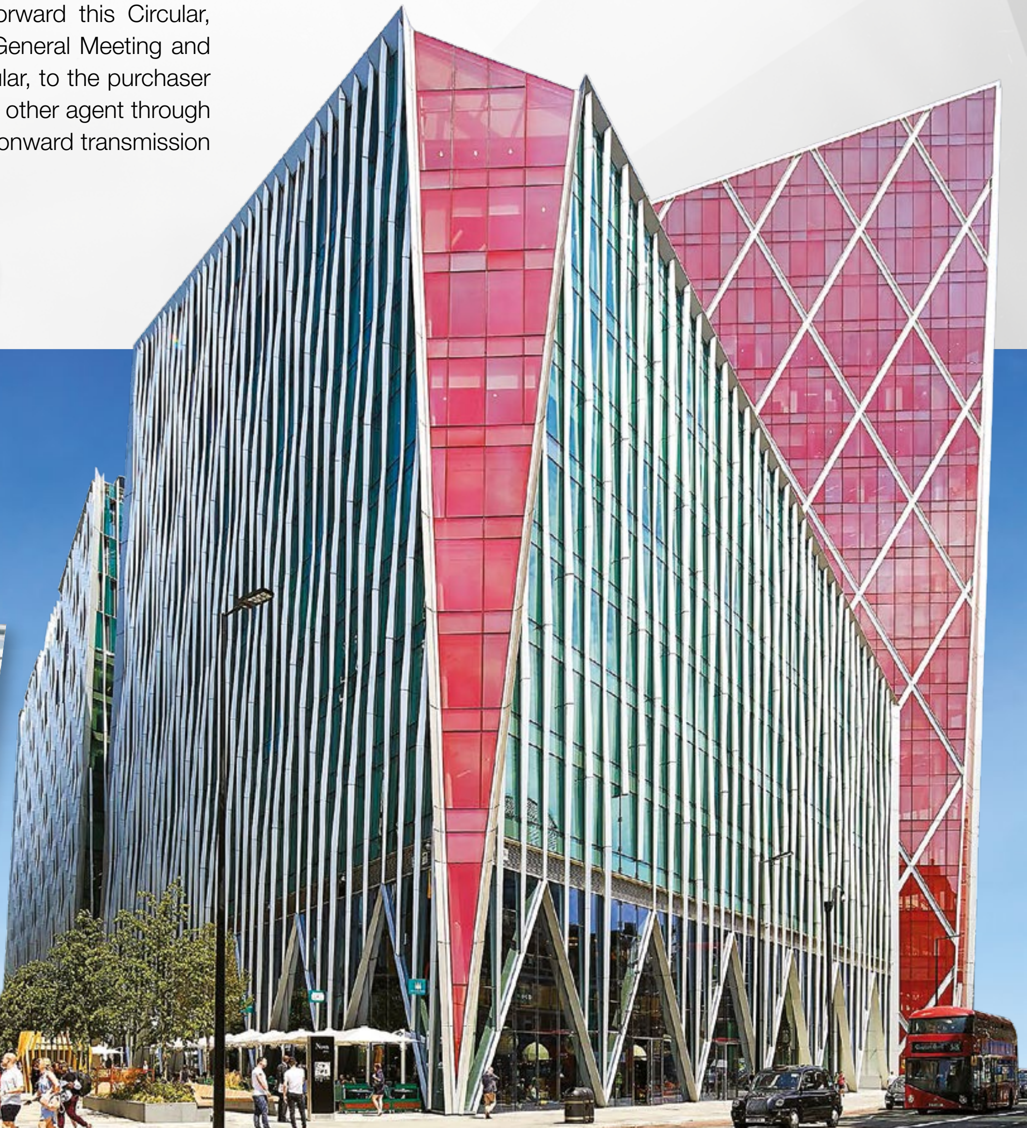
CIRCULAR TO UNITHOLDERS IN RELATION TO:

THE PROPOSED ACQUISITION OF 50.0% INTEREST IN TWO GRADE A OFFICE BUILDINGS WITH ANCILLARY RETAIL IN VICTORIA, WEST END, LONDON, UNITED KINGDOM

Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your units in Suntec Real Estate Investment Trust ("**Suntec REIT**" and the units in Suntec REIT, "**Units**"), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, 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.

IMPORTANT DATES AND TIMES FOR UNITHOLDERS		
Last date and time for lodgement of Proxy Forms	:	2 December 2020 at 11.00 am
Date and time of Extraordinary General Meeting ("**EGM**") convened and held by electronic means	:	4 December 2020 at 11.00 am



Acquisition Overview

1. 50.0% interest in Nova North, Nova South and The Nova Building, comprising two high quality multi-tenanted office buildings with ancillary retail development (the "Property")
2. Strategically located in Victoria, West End, London
3. Agreed property value of £430.6 million (~S$766.5 million)[1]
4. NPI yield of 4.6%[2]
5. DPU accretion of 2.3%[3]
6. 100% committed occupancy with long weighted average lease expiry ("WALE") of 11.1 years[4]
7. 2-year guarantee on retail income

Notes:
1 Based on 50.0% interest and exchange rate of £1 : S$1.78.
2 Based on passing income as at 30 June 2020 divided by Total Acquisition Cost of £439.4 million (approximately S$782.1 million).
3 Illustrative DPU accretion based on pro forma financial effects of the Acquisition for FY2019, as if the Acquisition was completed on 1 January 2019 and on the assumption that the Acquisition is funded with a combination of debt and perpetual securities.
4 Based on net lettable area as at 30 June 2020.

Strong Fundamentals of the UK Economy

Approx. U$0.6 trillion in Foreign Direct Investments between 2015 and 2019: One of the top recipients in Europe

UK is the 2nd largest economy in Europe

Home to highly innovative firms and world class science and research base

Office jobs in London to increase by an average of 1.1% p.a. in next 5 years

Young and dynamic workforce in London with about 65% between 25 and 49 years old

UK is a Highly Attractive Investment Destination

Sources: Independent Market Research Consultant and Statista

London's Commercial Property Market

CBD Office stock is the largest amongst key European cities, providing liquidity for investments

Office Leasing demand supported by London's attractiveness as a global hub for businesses and talent to converge

Vacancy rate to remain stable due to limited new supply

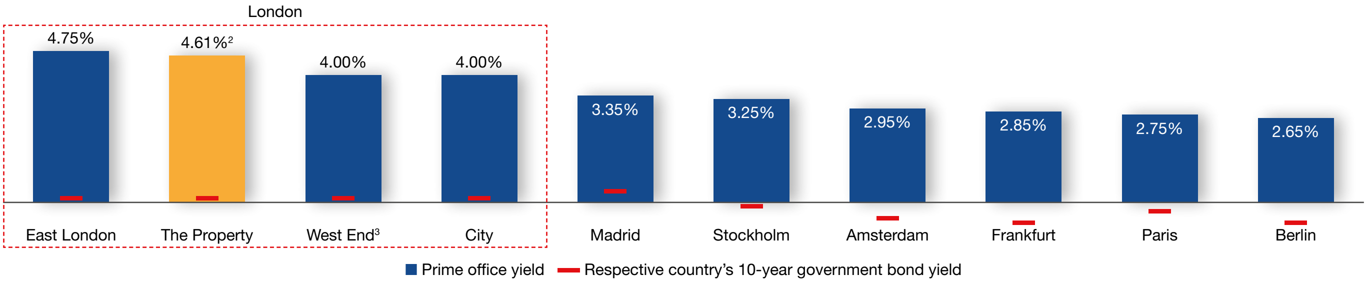
Prime rents in West End expected to improve in the medium term underpinned by limited new supply and recovery of economy

Property Market is Expected to be Resilient in the Long Term

Source: Independent Market Research Consultant

Acquisition of Prime Grade A Asset at Attractive Valuation

Yield[1] of London & Key European Cities



London Yields Compare Favourably to European Counterparts

Notes:
1 Based on passing income, expressed as a percentage of capital value, after adding notional purchaser's costs.
2 Based on passing income as at 30 June 2020 divided by Total Acquisition Cost.
3 Based on property transactions which were more than £125 mil in value.

Source: Independent Market Research Consultant

Benefits to Unitholders

1 Strategic Expansion into Central London, UK

2 High Quality, Grade A Property in Key Location

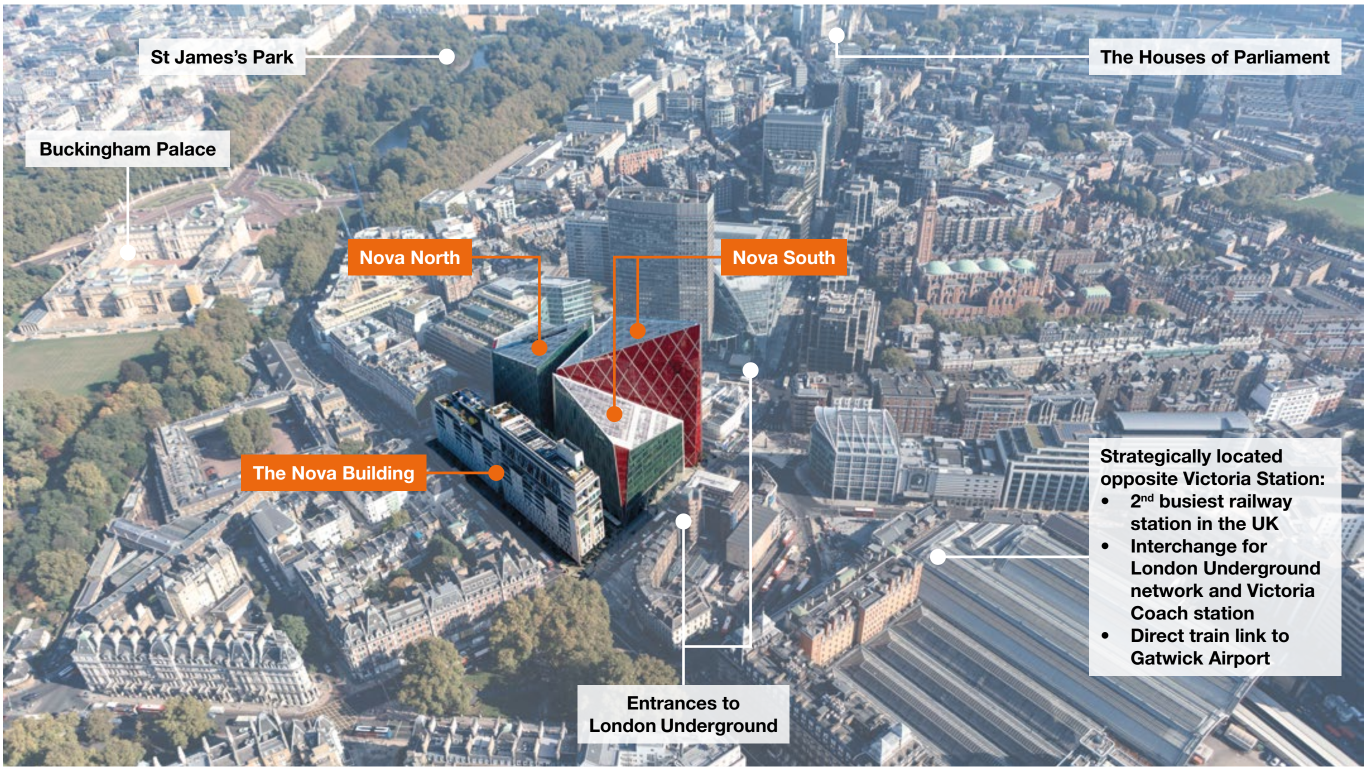
3 DPU Accretion of 2.3%[1] to Unitholders

4 Enhances Resilience, Diversification and Quality of Suntec REIT's Portfolio

5 Leverages on Established and Experienced Joint Venture Partner

Note:
1 Illustrative DPU accretion based on pro forma financial effects of the Acquisition for FY2019, as if the Acquisition was completed on 1 January 2019 and on the assumption that the Acquisition is funded with a combination of debt and perpetual securities.

High Quality, Grade A Property in Key Location



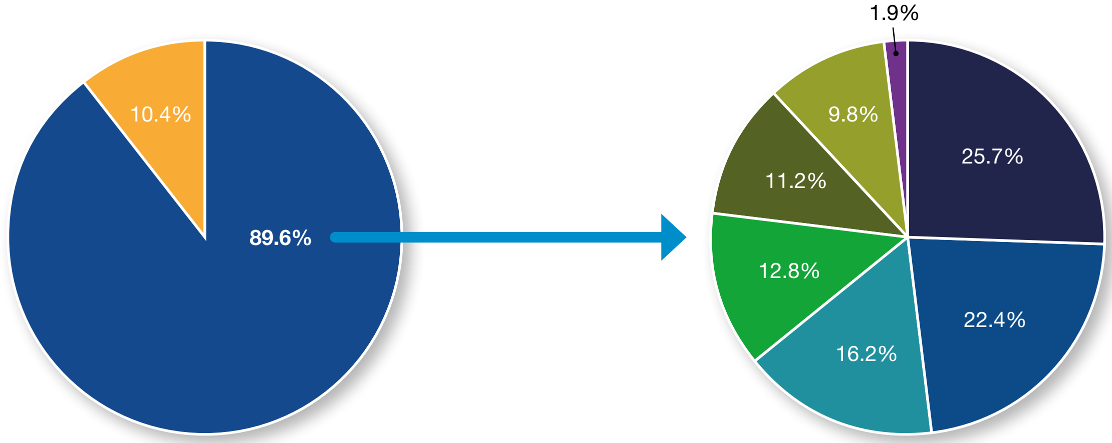
Situated in the Heart of Victoria with Exceptional Connectivity

Stable Income with Long WALE

Diversified Office Tenant Mix

Income Contribution of The Property[1]

Office Trade Mix by Sector[1]



■ Office ■ Retail

■ Consultancy/Services
■ Energy and Natural Resources
■ Technology, media and telecommunications
■ Trading and Investments
■ Real Estate and Property Services
■ Government and Government-Linked Offices
■ Others

Strong Office Income Stream

Non-Reliance on any Single Sector

Note:
1 Based on committed monthly gross rental income as at 30 June 2020.

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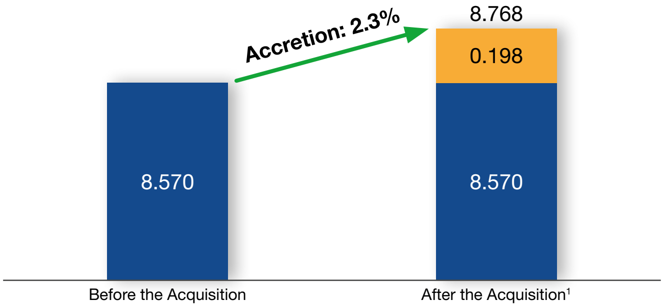
1 Based on committed monthly office gross rental income as at 30 June 2020.

DPU Accretive to Unitholders

DPU from Operations (cents)



Key Drivers

- NPI yield of 4.6%[2]
- 100% occupied with possible upside through rent review[3]
- 2-year guarantee on retail income

Capital Management

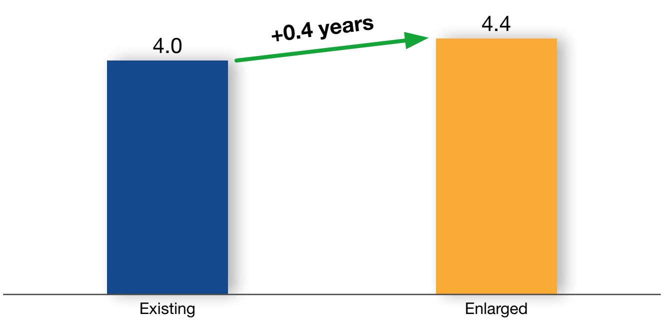
- £200.0 million loans in GBP to achieve partial natural hedge
- S$200.0 million in perpetual securities
- Up to S$217.9 million loans in SGD

DPU Accretion of 2.3%

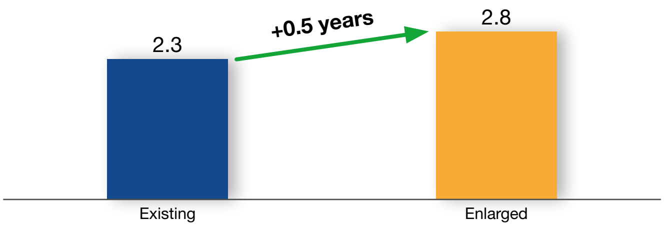
Notes:
1 Illustrative DPU accretion based on pro forma financial effects of the Acquisition for FY2019, as if the Acquisition was completed on 1 January 2019 and on the assumption that the Acquisition is funded with a combination of debt and perpetual securities.
2 Based on passing income as at 30 June 2020 divided by Total Acquisition Cost.
3 Generally every five years at market or existing rent, whichever is the higher.

Lengthens Portfolio's WALE

Office Portfolio WALE (years)[1]



Retail Portfolio WALE (years)[1]

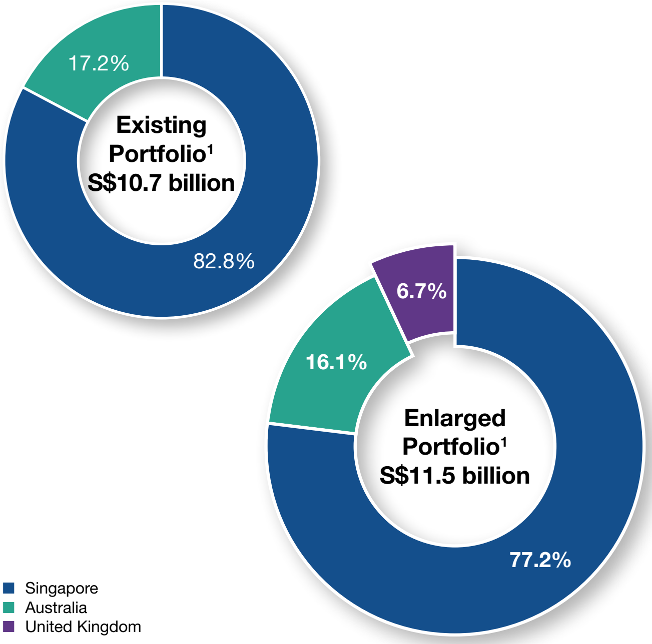


Property's Long WALE of 11.1 years Increases Income Stability

Note:
1 Based on the NLA of Suntec REIT's interests in its respective properties as at 30 June 2020.

Enhances Portfolio's Geographical Diversification

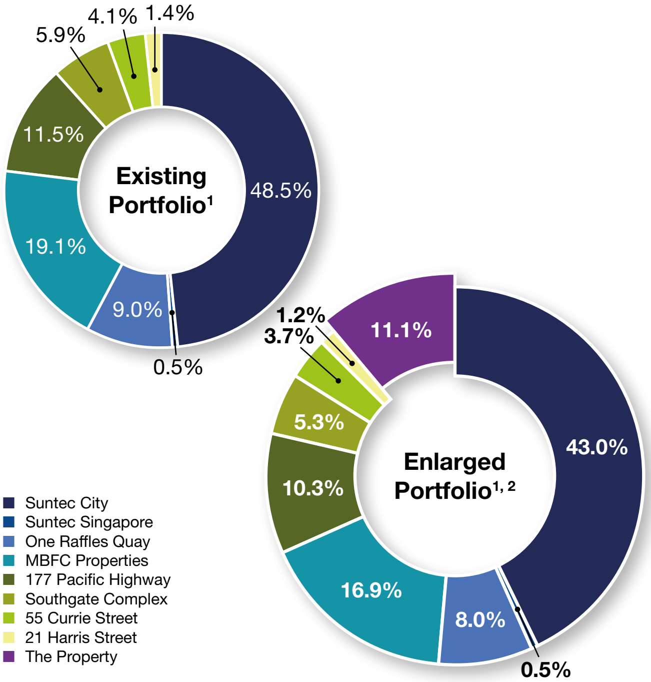
Asset Valuation



Note:
1 As at 30 June 2020, including the additional capital injection in Suntec Singapore and the completion value of 477 Collins Street.

Strengthens Portfolio's Resilience and Diversification

Income Contribution by Property



Notes:
1 Refers to NPI and income contribution from joint ventures for 1H2020.
2 Assumes Suntec REIT owns the Property from 1 January 2020 to 30 June 2020.

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CORPORATE INFORMATION

Directors of ARA Trust Management (Suntec) Limited (the manager of Suntec REIT) (the "Manager")	:	Ms Chew Gek Khim (Chairman & Non-Executive Director) Mr Lim Hwee Chiang, John (Non-Executive Director) Mr Yap Chee Meng (Lead Independent Non-Executive Director) Mr Chan Pee Teck, Peter (Independent Non-Executive Director) Mrs Yu-Foo Yee Shoon (Independent Non-Executive Director) Mr Lock Wai Han (Independent Non-Executive Director) Mr Chow Wai Wai, John (Non-Executive Director) Mr Chong Kee Hiong (Chief Executive Officer)
Registered Office of the Manager	:	5 Temasek Boulevard, #12-01 Suntec Tower Five Singapore 038985
Trustee of Suntec REIT (the "Trustee")	:	HSBC Institutional Trust Services (Singapore) Limited 10 Marina Boulevard Marina Bay Financial Centre Tower 2, #48-01 Singapore 018983
Legal Adviser to the Manager for the Acquisition (as defined herein) and as to Singapore Law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser for the Trustee as to Singapore Law	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Valuer	:	Jones Lang LaSalle Ltd 30 Warwick Street London W1B 5NH
Independent Market Research Consultant	:	Jones Lang LaSalle Ltd 30 Warwick Street London W1B 5NH

OVERVIEW

The following overview should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 31 to 36 of this Circular.

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

*Unless otherwise stated, the S$ equivalent of Great British Pound ("**GBP**" or "**£**") figures in this Circular have been based on an assumed exchange rate of on an exchange rate of £1.00 to S$1.78.*

Overview of Suntec REIT

Listed on 9 December 2004, Suntec REIT's existing property portfolio comprises properties in Suntec City, Singapore's largest integrated commercial development (including one of Singapore's largest shopping mall), a 66.3% interest in Suntec Singapore Convention & Exhibition Centre ("**Suntec Singapore**"), a one-third interest in One Raffles Quay, a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall ("**MBFC Properties**"), and a 30.0% interest in 9 Penang Road. Suntec REIT also holds a 100% interest in a commercial building located at 177 Pacific Highway, Sydney, a 100% interest in a commercial building located at 21 Harris Street, Pyrmont, Sydney, a 50.0% interest in Southgate Complex, Melbourne, a 50.0% interest in a commercial building located at Olderfleet 477 Collins Street, Melbourne and a 100% interest in a commercial building located at 55 Currie Street, Adelaide, Australia (collectively, the "**Existing Property Portfolio**").

Suntec REIT's aim is to invest in income-producing real estate which is primarily used for office and/or retail purposes. The Manager's key objectives are to deliver regular and stable distributions to unitholders of Suntec REIT ("**Unitholders**") and to achieve long-term growth in the net asset value ("**NAV**") per Unit so as to provide Unitholders with a competitive rate of return for their investment.

As at 5 November 2020, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), Suntec REIT has a market capitalisation of approximately S$4.0 billion[1].

Overview of the Proposed Acquisition

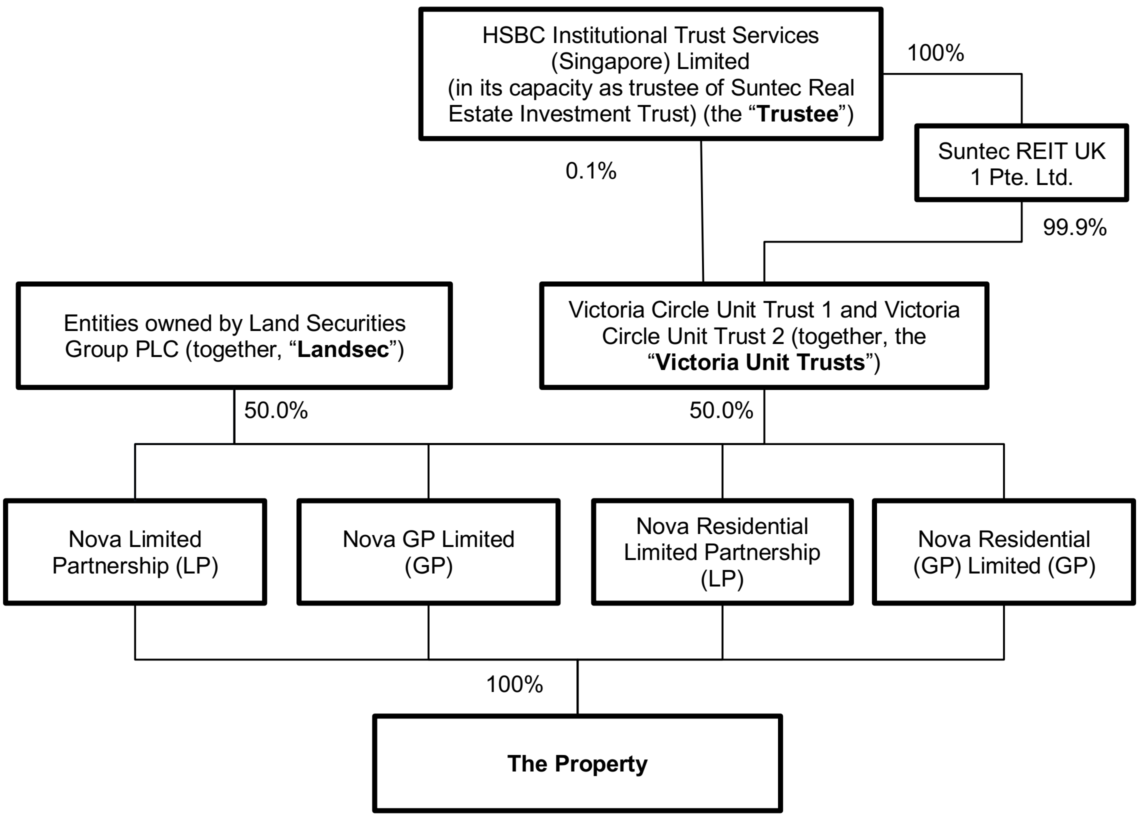
On 8 October 2020, HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Suntec REIT (the "**Trustee**") and Suntec REIT UK 1 Pte. Ltd., a wholly-owned subsidiary of Suntec REIT (together, the "**Buyers**"), entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with CPPIB US Re-3 Inc and CPP Investment Board Real Estate Holdings Inc (together, the "**Vendors**"). The Sale and

1 Based on the closing Unit price of S$1.41 as at the Latest Practicable Date.

Purchase Agreement is in relation to the acquisition of 50.0% interest in two Grade A office buildings with ancillary retail ("**Nova North**" and "**Nova South**") and 50.0% interest in The Nova Building[2] which are located in London's West End, United Kingdom (the "**Property**" and the acquisition of the 50.0% interest in the Property, the "**Acquisition**").

Pursuant to the Sale and Purchase Agreement, the Buyers will acquire from the Vendors all the units in two Jersey property unit trusts (the "**Victoria Unit Trusts**") which hold a 50.0% interest in each of the two English limited partnerships (being Nova Limited Partnership and Nova Residential Limited Partnership[3]) (the "**LPs**") and two general partners of the LPs (being Nova GP Limited and Nova Residential (GP) Limited) (the "**GPs**"). The other partner of the LPs and GPs are entities owned by Land Securities Group PLC, being the parent group company of the other partner of the LPs and GPs (together, "**Landsec**"). The Vendors and Landsec developed the Property as joint venture partners. Landsec is the current property manager for the Property, and will continue to be responsible for the provision of property management services in respect of the Property following the Acquisition.

(See the transaction structure chart below for further details.)



2 The Nova Building consists of retail units on the ground floor and 170 residential units. While the Acquisition includes the ground lease in relation to the residential units, the 170 residential units are excluded from the transaction.

3 Nova Residential Limited Partnership (acting through Nova Residential (GP) Limited) holds the ground lease in relation to the 170 residential units in The Nova Building. The reason for Suntec REIT to acquire this ground lease with Landsec is to provide the LPs and GPs with greater control over the Nova estate and facilitate the LPs and GPs' management of maintenance and future asset enhancements over the Nova estate.

For the purposes of this Circular, the term "**Enlarged Property Portfolio**" comprises the Existing Property Portfolio and the proposed Acquisition.

The property information contained in this Circular concerning the Existing Property Portfolio and Enlarged Property Portfolio is as at 30 June 2020 unless otherwise stated.

Description of the Property

The Property comprises two Grade A commercial buildings (Nova North and Nova South) and a predominantly residential building[4] with ground floor retail (The Nova Building). Each of Nova North, Nova South and The Nova Building is held on a long leasehold tenure expiring 27 April 3062 (1,042 years remaining).

The Property is located in London SW1, bounded by Victoria Street, Bressenden Place and Buckingham Palace Road. Strategically located in London's prime West End business district, the Property boasts exceptional connectivity, being located opposite Victoria Station, United Kingdom's second busiest railway station. The Victoria Station is a direct train ride to Gatwick Airport and is also an important interchange for the London Underground network and Victoria Coach station. The Property is also within close proximity to many landmark attractions in West End such as Buckingham Palace, Westminster Abbey and Houses of Parliament.

The Property is predominantly an office development with ground floor ancillary retail.

Key tenants include Atkins, The Argyll Club, a government ministry, Vitol and BlueCrest.

Waiver from the MAS

Paragraph 6.5(b)(ix) of Appendix 6 in the Code on Collective Investment Schemes (the "**Property Funds Appendix**") requires a REIT to have a veto right over the sale of the asset where it holds the asset through a joint venture.

The existing partnership deeds in respect of the two LPs (the "**Existing Partnership Deeds**") do not contain such veto rights as it has a provision which allows any partner (the "**Selling Partner**") to serve a notice on the other partner (the "**Non-Selling Partner**") requesting that the Property (or any of Nova North, Nova South and The Nova Building, which comprise part of the Property) (the "**Relevant Drag Building(s)**") be sold in the market (the "**Property Drag**").

Before the exercise of the Property Drag, the Non-Selling Partner has a right of first offer ("**ROFO**") to purchase the Relevant Drag Building(s) at a price offered by the Selling

4 The Nova Building consists of retail units on the ground floor and 170 residential units. While the Acquisition includes the ground lease in relation to the residential units, the 170 residential units are excluded from the transaction.

Partner ("**Offer Price**"). If the Non-Selling Partner does not exercise the ROFO, the Selling Partner has the right to market and sell the Relevant Drag Building(s) at a price not lower than 97.5% of the Offer Price (the "**Sale Consideration**"). The amended partnership deeds entered into by the Victoria Unit Trusts and Landsec in respect of the two LPs (the "**Amended Partnership Deeds**"), which will take effect upon completion of the Acquisition (the "**Completion**"), contain an additional protection which requires the Sale Consideration to be equal to or higher than an independent valuation commissioned by the Non-Selling Partner. If the Sale Consideration is lower than the independent valuation, the Property Drag may only be exercised with the consent of both the Selling Partner and the Non-Selling Partner so as to protect the interests of the Unitholders. If the party purchasing the Relevant Drag Building(s) is an interested party of Suntec REIT (as defined in the Property Funds Appendix), the Property Drag may only be exercised subject to approval of the Unitholders so as to protect the interests of the Unitholders.

In respect of the Property Drag, the Manager has obtained a waiver from the Monetary Authority of Singapore (the "**MAS**") on 5 December 2019 from compliance with paragraph 6.5(b)(ix) of the Property Funds Appendix, subject to the condition that the proposed Acquisition is approved by way of an Ordinary Resolution[5] at a general meeting, with no Unitholder being disenfranchised.

By way of illustration, if Landsec (Selling Partner) wishes to sell its interest in the Relevant Drag Building(s), Suntec REIT (Non-Selling Partner) has a ROFO to purchase Landsec's interest in the Relevant Drag Building(s) at the Offer Price. If Suntec REIT does not exercise the ROFO, Landsec can only sell the Relevant Drag Building(s) at a Sale Consideration being not lower than 97.5% of the Offer Price and not lower than the independent valuation commissioned by Suntec REIT. As the ROFO is over the underlying real estate (i.e. Nova North, Nova South and The Nova Building), if the ROFO is not exercised, Suntec REIT's interest in the Relevant Drag Building(s) would have to be sold for a purchase price being not lower than 97.5% of the Offer Price and not lower than the independent valuation commissioned by Suntec REIT, and subject to the usual market conditions precedent for such sale and purchase agreements. (See paragraph 2.9 of the Letter to Unitholders regarding the pre-emption right to sell the interest in the partnership.)

If Landsec intends to sell the Relevant Drag Building(s) at an Offer Price that is lower than Suntec REIT's original Total Acquisition Cost (as defined herein) of its interest in the Property, the resultant net property income yield ("**NPI Yield**") is likely to be higher than Suntec REIT's acquisition yield since the rents of the Property are secured by long leases. Taking into consideration factors such as the overall economic and property market conditions, asset performance and cost of funding, Suntec REIT may exercise the ROFO to purchase the remaining 50.0% interest in the Relevant Drag Building(s) held by Landsec if the acquisition

5 "Ordinary Resolution" means a resolution proposed and passed as such by a majority being greater than 50.0% or more 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.

is deemed to be beneficial to Unitholders. This would improve the blended NPI Yield of the Property for Suntec REIT.

If the Offer Price is higher than Suntec REIT's original Total Acquisition Cost of its interest in the Property, Suntec REIT may still exercise the ROFO if the acquisition of the Relevant Drag Building(s) is deemed to be beneficial to Unitholders. In the event the acquisition of the Relevant Drag Building(s) is deemed not to be beneficial to Unitholders, Unitholders can still benefit from the higher sale proceeds in the event the Property Drag is exercised as profits could be distributed to Unitholders or the sales proceeds could be redeployed for the acquisition(s) of other yield-accretive asset(s).

For the avoidance of doubt, the Property will not be sold at a price lower than the independent valuation without the consent of both the Selling Partner and Non-Selling Partner.

In the event that the Property Drag is exercised and Suntec REIT's interest in the Relevant Drag Building(s) is sold, Suntec REIT will consider one or a combination of the following measures to utilise the sale proceeds to protect Unitholders' interest and mitigate a loss in distributable income:

(1) redeploying capital for the acquisition(s) of other yield-accretive asset(s) to enhance the distribution per unit of Suntec REIT ("**Units**", and distribution per Unit, "**DPU**");

(2) distributing the capital and/or profits to Unitholders or using the capital and/or profits to repurchase Units from the Unitholders to enhance DPU; and/or

(3) repaying loans to lower its aggregate leverage ratio and reduce interest expense.

Consideration and Valuation

The consideration for the Acquisition (the "**Purchase Consideration**") is based on the NAV of the Victoria Unit Trusts taking into account the agreed market value of the Property (on a 50.0% basis) of £430.6 million (or approximately S$766.5 million) (the "**Agreed Property Value**"). The total cost of Acquisition, including the Acquisition Fee (as defined herein) and transaction-related expenses, is £439.4 million (or approximately S$782.1 million) (the "**Total Acquisition Cost**").

The Trustee has appointed an independent property valuer, Jones Lang LaSalle Ltd (the "**Independent Valuer**"), to value the Property on a market value basis. The valuation of the Property as at 1 September 2020 is £436.0 million (or approximately S$776.1 million) (on a 50.0% basis) with Income Guarantee[6] (as defined herein) ("**Independent Valuation**"), and £431.5 million (or approximately S$768.1 million) (on a 50.0% basis) without

6 (Income Guarantee) Based on a capitalisation rate of 4.65% to 5.15% for office income and a capitalisation rate of 4.95% to 5.15% for retail income.

Income Guarantee[7], as stated by the Independent Valuer in its valuation report. The method used by the Independent Valuer to derive the valuations of the Property with and without Income Guarantee is the capitalisation method, which involves the capitalisation of rental income or forecast income at an appropriate capitalisation rate calculated with reference to investment transactions within the market. The Agreed Property Value (a discount of 1.2% to the Independent Valuation) is arrived at on a willing-buyer and willing-seller basis taking into account the independent valuation of the Property with Income Guarantee.

Based on the current estimated NAV of the Victoria Unit Trusts, the estimated Purchase Consideration is £426.0 million (or approximately S$758.3 million). The final Purchase Consideration payable to Vendors on Completion shall be subject to adjustments based on the NAV of Victoria Unit Trusts as at the date of completion.

(See paragraph 2.5 of the Letter to Unitholders for further details.)

Income Guarantee for the Property

In view of the disruptions caused by COVID-19 outbreak to the operations and income of the retail tenants, an income guarantee derived based on the contracted rental income from the retail tenants[8] was negotiated despite the retail units being 100% leased as at 30 June 2020. Pursuant to the Sale and Purchase Agreement, the Vendors shall provide an income guarantee up to an amount of £5.0 million (approximately S$8.9 million) (the "**Income Guarantee Amount**"), equivalent to two years of the retail income, in relation to the Property to the Buyers (the "**Income Guarantee**") for the period commencing from the Completion Date and ending 24 months after the Completion Date (the "**Income Guarantee Period**"). The retail income of the Property represents approximately 10.4% of the total income of the Property. According to Jones Lang LaSalle Ltd, current market rents are estimated to be 9.0% below the average passing rent of the retail leases, which were signed between 2016 and 2018, due to the impact of COVID-19 on market rents[9].

The Vendors will, immediately following Completion, place the Income Guarantee Amount into an escrow account, from which the Buyers shall be entitled to withdraw the following for the duration of the Income Guarantee Period, up to a maximum of the Income Guarantee Amount, 50.0% (representing Suntec REIT's 50.0% interest in the Property) of (a) any rental that was due to have been paid by the tenants of the ground floor retail units of the Property ("**Ground Floor Retail Tenants**") and which was not paid either due to default by such tenants, or pursuant to any rent concession or rent-free period granted to them and/or

7 (Without Income Guarantee) Based on (i) a capitalisation rate of 4.65% to 5.15% for office income and a capitalisation rate of 5.15% for retail income (with the capitalisation rate of 5.15% for all retail tenancies due to potential vacancy and the need to bear leasing fees, property tax, and service charge shortfall); and (ii) an assumption of 12-month lease vacancy period and a 18-month rent-free period (tenant incentive) on premises leased to three retail tenants which are unlikely to continue trading.

8 Based on the tenancy schedule as at 30 June 2020 and calculated on the basis of the contracted rents of the retail leases for the period of two years immediately following Completion.

9 See paragraph 2.6.3 of the Letter to Unitholders for the Independent Valuer's opinion on the Income Guarantee.

(b) any loss of rental and reasonable and proper costs incurred in marketing and/or re-letting any of the ground floor retail units of the Property as a result of any vacancy in such ground floor retail units of the Property.

The Income Guarantee Amount is sufficient to cover the gross rental payable by Ground Floor Retail Tenants (on a 50.0% basis) over the Income Guarantee Period.

Total Acquisition Outlay

The total acquisition outlay (the "**Total Acquisition Outlay**") is estimated to be £434.8 million (or approximately S$773.9 million) comprising:

(i) the estimated Purchase Consideration of £426.0 million (or approximately S$758.3 million);

(ii) an acquisition fee of £4.3 million (or approximately S$7.6 million) (the "**Acquisition Fee**") payable in cash to the Manager; and

(iii) transaction-related expenses of £4.5 million (or approximately S$8.0 million) incurred or to be incurred by Suntec REIT.

Method of Financing

The Manager intends to finance the Total Acquisition Outlay with (i) external bank loans and (ii) proceeds from the issuance of perpetual securities.

For the avoidance of doubt, the Manager has sufficient existing internal resources for its own operations but will not be utilising the existing internal resources of Suntec REIT to finance the Total Acquisition Outlay.

Rationale for and Benefits of the Acquisition

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

- Strategic expansion into Central London, United Kingdom
- High quality, Grade A Property in key location
- DPU accretive to Unitholders
- Enhances resilience, diversification and quality of Suntec REIT's portfolio
- Leverages on established and experienced joint venture partner

(See paragraph 3 of the Letter to Unitholders for further details.)

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM 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	:	Wednesday, 2 December 2020 at 11.00 am
Date and time of the EGM	:	Friday, 4 December 2020 at 11.00 am
If approval for the proposed Acquisition is obtained at the EGM:		
Target date for completion of the proposed Acquisition	:	18 December 2020 (or such other date as may be agreed between the parties)

SUNTEC
Real Estate Investment Trust

(Constituted in the Republic of Singapore pursuant to a trust deed dated 1 November 2004 (as amended))

Directors of the Manager

Ms Chew Gek Khim (Chairman & Non-Executive Director)
Mr Lim Hwee Chiang, John (Non-Executive Director)
Mr Yap Chee Meng (Lead Independent Non-Executive Director)
Mr Chan Pee Teck, Peter (Independent Non-Executive Director)
Mrs Yu-Foo Yee Shoon (Independent Non-Executive Director)
Mr Lock Wai Han (Independent Non-Executive Director)
Mr Chow Wai Wai, John (Non-Executive Director)
Mr Chong Kee Hiong (Chief Executive Officer)

Registered Office

5 Temasek Boulevard,
#12-01 Suntec Tower Five
Singapore 038985

12 November 2020

To: Unitholders of Suntec REIT
Dear Sir/Madam

1 SUMMARY OF APPROVAL SOUGHT

The Manager is convening the EGM to seek the approval from Unitholders in respect of the proposed Acquisition (Ordinary Resolution).

2 THE PROPOSED ACQUISITION

2.1 Description of the Property

The Property comprises two Grade A commercial buildings (Nova North and Nova South) and a predominantly residential building[10] with ground floor retail (The Nova Building). Each of Nova North, Nova South and The Nova Building is held on a long leasehold tenure expiring 27 April 3062 (1,042 years remaining).

The Property is located in London SW1, bounded by Victoria Street, Bressenden Place and Buckingham Palace Road. Strategically located in London's prime West End business district, the Property boasts exceptional connectivity, being located opposite Victoria Station, United Kingdom's second busiest railway station. The Victoria Station is a direct train ride to Gatwick Airport and is also an important interchange for the London Underground network and Victoria Coach station. The Property is also within close proximity to many landmark attractions in West End such as Buckingham Palace, Westminster Abbey and the Houses of Parliament.

10 The Nova Building consists of retail units on the ground floor and 170 residential units. While the Acquisition includes the ground lease in relation to the residential units, the 170 residential units are excluded from the transaction.

The Property is predominantly an office development with ground floor ancillary retail.

Key tenants include Atkins, The Argyll Club, a government ministry, Vitol and BlueCrest.

(See **Appendix A** of this Circular for further details.)

2.2 Details on the Acquisition

On 8 October 2020, the Buyers entered into the Sale and Purchase Agreement with the Vendors. The Sale and Purchase Agreement is in relation to the acquisition of 50.0% interest in the Property.

Pursuant to the Sale and Purchase Agreement, the Buyers will acquire from the Vendors all the units in the Victoria Unit Trusts which hold a 50.0% interest in each of the LPs and the GPs. The other partner of the LPs and the GPs is Landsec. The Vendors and Landsec developed the Property as joint venture partners. Landsec is the current property manager for the Property, and will continue to be responsible for the provision of property management services in respect of the Property following the Acquisition.

Upon Completion, both Suntec REIT and Landsec, as partners, will each hold 50.0% indirect interest in the LPs and GPs which in turn hold 100% of the Property.

2.3 Waiver from the MAS

Paragraph 6.5(b)(ix) of the Property Funds Appendix requires a REIT to have a veto right over the sale of the asset where it holds the asset through a joint venture.

The Existing Partnership Deeds do not contain such veto rights as it has a provision which allows the Selling Partner to serve a notice on the Non-Selling Partner requesting the Property Drag.

Before the exercise of the Property Drag, the Non-Selling Partner has a ROFO to purchase the Relevant Drag Building(s) at a price offered by the Selling Partner. If the Non-Selling Partner does not exercise the ROFO, the Selling Partner has the right to market and sell the Relevant Drag Building(s) at the Sale Consideration being not lower than 97.5% of the Offer Price. The Amended Partnership Deeds contain an additional protection which requires the Sale Consideration to be equal to or higher than an independent valuation commissioned by the Non-Selling Partner. If the actual Sale Consideration is lower than the independent valuation, the Property Drag may only be exercised with the consent of both the Selling Partner and the Non-Selling Partner so as to protect the interests of the Unitholders. If the party purchasing the Relevant Drag Building(s) is an interested party of Suntec REIT (as defined in the Property Funds Appendix), the Property Drag may only be exercised subject to approval of the Unitholders so as to protect the interests of the Unitholders.

In respect of the Property Drag, the Manager has obtained a waiver from the MAS on 5 December 2019 from compliance with paragraph 6.5(b)(ix) of the Property Funds Appendix, subject to the condition that the proposed Acquisition is approved by way of an Ordinary Resolution at a general meeting, with no Unitholder being disenfranchised.

By way of illustration, if Landsec (Selling Partner) wishes to sell its interest in the Relevant Drag Building(s), Suntec REIT (Non-Selling Partner) has a ROFO to purchase Landsec's interest in the Relevant Drag Building(s) at the Offer Price. If Suntec REIT does not exercise the ROFO, Landsec can only sell the Relevant Drag Building(s) at a Sale Consideration being not lower than 97.5% of the Offer Price and not lower than the independent valuation commissioned by Suntec REIT. As the ROFO is over the underlying real estate (i.e. Nova North, Nova South and The Nova Building), if the ROFO is not exercised, Suntec REIT's interest in the Relevant Drag Building(s) would have to be sold for a purchase price being not lower than 97.5% of the Offer Price and not lower than the independent valuation commissioned by Suntec REIT, and subject to the usual market conditions precedent for such sale and purchase agreements.

If Landsec intends to sell the Relevant Drag Building(s) at an Offer Price that is lower than Suntec REIT's original Total Acquisition Cost of its interest in the Property, the resultant NPI Yield is likely to be higher than Suntec REIT's acquisition yield since the rents of the Property are secured by long leases. Taking into consideration factors such as the overall economic and property market conditions, asset performance and cost of funding, Suntec REIT may exercise the ROFO to purchase the remaining 50.0% interest in the Relevant Drag Building(s) held by Landsec if the acquisition is deemed to be beneficial to Unitholders. This would improve the blended NPI Yield of the Property for Suntec REIT.

If the Offer Price is higher than Suntec REIT's original Total Acquisition Cost of its interest in the Property, Suntec REIT may still exercise the ROFO if the acquisition of the Relevant Drag Building(s) is deemed to be beneficial to Unitholders. In the event the acquisition of the Relevant Drag Building(s) is deemed not to be beneficial to Unitholders, Unitholders can still benefit from the higher sale proceeds in the event the Property Drag is exercised as profits could be distributed to Unitholders or the sales proceeds could be redeployed for the acquisition(s) of other yield-accretive asset(s).

For the avoidance of doubt, the Property will not be sold at a price lower than the independent valuation without the consent of both the Selling Partner and Non-Selling Partner.

In the event that the Property Drag is exercised and Suntec REIT's interest in the Relevant Drag Building(s) is sold, Suntec REIT will consider one or a combination of the following measures to utilise the sale proceeds to protect Unitholders' interest and mitigate a loss in distributable income:

(1) redeploying capital for the acquisition(s) of other yield-accretive asset(s) to enhance the DPU of Suntec REIT;

(2) distributing the capital and/or profits to Unitholders or using the capital and/or profits to repurchase Units from the Unitholders to enhance DPU; and/or

(3) repaying loans to lower its aggregate leverage ratio and reduce interest expense.

2.4 Certain Terms and Conditions of the Sale and Purchase Agreement

The Sale and Purchase Agreement contains customary provisions relating to the Acquisition, including representations and warranties, indemnities and pre-completion covenants and other commercial terms.

Completion shall take place after the condition precedent in the Sale and Purchase Agreement (the "**Condition**") has been fulfilled or waived. The Condition requires that the Acquisition be approved by the Unitholders at the EGM.

2.5 Consideration and Valuation

The Purchase Consideration is based on the NAV of the Victoria Unit Trusts taking into account the Agreed Property Value of £430.6 million (or approximately S$766.5 million). The Total Acquisition Cost, including Acquisition Fee and transaction-related expenses, is £439.4 million (or approximately S$782.1 million).

The Trustee has appointed the Independent Valuer to value the Property on a market value basis. The valuation of the Property as at 1 September 2020 is £436.0 million (or approximately S$776.1 million) (on a 50.0% basis) with Income Guarantee[11], and £431.5 million (or approximately S$768.1 million) (on a 50.0% basis) without Income Guarantee[12], as stated by the Independent Valuer in its valuation report. The method used by the Independent Valuer to derive the valuations of the Property with and without Income Guarantee is the capitalisation method. The Agreed Property Value (a discount of 1.2% to the Independent Valuation) is arrived at on a willing-buyer and willing-seller basis taking into account the independent valuation of the Property with Income Guarantee.

Based on the current estimated NAV of the Victoria Unit Trusts, the estimated Purchase Consideration is £426.0 million (or approximately S$758.3 million). The final Purchase Consideration payable to Vendors on Completion shall be subject to adjustments based on the NAV of Victoria Unit Trusts as at the date of completion.

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11 (Income Guarantee) Based on a capitalisation rate of 4.65% to 5.15% for office income and a capitalisation rate of 4.95% to 5.15% for retail income.

12 (Without Income Guarantee) Based on (i) a capitalisation rate of 4.65% to 5.15% for office income and a capitalisation rate of 5.15% for retail income (with the capitalisation rate of 5.15% for all retail tenancies due to potential vacancy and the need to bear leasing fees, property tax, and service charge shortfall); and (ii) an assumption of 12-month lease vacancy period and a 18-month rent-free period (tenant incentive) on premises leased to three retail tenants which are unlikely to continue trading.

2.6 Income Guarantee for the Property

2.6.1 Terms of the Income Guarantee

In view of disruptions to the operations and income of the retail business arising from the global outbreak of COVID-19, an Income Guarantee was negotiated despite the retail units being 100% leased as at 30 June 2020. Pursuant to the Sale and Purchase Agreement, the Vendors shall provide the Income Guarantee up to the Income Guarantee Amount to the Buyers for the Income Guarantee Period. The retail income of the Property represents approximately 10.4% of the total income of the Property. According to Jones Lang LaSalle Ltd, current market rents are estimated to be 9.0% below the average passing rent of the retail leases, which were signed between 2016 and 2018, due to the impact of COVID-19 on market rents[13].

The Vendors will, immediately following Completion, place the Income Guarantee Amount into an escrow account, from which the Buyers shall be entitled to withdraw the following for the duration of the Income Guarantee Period, up to a maximum of the Income Guarantee Amount, 50.0% (representing Suntec REIT's 50.0% interest in the Property) of (a) any rental that was due to have been paid by the Ground Floor Retail Tenants and which was not paid either due to default by such tenants or pursuant to any rent concession or rent-free period granted to them and/or (b) any loss of rental and reasonable and proper costs incurred in marketing and/or re-letting any of the ground floor retail units of the Property as a result of any vacancy in such ground floor retail units of the Property.

The Income Guarantee Amount is sufficient to cover the gross rental payable by Ground Floor Retail Tenants (on a 50.0% basis) over the Income Guarantee Period.

2.6.2 Safeguards

As a safeguard against the ability the Vendors to pay the Income Guarantee, the Vendors will, immediately following Completion, place the Income Guarantee Amount into an escrow account held by a corporate and fiduciary service provider.

Any amount not withdrawn in the escrow account will be refunded to the Vendors after the Income Guarantee Period.

2.6.3 Independent Valuers' Opinion

The Independent Valuer is of the opinion that the Income Guarantee is in line with normal commercial terms as the Income Guarantee Amount is sufficient to cover the gross rental payable by the Ground Floor Retail Tenants (on a 50.0% basis) over the Income Guarantee Period.

13 See paragraph 2.6.3 of the Letter to Unitholders for the Independent Valuer's opinion on the Income Guarantee.

2.6.4 Directors' Opinion

The directors of the Manager are of the view that the Income Guarantee is on normal commercial terms and is not prejudicial to the interests of Suntec REIT and its minority Unitholders as the Income Guarantee Amount is sufficient to cover the gross rental payable by the Ground Floor Retail Tenants (on a 50.0% basis) over the Income Guarantee Period.

2.7 Total Acquisition Outlay

The Total Acquisition Outlay is estimated to be £434.8 million (or approximately S$773.9 million) comprising:

(i) the estimated Purchase Consideration of £426.0 million (or approximately S$758.3 million);

(ii) the Acquisition Fee of £4.3 million (or approximately S$7.6 million) payable in cash to the Manager; and

(iii) transaction-related expenses of £4.5 million (or approximately S$8.0 million) incurred or to be incurred by Suntec REIT.

2.8 Method of Financing

The Manager intends to finance the Total Acquisition Outlay with (i) external bank loans and (ii) proceeds from the issuance of perpetual securities.

For the avoidance of doubt, the Manager has sufficient existing internal resources for its own operations but will not be utilising the existing internal resources of Suntec REIT to finance the Total Acquisition Outlay.

2.9 Amended Partnership Deeds and Amended Shareholders Agreements

Upon the Completion, both Suntec REIT and Landsec, as partners, will each hold 50.0% interest in the LPs and GPs which in turn hold 100% of the Property. Prior to the Completion, the Victoria Unit Trusts and Landsec will enter into the Amended Partnership Deeds and two amended shareholder agreements in relation to the GPs (the "**Amended Shareholders Agreements**"), which will take effect upon Completion.

The terms of the Amended Partnership Deeds include a ROFO and a right for any partner to request for the Property to be sold in the market subject to certain conditions, details of which are set out in paragraph 2.3 above. In addition, the terms of the Amended Partnership Deeds include customary pre-emption rights which allows either partner to acquire a Selling Partner's interest in the partnership. If the Non-Selling Partner decides not to acquire the Selling Partner's interest in the partnership, the Selling Partner may proceed to sell its interest in the partnership to a third party.

3 RATIONALE FOR AND BENEFITS OF THE ACQUISITION

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

3.1 Strategic Expansion into Central London, United Kingdom

The Acquisition provides Suntec REIT with an attractive entry point into the United Kingdom ("**UK**"), the second[14] largest economy in Europe, as well as London, its largest and most dynamic city.

The transparent and business-friendly environment has propelled the UK to be one of the top recipients of Foreign Direct Investments ("**FDI**") in Europe, receiving approximately US$0.6 trillion in FDI between 2015 to 2019. Regarded as a hub for innovation and talent, the UK is a highly attractive investment destination.

London is ranked as the top city on the Global Power City Index[15] for eight consecutive years, backed by strong performance across economic, research and development, cultural interaction, and accessibility. UK is home to highly innovative firms and world class science and research base.

The Central London office market is the largest and most liquid office market amongst key European cities and presents an attractive investment proposition.

Despite the uncertainty related to Brexit, leasing demand have remained robust. Leasing volumes in Central London exceeded the 10-year average of 10.6 million square feet ("**sq ft**") between 2017 to 2019.

Vacancy in the West End market stood at 5.2% as at 2Q2020, which was higher than West End's 10-year average of 4.0%. While the leasing market has slowed down in 1H2020, active demand[16] in the West End reached 3.4 million at end of 2Q2020 and was slightly above the 10-year average of 3.3 million sq ft[17]. In the medium term, vacancy rate is expected to remain stable with prime rents to improve underpinned by limited new supply.

The Central London office capitalisation rates and yield spread over the UK government 10-year bond yield also compare favourably to other key European cities. The Acquisition presents Suntec REIT an opportunity to enter into the Central London market at an attractive yield.

14 Source: Statista

15 The Mori Memorial Foundation Global Power City Index evaluates and ranks the major cities according to their comprehensive power to attract people, capital, and enterprises from around the world.

16 Active demand relates to companies who are known to be out looking for office space and excludes companies who may have a lease event but have not yet started to search for space.

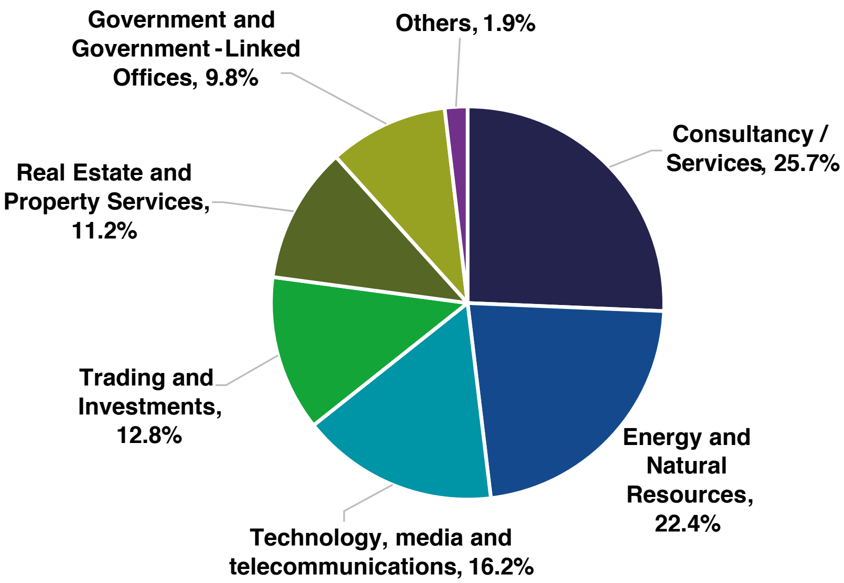
17 Source: Independent Market Research Consultant

3.2 High Quality, Grade A Property in Key Location

The Property is located in the heart of Victoria precinct in London's West End office market. It has excellent connectivity as it is strategically situated opposite Victoria Station, UK's second busiest railway station. The Victoria Station is a direct train ride to Gatwick Airport and is also an important interchange for the London Underground network and Victoria Coach station. The Property is also within close proximity to many landmark attractions in West End such as Buckingham Palace, Westminster Abbey and the Houses of Parliament.

The Property is 100% let to a strong mix of tenants with office tenants contributing 89.6% of the total income and retail tenants contributing the balance 10.4%. It also has a long weighted average lease expiry ("**WALE**") of 11.1 years[18], with no expiries till 2027.

Office Trade Mix by Sector[(1)]



Note:

(1) Based on committed monthly gross office rental income as at 30 June 2020.

The Property has a highly diversified tenant mix with the office revenue not reliant on any single sector.

The Property offers dining, entertainment and leisure choices, providing a unique mix of food and beverage offerings and fitness amenities. The dining options ranges from cafes and bars to restaurants. The retail mix also provides a unique experiential gym and a darts bar. Key retail tenants include Shake Shack, 1Rebel, Flight Club and Greenwood.

18 Based on NLA as at 30 June 2020.

3.3 DPU Accretive to Unitholders

The NPI Yield for the Property is 4.6%, based on passing income as at 30 June 2020 divided by the Total Acquisition Cost, which is higher than the portfolio NPI Yield (for contributing properties) of 3.5% and 2.9% for FY2019 and 1H2020 respectively.

Based on the assumption that the Acquisition is funded with a combination of debt and perpetual securities, on a *pro forma* FY2019 basis, DPU from operations would have increased by 2.3% from 8.570 cents to 8.768 cents[19] after the Acquisition.

The above financial impact on the DPU is FOR ILLUSTRATIVE PURPOSES ONLY, and the actual impact on the DPU would be dependent on the cost and actual amount of debt and perpetual securities raised for the Acquisition. The Acquisition also provides possible upside through lease rent reviews[20].

The Acquisition presents Suntec REIT with an opportunity to purchase the Property at a 1.2% discount to Independent Valuation and at a yield in line with recent transactions in West End, London.

Property	Transaction Date	Net Internal Area (sq ft)	Price (£ mil)	Capital Value (£ psf)	Yield(1)	Year of Building Completion/Major Refurbishment
The Property, Victoria, SW1 (the Acquisition)	2020 Q4	559,103	430.6 (50.0% interest)	1,540	4.6%(2)	2016/2017
Sanctuary Buildings, SW1, West End	2020 Q1	225,428	300.0	1,331	4.0%	Major refurbishment completed in 2009
The Post Building, WC1, West End	2019 Q4	302,300	607.5	2,011	4.0%	2019
1 New Oxford Street, WC1, West End	2020 Q3	109,300	173.0	1,583	4.2%	Major refurbishment completed in 2017
25 Cabot Square, E14, Canary Wharf	2020 Q3	481,605	380.0	790	4.6%(3)	Major refurbishment completed in 2020

Source: Independent Market Research Consultant

Notes:

(1) Based on passing income and expressed as a percentage of capital value after adding notional purchaser's costs.
(2) Based on passing income as at 30 June 2020 divided by Total Acquisition Cost.
(3) Yield has been reported between 4.6% and 4.9%.

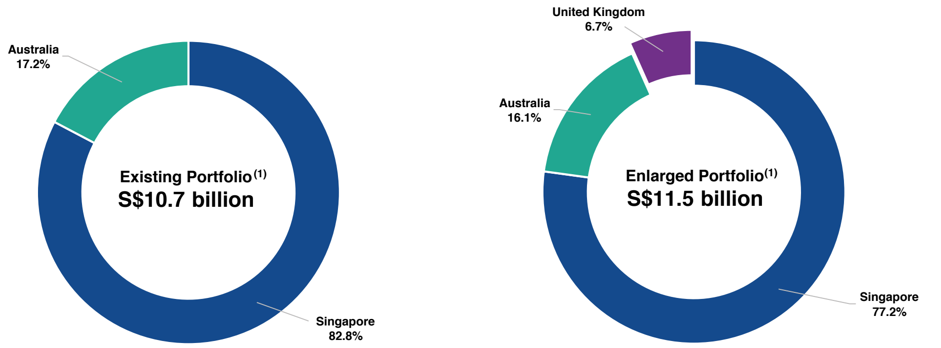
3.4 Enhances Resilience, Diversification and Quality of Suntec REIT's Portfolio

3.4.1 Increases Portfolio Value and Provides Further Geographical Diversification

Following the completion of the Acquisition, Suntec REIT's portfolio will increase from S$10.7 billion[21] as at 30 June 2020 to S$11.5 billion and the overseas exposure will increase from 17.2% to 22.8%, of which Australia will contribute 16.1% and UK will contribute 6.7%.

19 See the assumptions set out in paragraph 4.1.
20 Generally every five years at market or existing rent, whichever is the higher.
21 Including the additional capital injection in Suntec Singapore and the completion value of 477 Collins Street.

Asset Valuation

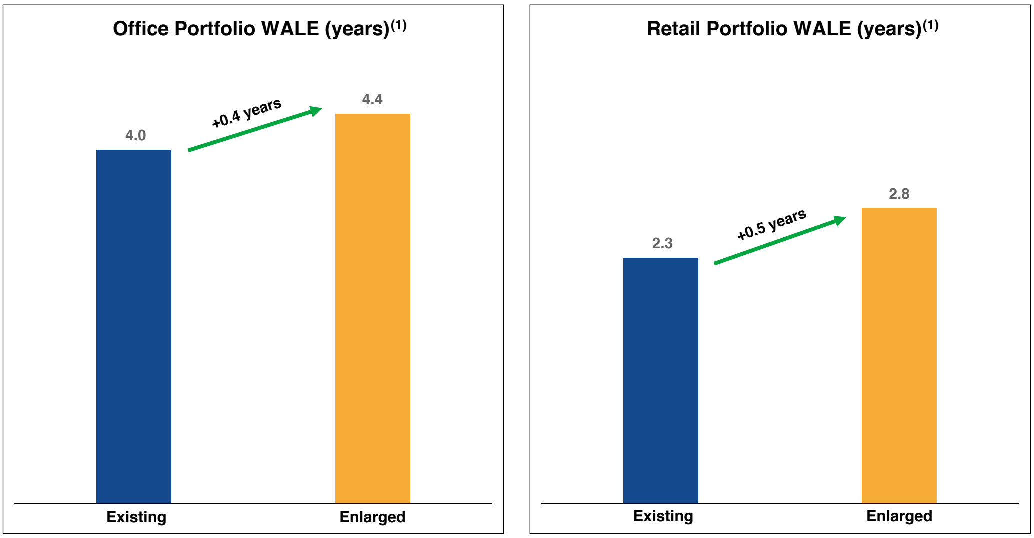


Note:

(1) As at 30 June 2020, including the additional capital injection in Suntec Singapore and the completion value of 477 Collins Street.

3.4.2 Lengthens Portfolio's WALE & Increases Income Stability

The Property's long WALE of 11.1 years[22] increases the income stability of Suntec REIT. The WALE of Suntec REIT's office and retail portfolios would be extended from 4.0 years to 4.4 years and 2.3 years to 2.8 years respectively.



Note:

(1) Based on NLA of Suntec REIT's interests in its respective properties as at 30 June 2020.

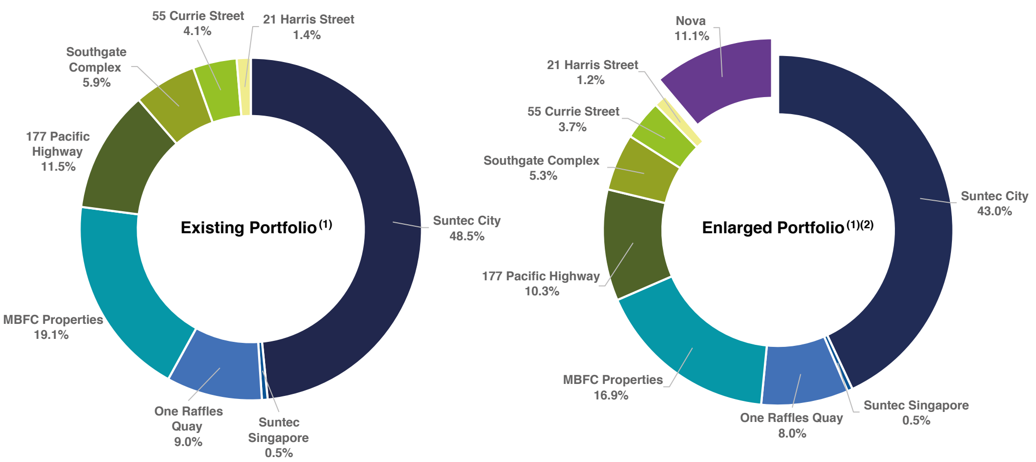
22 Based on NLA as at 30 June 2020.

3.4.3 Strengthens Portfolio's Resilience and Diversification

Suntec REIT's income contribution from any property and tenant would be further diversified.

The Manager expects that the maximum contribution to Suntec REIT's income by any single property within Suntec REIT's portfolio including joint ventures will be reduced from approximately 48.5% in 1H2020 to 43.0%.

Income Contribution by Property

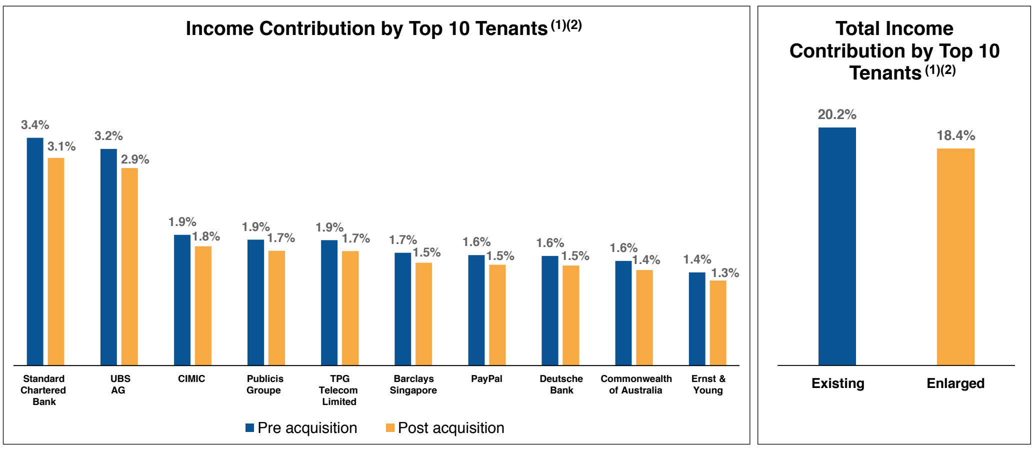


Notes:

(1) Refers to NPI and income contribution from joint ventures for 1H2020.

(2) Assumes Suntec REIT owns the Property from 1 January 2020 to 30 June 2020.

The reliance on gross rental income contribution from top 10 tenants as at 30 June 2020 would be lowered from 20.2% to 18.4% on a pro forma basis with no single tenant contributing more than 3.1%.



Notes:

(1) Based on total committed monthly gross rental income of Suntec REIT's top 10 tenants as at 30 June 2020.

(2) Based on Suntec REIT's interests in its respective properties as at 30 June 2020.

3.5 Leverages on Established and Experienced Joint Venture Partner

Landsec, listed on the London Stock Exchange, is a leading diversified UK property group with integrated development and asset management capabilities. As at 31 March 2020, Landsec owns and manages approximately 24.0 million sq ft of space and has a combined portfolio value of £12.8 billion[23]. Suntec REIT would benefit from local knowledge and best-in-class practices. The Property is developed by Landsec and Landsec will continue to provide property management services to the Property.

4 DETAILS AND FINANCIAL INFORMATION OF THE ACQUISITION

4.1 Pro Forma Financial Effects of the Acquisition

The pro forma financial effects of the Acquisition on the DPU and NTA per Unit presented below are strictly for illustrative purposes only and were prepared based on financial statements of Suntec REIT for FY2019, and assuming the following funding structure:

(i) £200.0 million (or approximately S$356.0 million) at indicative interest rate of 2.9% per annum for GBP denominated loans;

(ii) S$200.0 million (or approximately £112.4 million) at coupon rate of 3.8% per annum for SGD denominated perpetual securities; and

(iii) Up to S$217.9 million (or approximately £122.4 million) at indicative interest rate of 2.3% per annum for SGD denominated loans.

The pro forma financial effects are for **ILLUSTRATIVE PURPOSES ONLY** and do not represent Suntec REIT's DPU and NTA per Unit following the completion of the Acquisition.

4.1.1 Pro Forma Net Profit and DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

On the bases and assumptions set out above, the pro forma financial effects of the Acquisition on Suntec REIT's DPU for FY2019, as if the Acquisition was completed on 1 January 2019 are as follows:

	Before the Acquisition	After the Acquisition
Net Income (S$'000)	260,550	273,793(1)
Distributable income from operations (S$'000)	236,728	242,297
Issued and issuable Units ('000)	2,811,143(2)	2,812,663(3)
DPU from operations (cents)	8.570	8.768
DPU Accretion (%)	–	2.3

Notes:

(1) Based on historical consolidated income statement of Victoria Unit Trusts for the period from 1 April 2019 to 31 March 2020, adjusted for extraordinary items including rental top up, less corporate and trust expenses, loan interest expense and corporate tax. As the financial year for the limited partnerships is from 1 April to 31 March, historical financial information for the comparable period from 1 January 2019 to 31 December 2019 was not available.

(2) Number of Units issued and issuable as at 31 December 2019.

(3) Includes 1,520,495 asset management base and performance fee Units in relation to the Acquisition.

23 For further details of Landsec, see their website at https://landsec.com/.

4.1.2 Pro Forma NTA

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Acquisition on Suntec REIT Group's net tangible assets ("**NTA**") per Unit as at 31 December 2019, as if the Acquisition was completed on 31 December 2019 are as follows:

	Before the Acquisition	After the Acquisition
Net Tangible Assets (S$'000)	5,977,058	6,152,603
Issued and issuable Units ('000)	2,811,143[1]	2,812,663[2]
Net Tangible Assets per Unit (S$)[3]	2.126	2.117

Notes:

(1) Number of Units issued and issuable as at 31 December 2019.

(2) Includes 1,520,495 asset management base and performance fee units in relation to the Acquisition.

(3) NTA per Unit computed based on the NTA attributable to Unitholders

4.1.3 Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Suntec REIT Group as at 31 December 2019, as if the Acquisition was completed on 31 December 2019, is as follows:

	Actual (S$'000)	After the Acquisition (S$'000)
Short-term borrowings		
Unsecured borrowings	589,429	589,429
Long-term borrowings		
Unsecured borrowings	2,676,260	2,676,260
Secured borrowings	364,559	940,968
Total borrowings	**3,630,248**	**4,206,657**
Unitholders' funds	**5,977,058**	**5,963,013**
Perpetual Securities	**–**	**197,600[1]**
Total Capitalisation	**5,153,870[2][3]**	**5,153,870[2][3]**
Gearing	**36.2%**	**39.4%**
Aggregate Leverage Ratio[4]	**37.7%**	**40.3%[5]**

Notes:

(1) Based on S$200.0 million perpetual securities, net of issue costs.

(2) Based on last done price of S$1.84 per Unit on SGX-ST and Units outstanding as at 31 December 2019.

(3) Based on 2,801,016,053 units issued as at 31 December 2019.

(4) Refers to the ratio of total borrowings (inclusive of proportionate share of borrowings of joint ventures) and deferred payments (if any) to the value of the Deposited Property.

(5) Proforma Aggregate Leverage Ratio would increase from 41.3% to 43.5% if the Acquisition was completed on 30 June 2020.

4.2 Requirement for Unitholders' Approval

4.2.1 Discloseable Transaction

Chapter 10 of the Listing Manual governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by Suntec REIT. Such transactions are classified into the following categories:

(a) non-discloseable transactions;

(b) discloseable transactions;

(c) major transactions; and

(d) very substantial acquisitions or reverse takeovers.

A transaction by Suntec REIT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

(i) the NAV of the assets to be disposed of, compared with the Suntec REIT Group's NAV (this basis is not applicable to an acquisition of assets);

(ii) the net profits attributable to the assets acquired, compared with the Suntec REIT Group's net profits;

(iii) the aggregate value of the consideration given, compared with the Suntec REIT Group's market capitalisation; and

(iv) the number of Units issued by Suntec REIT as consideration for an acquisition, compared with the number of Units previously in issue.

4.2.2 Relative Figures Under Chapter 10 of the Listing Manual

The relative figures for the Acquisition using the applicable bases of comparison in Rule 1006 of the Listing Manual are set out in the table below.

Comparison of	Acquisition	Suntec REIT	Relative figure (%)
Rule 1006(b): Net Profits (S$ million)	32.5[1]	128.0[2]	25.4
Rule 1006(c): Consideration against market capitalisation (S$ million)	766.5[3]	4,145.5[4]	18.5

Notes:

(1) Based on historical consolidated income statement of Victoria Unit Trusts for the period from 1 April 2019 to 31 March 2020, adjusted for extraordinary items including rental top up, less trust expenses. As the financial year for the limited partnerships is from 1 April to 31 March, historical financial information for the comparable period from 1 January 2019 to 31 December 2019 was not available.

(2) Based on annualised net income of Suntec REIT Group from 1 January 2020 to 30 June 2020. There are no comparative figures for the period 1 April 2019 to 31 March 2020 as the financial year for Suntec REIT Group begins on 1 January, which differs from the financial year start of the Victoria Unit Trusts.

(3) Based on Agreed Property Value of £430.6 million at an exchange rate of £1.00 to S$1.78.

(4) Based on the weighted average traded price of S$1.4696 per Unit on SGX-ST as at 7 October 2020, being the day immediately prior to the date of the Sale and Purchase Agreement.

Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a "discloseable transaction" under Chapter 10 of the Listing Manual, and where any of the relative figures exceed 20.0%, the transaction is classified as a major transaction which must be conditional upon approval of unitholders in a general meeting, unless the only limit breached is that of Rule 1006(b) (being the net profits test). Accordingly, the Listing Manual requires that Suntec REIT must immediately make an announcement in relation to the transaction pursuant to the requirements of the Listing Manual, however no approval of Unitholders is required pursuant to Chapter 10 of the Listing Manual. Nonetheless, further to the condition under the waiver granted by MAS on 5 December 2019, the Acquisition will still be subject to the specific approval of Unitholders.

(See paragraph 2.3 of the Letter to Unitholders for further details.)

4.3 Interests of Directors and Substantial Unitholders

As at the Latest Practicable Date, certain directors of the Manager ("**Directors**") collectively hold an aggregate direct and indirect interest in 221,571,968 Units. Based on the Register of Directors' Unitholdings maintained by the Manager, the direct and deemed interests and voting rights of the Directors as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total No. of	
Name of Directors	**No. of Units**	**%**	**No. of Units**	**%**	**Units Held**	**%**
Ms Chew Gek Khim	–	–	–	–	–	–
Mr Lim Hwee Chiang, John[1]	3,000,000	0.11	216,571,968	7.67	219,571,968	7.77
Mr Yap Chee Meng	–	–	–	–	–	–
Mr Chan Pee Teck, Peter	–	–	–	–	–	–
Mrs Yu-Foo Yee Shoon	–	–	–	–	–	–
Mr Lock Wai Han	–	–	–	–	–	–
Mr Chow Wai Wai, John	2,000,000	0.07	–	–	2,000,000	0.07
Mr Chong Kee Hiong	–	–	–	–	–	–

Notes:

(1) Lim Hwee Chiang, John holds 100% of the shares in JL Investment Group Limited ("**JLIG**") and in JL Investment Group II Limited ("**JLIG II**"). Lim Hwee Chiang, John holds 19.85% through JLIG and 0.56% through JLIG II of the shares of ARA Asset Management Holdings Pte. Ltd. ("**ARA Holdings**") (the "**ARA Shares**") which resulted in Lim Hwee Chiang, John holding more than 20.0% interest in ARA Holdings.

ARA Holdings holds 100% of the shares of ARA Investment (Cayman) Limited, which in turn holds 100% of the shares of ARA Asset Management Limited. ARA Asset Management Limited holds 100% of the shares of ARA RE Investment Group (Singapore) Pte. Ltd. and ARA Trust Management (Suntec) Limited. which in turn holds ARA RE Investment Group (Singapore) Pte. Ltd. ARA RE Investment Group (Singapore) Pte. Ltd. holds 100% of the shares of ARA RE Investment Group Limited, which in turn holds 100% of the shares of ARA Investors II Limited, ARA Real Estate Investors XII Limited and ARA Real Estate Investors XIII Limited.

Accordingly, Lim Hwee Chiang, John is therefore deemed to be interested in the units in Suntec Real Estate Investment Trust held by each of ARA Investors II Limited, ARA Real Estate Investors XII Limited, ARA Real Estate Investors XIII Limited and ARA Trust Management (Suntec) Limited, that ARA Asset Management Limited, ARA Investment (Cayman) Limited and ARA Holdings are deemed to be interested in.

Apart from the deemed interest in the units in Suntec REIT described above, Lim Hwee Chiang, John also holds 0.106% of the units in Suntec REIT directly and has a deemed interest in 0.0355% of the units in Suntec REIT held by Citibank Nominees Singapore Pte. Ltd (as nominee of JL Philanthropy Ltd). The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Lim Hwee Chiang, John is the settlor of JL Charitable Settlement.

Based on the information available to the Manager, the direct and deemed interests and voting rights of the Substantial Unitholders of Suntec REIT as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%
	No. of Units	%	No. of Units	%		
ARA Asset Management Limited[(1)(2)]	–	–	201,420,572	7.13	201,420,572	7.13
ARA RE Investment Group (Singapore) Pte Ltd[(2)]	–	–	191,293,652	6.77	191,293,652	6.77
ARA RE Investment Group Limited[(2)]	–	–	191,293,652	6.77	191,293,652	6.77
Straits Equities Holdings (One) Pte. Ltd.[(3)]	–	–	201,420,572	7.13	201,420,572	7.13
The Straits Trading Company Limited[(4)]	–	–	281,645,572	9.97	281,645,572	9.97
The Cairns Pte. Ltd.[(5)]	–	–	281,645,572	9.97	281,645,572	9.97
Raffles Investments Private Limited[(6)]	–	–	281,645,572	9.97	281,645,572	9.97
Aequitas Pte. Ltd.[(7)]	–	–	281,645,572	9.97	281,645,572	9.97
Tecity Pte. Ltd.[(8)]	–	–	281,645,572	9.97	281,645,572	9.97
Tan Chin Tuan Pte. Ltd[(9)]	–	–	281,645,572	9.97	281,645,572	9.97
Dr. Tan Kheng Lian[(10)]	–	–	281,645,572	9.97	281,645,572	9.97
BlackRock Inc[(11)]	–	–	168,511,191	5.96	168,511,191	5.96
Tang Gordon @ Tang Yigang @ Tang Gordon[(12)]	256,134,532	9.07	–	–	256,134,532	9.07
Celine Tang @ Chen Huaidan @ Celine Tang[(12)]	214,376,666	7.59	–	–	214,376,666	7.59
ARA Investment (Cayman) Limited[(13)]	–	–	201,420,572	7.13	201,420,572	7.13
ARA Asset Management Holdings Pte Ltd[(14)]	–	–	201,420,572	7.13	201,420,572	7.13
Alexandrite Gem Holdings Limited[(15)]	–	–	201,420,572	7.13	201,420,572	7.13
WP Global LLC[(16)]	–	–	201,420,572	7.13	201,420,572	7.13
Warburg Pincus Partners II, L.P.[(17)]	–	–	201,420,572	7.13	201,420,572	7.13
Warburg Pincus Partners GP LLC[(18)]	–	–	201,420,572	7.13	201,420,572	7.13

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%
	No. of Units	%	No. of Units	%		
Warburg Pincus & Co.(19)	–	–	201,420,572	7.13	201,420,572	7.13
Yang Chanzhen @ Janet Yeo(20)(21)	198,363,400	7.03	57,095,100	2.02	255,458,500	9.05
Tang Jialin(20)(22)	197,203,400	6.98	57,095,100	2.02	254,298,500	9.00

Notes:

(1) ARA Asset Management Limited's ("**ARA**") is the sole shareholder of the Manager and ARA RE Investment Group (Singapore) Pte Ltd ("**ARA RIGS**"). Accordingly, ARA is deemed to have an interest in the Units held by the Manager and Units that ARA RIGS has a deemed interest in.

(2) ARA RIGS is a wholly-owned subsidiary of ARA, whereby ARA RE Investment Group Limited ("**ARA RIG**") is a wholly-owned subsidiary of ARA RIGS.
In addition, ARA RIG's wholly-owned subsidiaries, namely ARA Investors II Limited ("**ARA Investors II**"), ARA Real Estate Investors XII Limited ("**ARA RE XII**") and ARA Real Estate Investors XIII Limited ("**ARA RE XIII**"), collectively hold more than 5% of the Units. Accordingly, each of ARA RIGS and ARA RIG is deemed to have an interest in the Units held by ARA Investors II, ARA RE XII and ARA RE XIII.

(3) Straits Equities Holdings (One) Pte. Ltd. ("**SEH One**") holds not less than 20 per cent. of the voting rights in ARA. ARA holds more than 50 per cent. of the voting rights of each of the Manager, ARA Investors II, ARA RE XII and ARA RE XIII. Accordingly, SEH One is deemed to be interested in the Units held by the Manager, ARA Investors II, ARA RE XII and ARA RE XIII.

(4) The Straits Trading Company Limited ("**STC**") holds more than 50 per cent. of the voting rights of each of Straits Real Estate Pte. Ltd. ("**SRE**") and Sword Investments Private Limited ("**Sword**") and has a deemed interest in the Units held by SRE and Sword.
In addition, STC, through its wholly-owned subsidiary, SEH One, holds not less than 20 per cent. of the voting rights in ARA. ARA holds more than 50 per cent. of the voting rights of each of the Manager, ARA Investors II, ARA RE XII and ARA RE XIII. Accordingly, STC is deemed to be interested in the Units held by the Manager, ARA Investors II, ARA RE XII and ARA RE XIII.

(5) The Cairns Pte. Ltd. ("**Cairns**") holds more than 50 per cent. of the voting rights of STC. Accordingly, Cairns is deemed to have an interest in the Units that STC has a deemed interest in.

(6) Raffles Investments Private Limited ("**Raffles**") holds not less than 20 per cent. of the voting rights in Cairns. Accordingly, Raffles is deemed to have an interest in the Units that Cairns has a deemed interest in.

(7) Aequitas Pte. Ltd. ("**Aequitas**") holds more than 50 per cent. of the voting rights of Raffles. Accordingly, Aequitas is deemed to have an interest in the Units that Raffles has a deemed interest in.

(8) Tecity Pte. Ltd ("**Tecity**") holds not less than 20 per cent. of the voting rights of Aequitas. Accordingly, Tecity is deemed to have an interest in the Units that Aequitas has a deemed interest in.

(9) Tan Chin Tuan Pte. Ltd. ("**TCTPL**") is deemed to have an interest in the Units through its subsidiary, Aequitas.

(10) Dr Tan Kheng Lian holds more than 50 per cent. of the voting rights of TCTPL. Accordingly, Dr Tan Kheng Lian is deemed to have an interest in the Units that TCTPL has a deemed interest in.

(11) BlackRock, Inc. ("**BlackRock**") is deemed to have an interest in the Units held by the following subsidiaries through its indirect control of that subsidiaries:
(1) BlackRock (Luxembourg) S.A., (2) BlackRock (Netherlands) B.V., (3) BlackRock (Singapore) Limited,(4) BlackRock Advisors (UK) Limited, (5) BlackRock Advisors, LLC, (6) BlackRock Asset Management Canada Limited, (7) BlackRock Asset Management Ireland Limited, (8) BlackRock Asset Management North Asia Limited, (9) BlackRock Asset Management Schweiz AG, (10) BlackRock Financial Management, Inc., (11) BlackRock Fund Advisors, (12) BlackRock Fund Managers Ltd, (13) BlackRock Institutional Trust Company, N.A., (14) BlackRock International Limited, (15) BlackRock Investment Management (Australia) Limited, (16) BlackRock Investment Management (UK) Ltd, (17) BlackRock Investment Management, LLC, (18) BlackRock Japan Co Ltd, (19) BlackRock Life Limited, (20) iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen.

(12) Mr Tang Gordon @ Tang Yigang @ Tang Gordan is the spouse of Madam Celine Tang @ Chen Huaidan @ Celine Tang. Mr Tang Gordon together with his spouse, Madam Celine Tang holds 178,338,266 Units in their joint account.

(13) ARA Investment Company (Cayman) Limited ("**ARA (Cayman)**") holds 100 per cent. of the issued and paid-up capital of ARA. Accordingly, ARA (Cayman) is deemed to have an interest in the Units that ARA has a deemed interest in.

(14) ARA Asset Management Holdings Pte. Ltd. ("**ARA Asset**") holds 100 per cent. of the voting rights of ARA (Cayman). Accordingly, ARA Asset is deemed to have an interest in the Units that ARA (Cayman) has a deemed interest in.

(15) Alexandrite Gem Holdings Limited ("**AGHL**") is wholly-owned by certain private equity funds which are limited partnerships (the "**Funds**") managed by Warburg Pincus LLC ("**WP LLC**"), a New York limited liability company. Warburg Pincus XII, L.P., a Delaware limited partnership ("**WP XII GP**") and Warburg Pincus China GP, L.P., a Delaware limited partnership ("**WPC GP**") are the general partners of the Funds. AGHL holds more than 20 per cent. of the voting rights of ARA Asset. Accordingly, AGHL is deemed to have an interest in the Units that ARA Asset has a deemed interest in.

(16) WP Global LLC, a Delaware limited liability company ("**WP Global**"), is the general partner of each of WP XII GP and WPC GP.

(17) Warburg Pincus Partners II, L.P., a Delaware limited partnership ("**WPP II**"), is the managing member of WP Global.
(18) Warburg Pincus Partners GP LLC, a Delaware limited liability company ("**WPP GP LLC**") is the general partner of WPP II.
(19) Warburg Pincus & Co., a New York general partnership ("**WP**"), is the managing member of WPP GP LLC.
(20) Mr Tang Jialin and Madam Yang Chanzhen @ Janet Yeo are entitled to exercise or control the exercise of not less than 20 per cent. of the voting rights of Senz Holdings Limited ("**Senz**"). They are therefore deemed interested in Units held by Senz.
(21) Madam Yang Chanzhen @ Janet Yeo holds 193,185,600 Units in joint accounts with Tang Jialin, and solely holds 5,177,800 Units.
(22) Mr Tang Jialin holds 197,203,400 Units in joint accounts with Madam Yang Chanzhen @ Janet Yeo.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in the Acquisition.

4.4 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transactions contemplated in relation to the Acquisition. It should be noted that separate from the Acquisition, directors of the Manager may be appointed or replaced in line with the normal board renewal process.

5 RECOMMENDATION

Based on the rationale for the Acquisition as set out in paragraph 3 above, the Directors are of the opinion that the Acquisition is in the interests of Suntec REIT.

Accordingly, the Directors recommend that Unitholders vote at the EGM in favour of the resolution relating to the proposed Acquisition.

6 EXTRAORDINARY GENERAL MEETING

The EGM will be convened and held by way of electronic means on Friday, 4 December 2020 at 11.00 am, for the purpose of considering and, if thought fit, passing with or without modification, the resolution set out in the Notice of EGM, which are set out on pages D-1 to D-4 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 Acquisition.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat 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 48 hours before the time fixed for the EGM.

7 ABSTENTIONS FROM VOTING

No persons are required to abstain from voting on the Resolution at the EGM.

8 ACTION TO BE TAKEN BY UNITHOLDERS

8.1 Date, Time and Conduct of EGM

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 which was gazetted on 13 April 2020, and the Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation in relation to Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation issued on 1 October 2020 which sets out the alternative arrangements in respect of, *inter alia*, general meetings of REITs and business trusts, the EGM will be held by way of electronic means on Friday, 4 December 2020 at 11.00 am (Singapore time).

The Chairman of the EGM, together with the senior management and investor relations of the Manager of Suntec REIT, will conduct the proceedings of the EGM.

8.2 Notice of EGM and Proxy Form

Printed copies of the Notice of EGM and Proxy Form will be sent to Unitholders' registered addresses, published on Suntec REIT's website at the URL https://suntecreit.listedcompany.com/newsroom.html, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

8.3 No personal attendance at EGM

A Unitholder will not be able to attend the EGM in person.

8.4 Alternative arrangements for participation at the EGM

Unitholders may participate at the EGM by:

(i) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream;

(ii) submitting questions in advance of the EGM; and

(iii) appointing the Chairman of the meeting as proxy to attend, speak and vote on their behalf at the EGM.

Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the meeting in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the meeting as proxy at the EGM, are set out in the Notice of EGM on pages D-1 to D-4 of this Circular.

8.5 Key Dates and Times

The table below sets out the key dates/deadlines for Unitholders to note:

Key dates	Actions
9.00 am on 12 November 2020 (Thursday)	Unitholders may begin to pre-register at the URL https://suntecreit.listedcompany.com/egm2020/ for the live audio-visual webcast or live audio-only stream of the EGM proceedings.
11.00 am on 24 November 2020 (Tuesday)	Deadline for CPF/SRS investors who wish to appoint the Chairman of the EGM as proxy to approach their respective CPF agent bank or SRS operator to submit their votes.
11.00 am on 2 December 2020 (Wednesday)	Deadline to: • pre-register at Suntec REIT's pre-registration website at the URL https://suntecreit.listedcompany.com/egm2020/ for the live audio-visual webcast or live audio-only stream of the EGM proceedings; • submit questions in advance; and • submit proxy forms.
11.00 am on 3 December 2020 (Thursday)	Authenticated Unitholders who have pre-registered for the live audio-visual webcast or live audio-only stream of the EGM proceedings will receive an email which will contain the instructions as well as the link to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings (the "**Confirmation Email**"). Authenticated Unitholders who do not receive the Confirmation Email by 11.00 am on 3 December 2020, but have registered by the 2 December 2020 deadline should contact the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6230 9768 or +65 6230 9580.
Date and time of EGM 11.00 am on 4 December 2020 (Friday)	• Click on the link in the Confirmation Email and enter the user ID and password to access the live audio-visual webcast of the EGM proceedings; or • Call the toll-free telephone number in the Confirmation Email to access the live audio-only stream of the EGM proceedings.

8.6 Important Reminder

Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check the Manager's website at the URL https://suntecreit.listedcompany.com/newsroom.html for the latest updates on the status of the EGM.

9 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm having made 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 Acquisition, Suntec 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.

10 CONSENTS

The Independent Valuer and the Independent Market Report Consultant (being Jones Lang LaSalle Ltd) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and respectively the valuation certificate and the independent market report and all references thereto, in the form and context in which they are included in this Circular.

11 DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager[24] at 5 Temasek Boulevard, #12-01 Suntec Tower Five, Singapore 038985 from the date of this Circular up to and including the date falling three months after the date of this Circular)

(i) a copy of the Sale and Purchase Agreement;

(ii) a copy of the Amended Partnership Deeds;

(iii) a copy of the Amended Shareholders Agreements;

(iv) the independent valuation report on the Property issued by the Independent Valuer; and

(v) the written consent of the Independent Valuer.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Suntec REIT is in existence.

Yours faithfully

ARA Trust Management (Suntec) Limited
(as manager of Suntec Real Estate Investment Trust)
(Company registration no. 200410976R)

Chong Kee Hiong
Director
12 November 2020

24 Prior appointment will be appreciated (telephone: +65 6835 9232).

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 Suntec 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 or any of its 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 Suntec REIT is not indicative of the future performance of Suntec 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 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 Extraordinary General Meeting 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
1H2020	:	The financial first half year ended 30 June 2020
2Q2020	:	The second quarter of the financial year 2020
Acquisition	:	The acquisition of the Property
Acquisition Fee	:	The acquisition fee for the Acquisition which the Manager will be entitled to receive from Suntec REIT upon Completion
Aggregate Leverage	:	The ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly controlled entities) and deferred payments (if any) to the value of the Deposited Property of the Suntec REIT (inclusive of proportionate share of deposited property of jointly controlled entities)
Agreed Property Value	:	The agreed market value of the Property (on a 50.0% basis) of £430.6 million or approximately S$766.5 million)
Amended Shareholders Agreements	:	The two shareholders' agreements in relation to the two GPs entered into between Suntec REIT through the trustees of the Victoria Unit Trusts and the Landsec shareholders
Amended Partnership Deeds	:	The two partnership deeds relating to the two LPs entered into between the Victoria Unit Trusts and Landsec which take effect upon the completion of the Acquisition
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 12 November 2020
Completion	:	The completion of the Acquisition
Completion Date	:	The date of completion of the Acquisition
Deposited Property	:	The total assets of Suntec REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed
Directors	:	Directors of the Manager

DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be convened and held via electronic means on Friday, 4 December 2020 at 11.00 am to approve the matters set out in the Notice of Extraordinary General Meeting on pages D-1 to D-3 of this Circular
Enlarged Property Portfolio	:	The Enlarged Property Portfolio of properties held by Suntec REIT, consisting of the Existing Property Portfolio and the 50.0% interest in the Property not in the Existing Property Portfolio
Existing Partnership Deeds	:	The existing partnership deeds in respect of each of the two LPs which are in effect prior to Completion
Existing Property Portfolio	:	The portfolio of properties currently held by Suntec REIT, comprising Suntec City, a 66.3% interest in Suntec Singapore Convention & Exhibition Centre, a one-third interest in One Raffles Quay, a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall, a 30.0% interest in 9 Penang Road, a 100% interest in a commercial building located at 177 Pacific Highway, Sydney, a 100% interest in a commercial building located at 21 Harris Street, Pyrmont, Sydney, a 50.0% interest in Southgate complex, Melbourne, a 50.0% interest in a commercial building located at Olderfleet 477 Collins Street, Melbourne and a 100% interest in a commercial building located at 55 Currie Street, Adelaide, Australia
FDI	:	Foreign Direct Investments
FY 2019	:	The financial year ended 31 December 2019
GBP and £	:	Refers to the lawful currency of the UK
GDP	:	Gross Domestic Product
GPs	:	Nova GP Limited and Nova Residential (GP) Limited, being the respective general partners of each of the LPs
Income Guarantee	:	Income guarantee provided by the Vendors to the Buyers for the Income Guarantee Period
Income Guarantee Amount	:	The income guarantee amount of up to £5.0 million (approximately S$8.9 million)

Income Guarantee Period	:	The period commencing from the Completion Date and ending 24 months after the Completion Date
Independent Directors	:	The independent directors of the Manager comprising Mr Yap Chee Meng, Mr Chan Pee Teck, Peter, Mrs Yu-Foo Yee Shoon and Mr Lock Wai Han
Independent Market Research Consultant	:	Jones Lang Lasalle Ltd
Independent Valuer	:	Jones Lang LaSalle Ltd
Landsec	:	Entities owned by Land Securities Group PLC
Latest Practicable Date	:	5 November 2020, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The Listing Manual of the SGX-ST
LPs	:	Nova Limited Partnership and Nova Residential Limited Partnership, being the two English limited partnerships that hold the Property
Manager	:	ARA Trust Management (Suntec) Limited, in its capacity as manager of Suntec REIT
MAS	:	Monetary Authority of Singapore
NAV	:	Net asset value
NLA	:	Net lettable area
Non-Selling Partner	:	Any partner of the LP who receives a notice from the other partner of the LP requesting that the Property (or any of Nova North, Nova South and The Nova Building, which comprise part of the Property) be sold in the market
Nova North	:	One of the two Grade A office buildings with ancillary retail located in London's West End, United Kingdom
Nova South	:	One of the two Grade A office buildings with ancillary retail located in London's West End, United Kingdom
NPI	:	Net property income

NPI Yield	:	Net property income yield
NTA	:	Net tangible assets
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more 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
Property	:	Nova North, Nova South and The Nova Building, which are located in London's West End, United Kingdom
Property Drag	:	The right in the Amended Partnership Deed for the Selling Partner to serve a notice on the Non-Selling Partner requesting that the Property (or any of Nova North, Nova South, and The Nova Building, which comprise part of the Property) be sold in the market
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
Purchase Consideration	:	The purchase consideration of the Acquisition based on the NAV of the Victoria Unit Trusts taking into account the Agreed Property Value
REIT	:	Real estate investment trust
Relevant Drag Building(s)	:	The Property (or any of Nova North, Nova South and The Nova Building which comprise part of the Property) requested by the Selling Partner to be sold in the market
Resolution	:	The resolution on the proposed Acquisition
ROFO	:	Right of first offer
Sale and Purchase Agreement	:	The sale and purchase agreement for the acquisition of the Unit Trusts which hold a 50.0% interest in the LPs and GPs which in turn hold the Property
Sale Consideration	:	The price at which a Selling Partner can sell the Relevant Drag Building(s)

Selling Partner	:	Any partner of the LP who serves a notice on the other partner of the LP requesting that the Property (or any of Nova North, Nova South and The Nova Building, which comprise part of the Property) be sold in the market
SGD, S$ and cents	:	Singapore dollars and cents, the lawful currency of the Republic of Singapore
SGX-ST	:	Singapore Exchange Securities Trading Limited
Sq ft	:	Square feet
Suntec REIT	:	Suntec Real Estate Investment Trust
Suntec REIT Group	:	Suntec REIT and its subsidiaries
The Nova Building	:	A predominantly residential building with ground floor retail
Total Acquisition Cost		The total cost of Acquisition to Suntec REIT comprising the Agreed Property Value, the Acquisition Fee and other transaction-related expenses incurred or to be incurred by Suntec REIT
Total Acquisition Outlay	:	The total outlay of the Acquisition to Suntec REIT comprising the Purchase Consideration, the Acquisition Fee and other transaction-related expenses incurred or to be incurred by Suntec REIT
Trust Deed	:	The trust deed dated 1 November 2004 constituting Suntec REIT, as supplemented, amended and restated from time to time
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Suntec REIT
UK	:	United Kingdom
Unit	:	A unit representing an undivided interest in Suntec REIT
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units

Victoria Unit Trusts	:	The two Jersey property unit trusts which hold a 50% interest in the LPs
Vendors	:	CPPIB US Re-3 Inc and CPP Investment Board Real Estate Holdings Inc
WALE	:	Weighted average lease expiry

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. Where applicable, figures and percentages are rounded to one decimal place.

APPENDIX A

DETAILS OF THE PROPERTY, THE EXISTING PROPERTY PORTFOLIO AND THE ENLARGED PROPERTY PORTFOLIO

1. The Property

1.1 Description of the Property

The Property comprises two Grade A commercial buildings (Nova North and Nova South) and a predominantly residential building[1] with ground floor retail (The Nova Building). Each of Nova North, Nova South and The Nova Building is held on a long leasehold tenure expiring on 27 April 3062 (1,042 years remaining).

The Property is located in London SW1, bounded by Victoria Street, Bressenden Place and Buckingham Palace Road. Strategically located in London's prime West End business district, the Property boasts exceptional connectivity, being located opposite Victoria Station, United Kingdom's second busiest railway station. The Victoria Station is a direct train ride to Gatwick Airport and is also an important interchange for the London Underground network and Victoria Coach station. The Property is also within close proximity to many landmark attractions in West End such as Buckingham Palace, Westminster Abbey and the Houses of Parliament.

The Property is predominantly an office development with ground floor ancillary retail.

Key tenants include Atkins, The Argyll Club, Vitol, a government ministry and BlueCrest.

The table below sets out certain information on the Property:

Year of Completion	2016/2017
Title	Leasehold expiring on 27 April 3062 (1,042 years remaining)
Independent Valuation(1)	With Income Guarantee(2): £436.0 million (or approximately S$776.1 million)
	Without Income Guarantee(3): £431.5 million (or approximately S$768.1 million)
Agreed Property Value	£430.6 million (or approximately S$766.5 million)(4) (1.2% discount to independent valuation)
NPI Yield	4.6%(5)
Sustainability	Office BREEAM rating 'Very Good'(6) Retail BREEAM rating 'Good'(6)

Notes:

(1) Independent valuation conducted by Jones Lang LaSalle Ltd dated 1 September 2020 and based on a 50.0% interest.

(2) (Income Guarantee) Based on a capitalisation rate of 4.65% to 5.15% for office income and a capitalisation rate of 4.95% to 5.15% for retail income.

(3) (Without Income Guarantee) Based on (i) a capitalisation rate of 4.65% to 5.15% for office income and a capitalisation rate of 5.15% for retail income (with the capitalisation rate of 5.15% for all retail tenancies due to potential vacancy and the need to bear leasing fees, property tax, and service charge shortfall); and (ii) an assumption of 12-month lease vacancy period and a 18-month rent-free period (tenant incentive) on premises leased to three retail tenants which are unlikely to continue trading.

(4) Based on 50.0% interest. Unless otherwise stated, all GBP amounts in this Circular have been translated to Singapore Dollars based on an exchange rate of £1.00 to S$1.78.

(5) Based on passing income as at 30 June 2020 divided by Total Acquisition Cost.

(6) BREEAM (Building Research Establishment Environmental Assessment Method) provides independent certification of the assessment of the sustainability performance of buildings.

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1 The Nova Building consists of retail units on the ground floor and 170 residential units. While the Acquisition includes the ground lease in relation to the residential units, the 170 residential units are excluded from the transaction.

Tenancy Information[1]	Office	Retail	Total
NLA (sq ft)	480,292 (85.9%)	78,811 (14.1%)	559,103 (100%)
Committed Occupancy[2]	100%	100%	100%
No. of tenants	17	18	35
WALE (Years)[2]	10.6	14.1	11.1

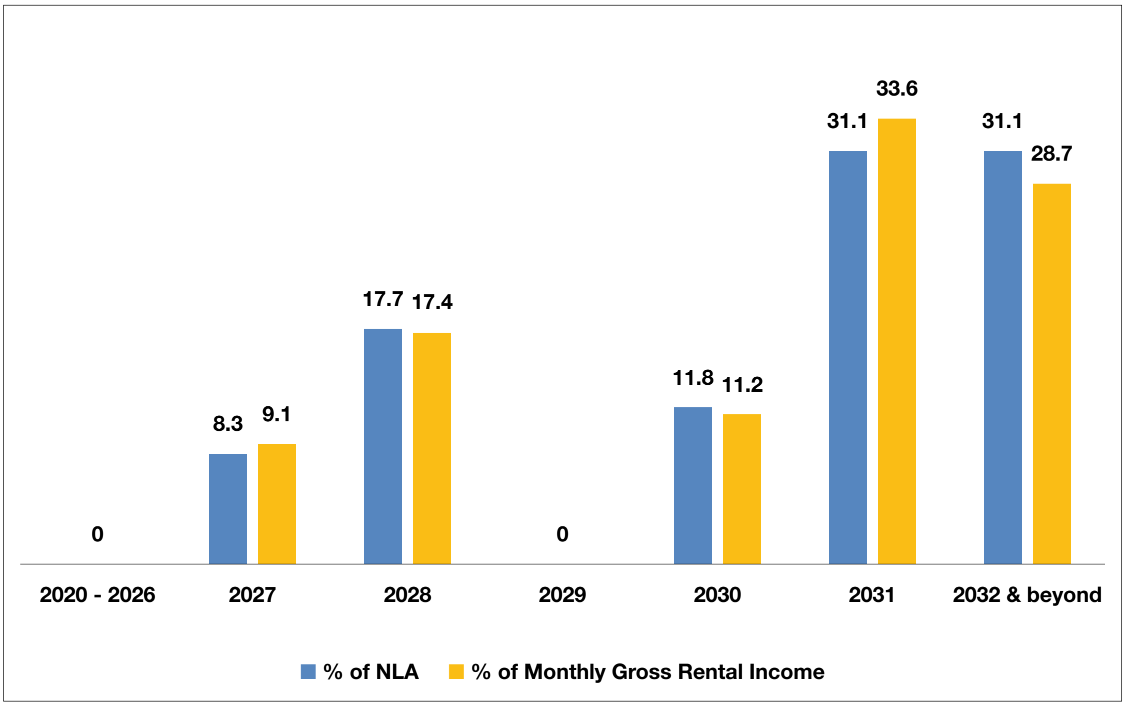
Notes:

(1) Based on 100% interest.

(2) Based on NLA as at 30 June 2020.

1.2 Lease Expiry Profile for the Property

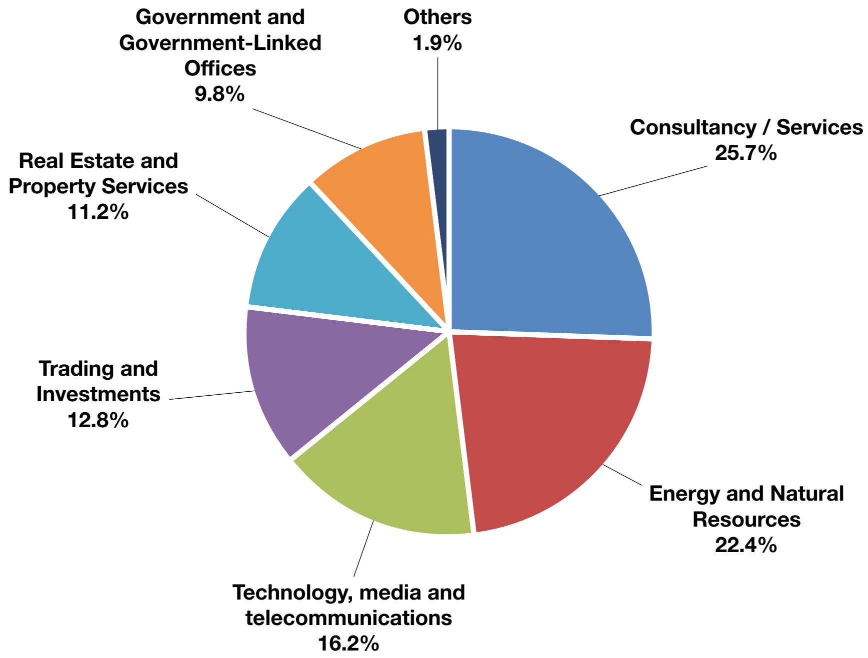
The chart below illustrates the committed lease expiry profile for the Property by percentage of NLA and monthly gross rental income as at 30 June 2020 (based on the month in which each lease expires).



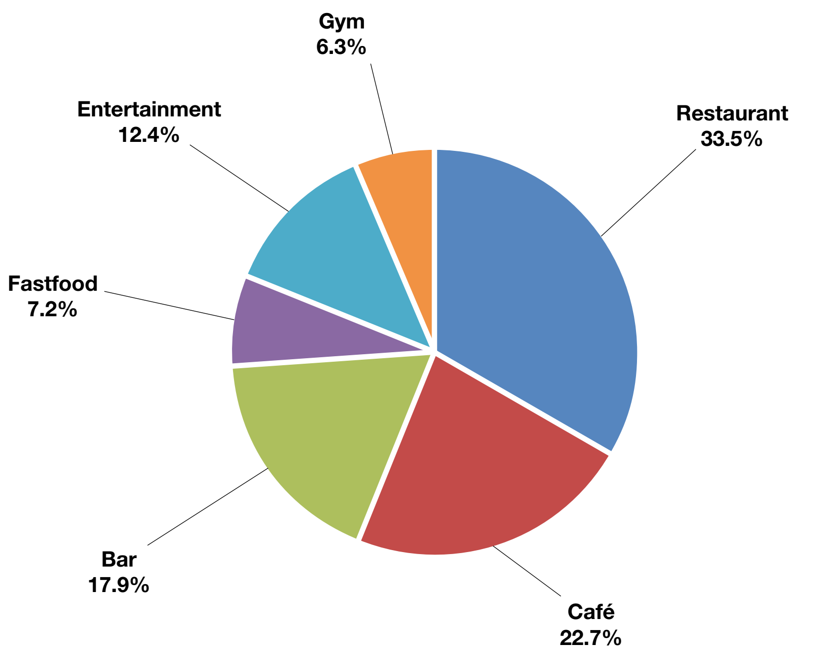
1.3 Trade Sector Analysis for the Property

The chart below provides a breakdown by the different trade sectors represented in the Property as a percentage of monthly gross rental income (based on committed monthly gross rental income as at 30 June 2020 and excludes retail turnover rent).

Office Trade Mix by Sector



Retail Trade Mix by Sector



1.4 Key Tenants of the Property

The table below sets out the key tenants of the Property.

No.	Tenant	Industry	% of Gross Rental Income(1)
1	Atkins	Consultancy / Services	11.2
2	The Argyll Club	Real Estate and Property Services	10.0
3	Government	Government and Government-Linked Offices	8.8
4	Vitol	Energy and Natural Resources	8.5
5	BlueCrest	Trading and Investments	6.2
6	Reply Limited	Technology, Media and Telecommunications	5.4
7	Advent International	Trading and Investments	5.2
8	BHP Billiton	Energy and Natural Resources	5.2
9	Egon Zehnder	Consultancy / Services	5.0
10	L.E.K Consulting	Consultancy / Services	5.0
Top 10 Tenants Total			**70.5**
Other Tenants (Office)			19.1
Other Tenants (Retail)			10.4
Grand Total			**100**

Note:

(1) Based on committed monthly gross rental income as at 30 June 2020.

2. EXISTING PROPERTY PORTFOLIO

The table below sets out selected information about the Existing Property Portfolio as at 30 June 2020, unless otherwise indicated.

	Suntec City	One Raffles Quay	MBFC Properties(5)	9 Penang Road(7)	177 Pacific Highway	Southgate Complex	55 Currie Street	21 Harris Street	Olderfleet, 477 Collins Street(11)
NLA *(sq ft)*	2,235,917(1)	441,422(4)	578,731(6)	118,993(8)	430,915	407,282(10)	282,020	202,706	315,403(10)
Number of Tenants	614	61	118	N.A.	10	97	9	5	N.A.
Number of Car Park Lots	3,066(2)	713	686	121	112	975	95	171	416
Title/ Leasehold Estate Expiry	Leasehold tenure of 99 years with effect from 1989	Leasehold tenure of 99 years with effect from 2001	Leasehold tenure of 99 years with effect from 2005	Leasehold tenure of 99 years with effect from 2016	Freehold	Freehold	Freehold	Freehold	Freehold
Market Valuation *(S$ million)*	5,601.2(3)	1,254.3(4)	1,695.3(6)	279.0(8)	609.9(9)	384.2(9)(10)	143.1(9)	296.8(9)	252.7(10)(12)
Committed Occupancy	97.4%	98.0%	99.9%	96.7%	100%	98.8%	91.7%	68.7%	N.A.

Notes:

(1) Information shown reflects the NLA of Suntec City Office, Suntec City Mall and 60.8% interest in Suntec Singapore (Retail).

(2) Owned and managed by the Management Corporation Strata Title Plan No. 2197.

(3) Includes the value of a 60.8% interest in the Suntec Singapore of S$395.2 million.

(4) Reflects one-third interest.

(5) Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall.

(6) Reflects one-third interest.
(7) Property obtained its Temporary Occupation Permit on 31 October 2019.
(8) Reflects 30.0% interest.
(9) Based on an exchange rate of A$1.00 = S$0.9605 as at 30 June 2020.
(10) Reflects 50.0% interest.
(11) Property received Practical Completion on 31 July 2020.
(12) Based on an exchange rate of A$1.00 = S$0.9605 as at 30 June 2020 and on a carrying value. The market value as at 30 June 2020 was S$413.0 million based on an exchange rate of A$1.00 = S$0.9605 as at 30 June 2020.

3. ENLARGED PROPERTY PORTFOLIO

The table below sets out the valuation of the Enlarged Property Portfolio as at 30 June 2020 (unless otherwise indicated).

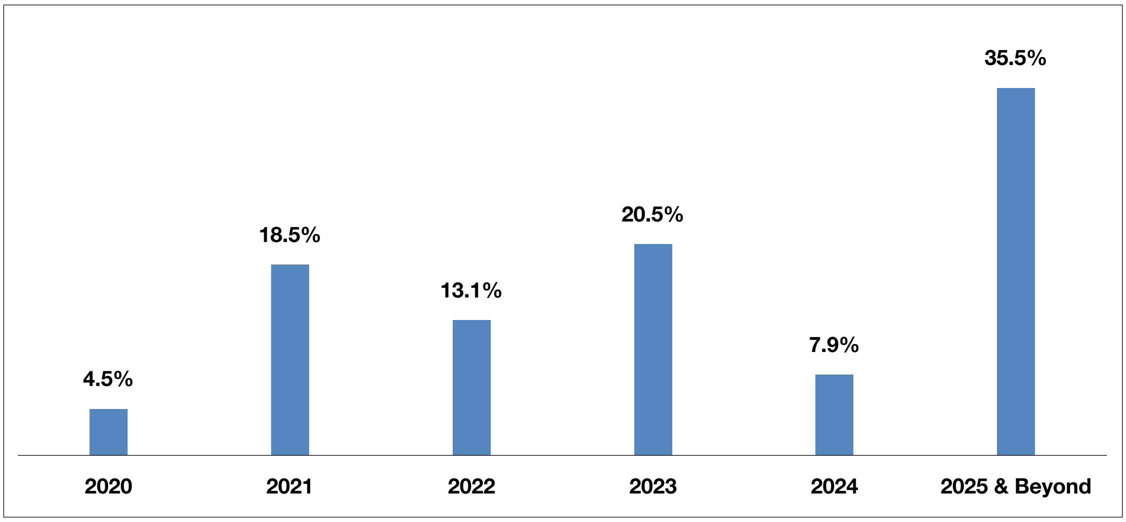
	The Property	Existing Property Portfolio	Enlarged Property Portfolio
Valuation, as at 30 June 2020 (S$ million)	766.5[1]	10,516.5[2][3]	11,283.0

Notes:
(1) Based on Agreed Property Value and using an exchange rate of £1.00 to S$1.78
(2) Includes 60.8% interest in Suntec Singapore, one-third interest in One Raffles Quay ("**ORQ**"), one-third interest in Marina Bay Financial Centre ("**MBFC**") Towers 1 and 2, one-third interest in the Marina Bay Link Mall ("**MBLM**"), 50.0% interest in Southgate Complex and reflecting carrying value of 50.0% interest in 477 Collins Street.
(3) Based on an exchange rate of A$1.00 = S$0.9605 as at 30 June 2020

3.1 Lease Expiry Profile for the Enlarged Property Portfolio

The chart below illustrates the committed lease expiry profile of the Enlarged Property Portfolio by percentage of monthly gross rental income as at 30 June 2020 (based on the month in which each lease expires)[1]

Enlarged Office Portfolio Lease Expiry Profile



Note:
(1) Includes one-third interest in ORQ, one-third interest in MBFC Towers 1 and 2 and 50.0% interest in Southgate Complex (Office) and 50.0% interest in the Property.

3.2 Trade Sector Analysis for the Enlarged Property Portfolio

The chart below provides a breakdown by the different trade sectors represented in the Enlarged Property Portfolio as a percentage of monthly gross rental income (based on committed monthly gross rental income as at 30 June 2020 and excludes retail turnover rent)

	% of Office Gross Rental Income	
	Existing Property Portfolio(1)	**Enlarged Property Portfolio(2)**
Banking, Insurance and Financial Services	33.5%	29.9%
Technology, media and telecommunications	25.4%	24.4%
Consultancy / Services	10.1%	11.8%
Real Estate and Property Services	7.4%	7.8%
Energy and Natural Resources	3.4%	5.4%
Trading and Investments	3.5%	4.5%
Government and Government-Linked Offices	3.7%	4.3%
Others	3.7%	3.5%
Shipping and Freight Forwarding	3.0%	2.7%
Manufacturing	2.0%	1.8%
Legal	1.8%	1.7%
Pharmaceuticals and Healthcare	1.6%	1.4%
Hospitality / Leisure	0.9%	0.8%
Total	**100%**	**100%**

Notes:

(1) Includes one-third interest in ORQ, one-third interest in MBFC Towers 1 and 2 and 50.0% interest in Southgate Complex (Office).

(2) Includes one-third interest in ORQ, one-third interest in MBFC Towers 1 and 2 and 50.0% interest in Southgate Complex (Office) and 50.0% interest in the Property (Office).

	% of Retail Gross Rental Income	
	Existing Property Portfolio[(1)]	**Enlarged Property Portfolio[(2)]**
Food and Beverage	37.1%	39.2%
Fashion and Accessories	13.0%	12.5%
Services and Others	9.7%	9.3%
Leisure and Entertainment	7.7%	7.6%
Sporting Goods and Apparel	5.1%	4.9%
Fitness	3.6%	3.5%
Specialty and Gifts	3.0%	2.9%
Hair, Beauty and Wellness	2.9%	2.8%
Electronics and Technology	2.8%	2.7%
Homeware and Home Furnishings	2.5%	2.4%
Kid's Fashion, Toys and Kid's Specialty	2.2%	2.2%
Optical	2.1%	2.0%
Hypermart / Supermarket	2.0%	2.0%
Beauty Essentials	1.9%	1.8%
Books, Stationery and Education	1.8%	1.7%
Pharmacy	1.4%	1.3%
Jewellery and Watches	1.2%	1.2%
Total	**100%**	**100%**

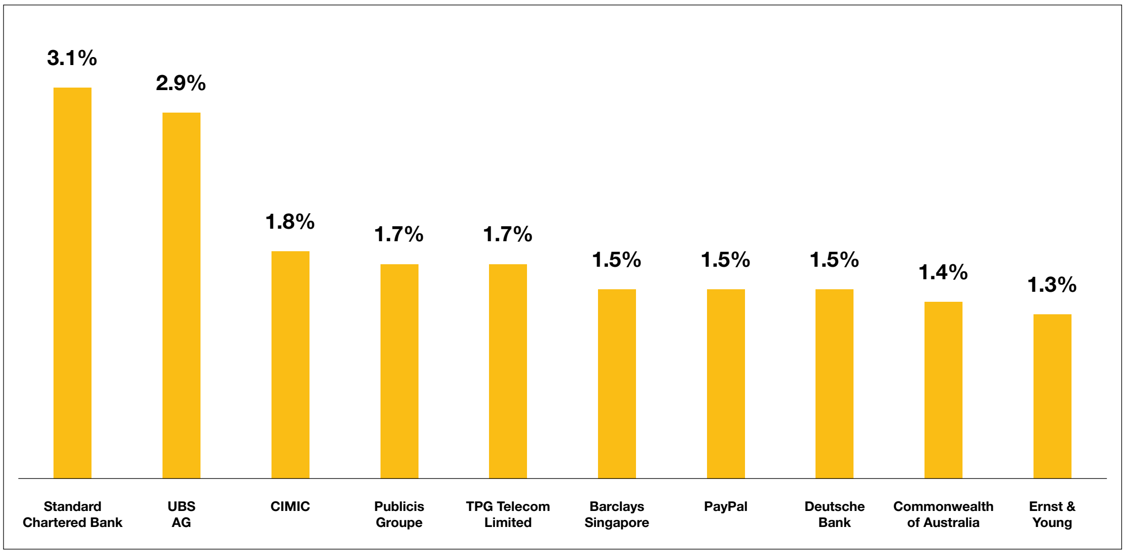
Notes:

(1) Includes 60.8% interest in Suntec Singapore (Retail), one-third interest in ORQ, one-third interest in MBLM and 50.0% interest in Southgate Complex (Retail).

(2) Includes 60.8% interest in Suntec Singapore (Retail), one-third interest in ORQ, one-third interest in MBLM and 50.0% interest in Southgate Complex (Retail) and 50.0% interest in the Property (Retail).

3.3 Top Ten Tenants of the Enlarged Property Portfolio

The table below sets out the top ten tenants of the Enlarged Property Portfolio by monthly gross rental income (based on committed monthly gross rental income as at 30 June 2020)[1].



Note:

(1) Includes one-third interest in ORQ, one-third interest in MBFC Towers 1 and 2 and 50.0% interest in Southgate Complex (Office) and 50.0% interest in the Property.

APPENDIX B

VALUATION CERTIFICATE

3 November 2020

Addressee	:	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as Trustee of Suntec Real Estate Investment Trust) 10 Marina Boulevard Marina Bay Financial Centre Tower 2, #48-01 Singapore 018983
Property Address (“The Property”)	:	Nova Estate, Buckingham Palace Road and Bressenden Place, London SW1
Purpose of Valuation	:	To assess the suitability of the property for purchase.
Valuation Date	:	1 September 2020
Basis of Valuation	:	We confirm that our valuation and report has been prepared in accordance with the current RICS Valuation – Global Standards, incorporating the IVS, and the RICS Valuation – Global Standards 2017 – UK national supplement published by the RICS (the RICS Red Book) on the basis of Market Value. Market Value: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
Registered Owner	:	The title is held in the name of Nova GP Limited (company number 0780455 whose name was previously Victoria Circle GP Limited) acting as general partner of Nova Limited Partnership (registered number 014733). As part of the proposed transaction, three separate Headleases will be granted which will be held by Nova Nominee 1 Limited (company number 07804567) and Nova Nominee 2 Limited (company number 07804582). The nominees will be holding on trust for Nova Limited Partnership.

Tenure	:	Three separate Headleases will be granted in relation to Nova South, Nova North and Nova Building respectively each for a term expiring on 27 April 3062 at a peppercorn rent.
Interest	:	50% interest in each of the leasehold interests.
Brief Description	:	The property comprises a prominent headquarters mixed use estate on a substantial island site totalling 4.171 acres (1.688 hectares) developed by Land Securities and CPPIB and reached practical completion in 2017. The Estate provides three buildings, namely Nova North, Nova South and The Nova Building set within 2 acres of attractive public realm. The properties provide 480,310 sq ft of Grade A offices (excluding the management office) with a BREEAM 'very good' rating, 78,811 sq ft of food and beverage accommodation and storage accommodation. The development also includes 170 residential units which have all been sold off on long leases and are therefore excluded from the valuation. The ground rent income from the sold flats is reflected within our valuation. The three buildings are serviced by four basement levels providing circa 300,000 sq ft of building amenities including a servicing and delivery area, ancillary storage, shower and changing facilities, cycle racks and car parking.
Gross Internal Area	:	The total gross internal area including the residential accommodation is 951,122 sq ft, including 300,000 sq ft of building amenities including a servicing and delivery area, ancillary storage, shower and changing facilities, cycle racks and car parking.
Net Internal Area	:	The total net internal area of the property is 567,565 sq ft (excluding the management office)

	Nova South	**Nova North**	**The Nova Building**
Total Offices	297,342 sq ft	182,969 sq ft	–
Office Floors	2-15	2-10	–
Office Floor Plate Sizes	11,840-30,262 sq ft	8,307-22,222 sq ft	–
Total Retail	40,759 sq ft	22,531 sq ft	15,521 sq ft
Number of Retail Units	7	5	6
Storage	–	–	8,444 sq ft
Residential	–	–	170 units (sold off on long leases and excluded from the valuation other than the benefit of the ground rent)

Condition	:	Generally good
Master Plan Zoning	:	The property is situated in the area administered by the Westminster City Council. In accordance with the provisions of Section 38(6) of the Planning and Compulsory Purchase Act 2008, planning decisions must be made in accordance with the Development Plan unless material considerations indicate otherwise. As the subject property is located within the jurisdiction of the City of Westminster, the Development Plan comprises the London Plan (2016), Westminster's City Plan (Nov 2016) and the saved policies of Westminster's Unitary Development Plan (2007). Westminster City Council is currently working on a complete review of its planning policies, through the preparation of a new Westminster 'City Plan 2019-2040', which will supersede both the current City Plan and the saved UDP policies once adopted. The council submitted the City Plan 2019-2040 to the Secretary of State on 19 November 2019. The 'Examination in Public' has now started, which is the last stage of the plan-making process. The site is located in the Central Activities Zone (CAZ) and Victoria Opportunity Area, which promotes office use. The property has been developed as mixed-use office, residential and retail (A1-A5) buildings in accordance with planning permission 08/08205/FULL approved on 9 October 2009 and subject to amendments.
Tenancy Overview	:	As at the valuation date the property has an occupation rate of 100% excluding a small number of car parking bays and storage. The average unexpired lease term is currently 13.75 years to expiry or 12.67 years to earliest break option (including the residential ground rents). This will reduce if the non-operating retail units are surrendered. Excluding residential ground rents, storage, and car parking space, the average unexpired lease term is 10.76 years to expiry and 9.68 years to earliest breaks.
Income Overview	:	The property is currently let to 32 commercial tenants on 35 leases and 16 licences in relation to storage and car parking or motorcycle spaces in addition to an overriding lease in relation to the residential ground rents. Three tenants have been unable to reopen post-Covid and we understand that the landlord is re-marketing the space, although the leases have not yet been terminated. We understand that the vendor will be guaranteeing the associated rent for the retail leases based on the previous level of passing rent for an amount up to £5 million over a period of two years from completion of the transaction ("Income Guarantee").

The property currently produces a total passing rent of £40,983,514 per annum which reflects:

- £72.22 per sq ft overall (excluding the residential ground rents)
- £76.25 per sq ft overall on the offices
- £46.67 per sq ft overall on the retail.

The rental value of the retail units is £3,788,000 per annum versus the contracted passing rent of £4,166,414 per annum and therefore over-rented by 9.0%.

Overall, the passing rent is reversionary by 1.28% on a headline basis.

There is 7,129 sq ft of basement storage space currently vacant, for which we would not expect any non-recoverable costs and does not impact the overall rental value. Therefore, the current vacancy rate is 0% by ERV.

There are non-recoverable costs totalling £6,417 per annum in relation to service charge shortfalls for the vacant car parking spaces. We would note that should the non-operating retail units be surrendered there will be additional non-recoverable costs in relation to the vacancy to cover business rates, service charge and letting fees, however these additional costs would be covered via the Income Guarantee.

The average unexpired lease term is currently 13.75 years to expiry or 12.67 years to earliest break option (including the residential ground rents). This will reduce if the non-operating retail units are surrendered. Excluding residential ground rents, storage, and carparking, the average unexpired lease term is 10.76 years to expiry and 9.68 years to earliest breaks.

The majority of the income is secured against the office tenants at approximately 90% of the total, with the reminder mainly secured against the F&B tenants. The storage and car parking income is negligible.

Key office tenants include Atkins Ltd, The Argyll Club and Vitol Services Ltd.

Key retail tenants include D&D Nova Ltd, ETM Group Ltd and Sticks ‘n’ Sushi Ltd.

Nova Estate	**per annum**
Gross Current Income (100%)	£40,983,514
Net Current Income (100%)	£40,977,097
Estimated Rental Value (100%)	£41,266,850

Income Guarantee : We are of the opinion that the Income Guarantee is in line with normal commercial terms as the income guarantee amount of up to £5 million is sufficient to cover the rental payable by the retail tenants (on a 50% basis) over the income guarantee period.

Valuation Approach Income Guarantee : We have valued the property using the "All Risk Yield Approach".

As the property has a long average unexpired lease term and has the vendor guarantee in respect of the vacant retail units, in line with market practice we have not reflected any explicit voids, running costs or capital expenditure within our valuation.

We have applied a capitalisation rate of 4.65% to the office income, with the exception of London Executive Offices where we have applied a higher yield of 5.15%, and 4.95% to the retail income.

Key Assumptions :

Initial Yield	4.62%
Equivalent Yield	4.73%

Market Value (50% interest) with the benefit of the Income Guarantee : **£436,000,000 (FOUR HUNDRED AND THIRTY-SIX MILLION POUNDS)**

Capital Value per sq ft (based on 50% interest) :

NIA	£1,536
GIA (including residential)	£917

Valuation Approach Without Income Guarantee : We have adopted the same approach as per the above, except for the following:

- Allowed a 12-month void period for the retail units which have closed permanently (unit 4, 6 and 14), despite the fact that the leases are currently still in place.

- Adopted a rent free period of 12 months on unit 6 and 18 months on units 4 and 14 on commencement of the new lease.

- Reflected the service charge shortfall (£90,132) and empty rates liability (£154,600) during the assumed void period as well as re-letting fees based on 15% of our ERV (£46,380).

- Adjusted the yield applied to the retail tenants to 5.15%.

Key Assumptions :

Initial Yield	4.58%
Equivalent Yield	4.78%

Market Value (50% interest) without the benefit of the Income Guarantee : **£431,500,000 (FOUR HUNDRED AND THIRTY ONE MILLION FIVE HUNDRED THOUSAND POUNDS)**

Capital Value per sq ft (based on 50% interest) :

NIA	£1,520
GIA (including residential)	£907

Purchaser's Costs : We have assumed the property is being sold within an SPV and our valuation is subject to reduced purchaser's costs of 1.80%.

Yours faithfully

Simon Morris MRICS

Director

For and on behalf of
Jones Lang LaSalle Limited

Yours faithfully

Christy Bowen MRICS

Director

For and on behalf of
Jones Lang LaSalle Limited

Legal Notice

Please note that this Valuation Certificate can only be read in connection with the Valuation Report of the subject property, dated 8 October 2020 with a valuation date of 1 September 2020. If you are neither the Client, an Addressee nor a Relying Party then you are viewing this Report on a non-reliance basis and for informational purposes only. You may not rely on the Report for any purpose whatsoever and JLL shall not be liable for any loss or damage you may suffer (whether direct, indirect or consequential) as a result of unauthorised use of or reliance on this Report. JLL gives no undertaking to provide any additional information or correct any inaccuracies in the Report.

APPENDIX C

Research Report

Central London Offices

Independent Market Report

September 2020

CONTENTS

1. Executive summary and outlook

i. The Central London leasing market has recorded above average levels of take-up over the last seven years. Despite the political and economic uncertainty that characterised the UK during 2019, there was no sign that this has had any significant impact on the occupational market.

ii. A similar trend was seen across the West End and in the Victoria submarket, which outperformed all the West End submarkets in 2019 in terms of the volume of lettings.

iii. Letting activity has been strong in Victoria over recent years and this is partly due to supply being limited in the rest of the West End and the availability of larger floor plate offerings which are difficult to find in other West End sub-markets. The area has benefited from the increasingly footloose nature of occupiers and, related to this, increased occupier migration between submarkets.

iv. Nevertheless, the Covid-19 pandemic has impacted on leasing volumes across all areas of Central London during H1, as occupiers paused decision against a background of lockdown and large scale working from home.

v. Pre-Covid office employment in London was at peak levels, and while short term employment levels are expected to fall in line with the slow economic environment caused by the pandemic, continued future growth is predicted over the longer term. Forecasts for London are well ahead of the UK as a whole, reflecting the continued urbanisation of employment particularly in growth sectors, and the preference for city centre locations.

vi. With growth rates likely to moderate in the short term and more companies accommodating working from home policies, we anticipate that leasing activity will be muted during the latter part of 2020 and into 2021, before returning to trend.

vii. Central London has seen supply increase as a direct result of the pandemic, as a dearth of leasing activity and a rise in second hand space being marketed. While the West End mirrored the Central London trend, Victoria remains a particularly tight market, with a vacancy rate of 2.2%.

viii. The recent success of Victoria in attracting occupiers from further afield has been reflected in the lack of new supply currently on the market. There is no new space available in Victoria, which may curb leasing activity.

ix. This is a characteristic of Central London in general, with the new build vacancy rate[1] standing around 0.8% at the end of H1 2020. This shortage of space, which is being driven by the flight to quality and the focus on attracting and retaining key talent, has been reflected in the rise of pre-letting in the market. This pre-letting trend has continued during the pandemic and is expected to be key feature of the market moving forward.

x. Speculative space under construction has decreased in part due to the high volumes of pre- letting- over half of space currently under construction has been pre-let- and limited new starts on site during the first half of the year. It will take time for the market to rebalance and we do not expect there to be any major relief from the current tight conditions for some time to come, especially as delays to schemes due to Covid-19 are likely to have pushed completion dates out by 3-6 months.

1 The new build vacancy rate relates to all brand-new space i.e. that has completed but has not been leased by a tenant.

xi. Central London overall supply levels are expected to see a further uplift into 2020 and 2021 as second- hand space is returned to the market rather than any significant uptick in new supply. Thereafter it should fall back as lower levels of new completions are delivered against a background of economic recovery and employment growth. We anticipate that the Central London vacancy rate will hover around the 6.0% mark between now and the end of 2023.

xii. The West End has seen a lack of speculative development over the last two years and this had supressed vacancy rates. Victoria has followed a similar pattern in terms of development completions and the lack of new supply is likely to be a characteristic of the submarket over the medium term. It will be 2022 before the next wave of new space is delivered.

xiii. The supply and demand imbalance across Central London is supporting prime rents, despite fewer transactions taking place. There has been some compression in prime rents, but the lack of new space will result in the rental gap between prime space and secondary space widening.

xiv. Rental growth is likely to return to the market in 2022, with the West End expected to outperform the City over the next five years. West End rents are expected to see growth of 0.8% per annum compared to zero growth for the City. JLL are expecting Victoria rents to recover in line with the wider West End and given that space will not be delivered for some time in Victoria, prime rents could easily outperform.

xv. The investment market recorded lower levels of activity during 2019 and into 2020. The uncertainty around the date to leave the EU, low supply levels and concern over the position in the cycle combined to reduce activity even before the pandemic halted activity. The London office market, due to the scale of purchases and its internationalisation, tends to be reactive to political and economic events, which has been exacerbated by the curbs on travel and viewings. Nevertheless, there is evidence that there is a wall of money waiting to enter the London offices market once restrictions are lifted.

xvi. But this low level of activity is likely to be a temporary blip and over the medium-term volumes are expected to recover. The UK remains a highly attractive investment destination for a number of reasons: transparency, liquidity, very strong occupational markets, and its reputation as a hub of innovation and talent. Added to this, the UK's relatively high yield and yield spread could make it look very attractive indeed. We expect international capital to return and much of this overseas capital will be focused on best-in-class assets, reflecting the trends in the market over the last few years.

xvii. UK GDP growth has been relatively stable in recent years, but the Covid-19 pandemic in 2020 has caused a significant interruption to the UK economy and altered the short-term economic outlook. The median view of market forecasters, as collected by Consensus Forecasts, is that 2020 will see a contraction in GDP of around 9% to 10%, followed by a rebound in 2021 of around 6%.

xviii. Lockdown restrictions are being eased, more businesses are reopening, and consumers are beginning to return to normal behavioural and spending patterns. But it is likely to be several months after all restrictions and support measures are lifted before the degree of scarring is clear.

xix. The UK is still committed to leaving the EU with a trade deal by the end of the year, which would support stronger economic growth in the medium- term and which will confirm investors' belief that the UK economy rests on strong foundations and that it will remain, in the longer term, one of the developed world's best performing economies.

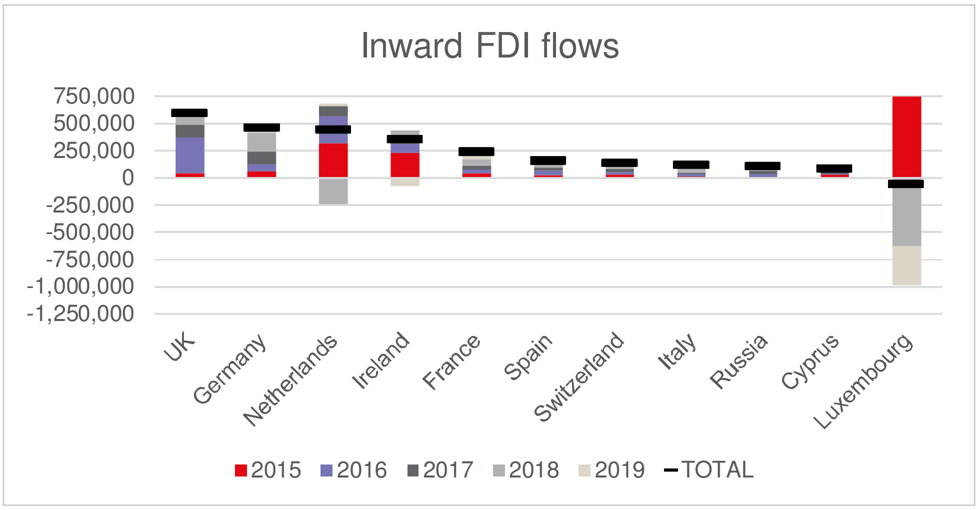
2. UK economy and labour market

2.1. UK performance in a global context

2.1.1. Historically, the UK has grown faster than its European peers and neighbours. GDP growth is derived from growth in productivity and growth in the size of the labour force. On both fronts the UK has been at, or close to, the top of the pack in Europe.

2.1.2. Productivity growth is a function of domestic and foreign investment. The UK is one of the top recipients of foreign direct investment (FDI) in Europe. It is a mature, stable economy with a stable and business-friendly political environment. It has an independent judiciary and press, with a strong rule of law, high transparency, and a business-favourable operating environment – in the World Bank Ease of Doing Business Survey 2020 the UK ranks 8th, beaten only by Denmark within Europe.

Chart 1: Inward FDI flows – Top 11 European countries ranked by total net inward FDI 2015-2019 (USD Trillions)



Source: Oxford Economics

2.1.3. The UK is welcoming of foreign investment, and has the largest financial sector in Europe, making it a magnet for financial flows and investment. The UK has historically been seen as a gateway to Europe for goods and service providers.

2.1.4. In terms of the labour market, the UK has one of the most flexible labour markets in Europe and the world. According the World Economic Forum's Labour Flexibility index, in 2019 the UK ranked 9th, behind Ireland at 6th and Denmark at 3rd. According to the Lithuanian Free Market Institute's employment flexibility index, the UK ranks fourth in the OECD and second in Europe, after Denmark. The UK has historically been welcoming of immigrants and was the only country in the EU to open its labour market to migrant workers from the new 10 mainly Eastern European economies that joined the EU in 2004. The UK has more top universities than any other European country, and attracts large numbers of international students, many of whom continue to work in the UK for several years post-graduation. London's Imperial College was ranked 10th and University College London ranked 9th in the World University Rankings 2020, with Oxford and Cambridge Universities placed fourth and seventh respectively. Of the top 100 universities in the UK, 17 are in London.

2.1.5. The UK is an attractive place to live and work and London is by far the biggest draw. London is a truly global city and is home to some of the world's biggest and most dynamic companies and consequently acts as a magnet for attracting global talent.

2.1.6. Despite the headwinds surrounding Brexit, London maintained its position at the top of the Global Power City Index[2] for the 8th consecutive year, being ranked in the top five in 12 of the 16 indicators. It ranks second behind New York in the Global Financial Centres Index 26[3] and is some way ahead of its nearest European rivals of Zurich (14th) and Frankfurt (15th).

2.1.7. Cities that combine strong innovation capabilities and talent concentrations have outperformed in economic terms over the last couple of decades. In JLL's 2019 Innovation Geographies report, London was the top ranked European city for innovation, being placed fifth globally, and was ranked first overall for talent, well ahead of Paris which was ranked 8th overall and 2nd in Europe.

2.1.8. The power of London's cultural scene is one of the city's strengths. London was the third-most visited city in the world in 2019, behind Bangkok and Paris[4], which acts as a major economic driver, attracting talent from far and wide.

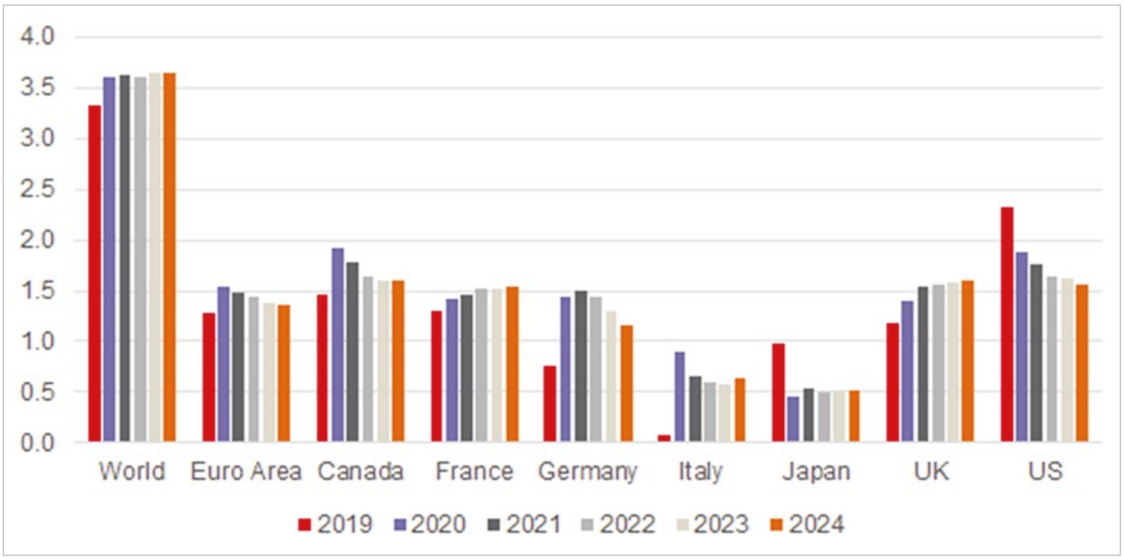
2.2. UK GDP growth and outlook

2.2.1. UK GDP growth has been relatively stable in recent years. In the immediate aftermath of the UK's vote to leave the European Union, there were fears of very weak output growth, and possibly even economic contraction. These fears appear to have been unfounded, with growth of 1.9% in each of 2016 and 2017 followed by 1.3% in 2018. In 2019, despite the uncertain political backdrop of several scheduled Brexit dates and a general election, the economy expanded by 1.5%. Although not spectacular, the UK's economic performance has been steady and sustainable.

The long-term trend rate of UK economic growth is estimated at between 1.5% and 2.0%. As a mature and diverse economy, it is natural for the trend rate of growth to fall gradually over time, influenced by slowing growth in the labour market, and diminishing returns to investment. Nonetheless, the UK's trend rate of growth remains higher than its European peers, and within the G7 on par with Canada and slightly lower than the US.

2 Institute for Urban Strategies – The Mori Memorial Foundation
3 Z/Yen Group 2019
4 Global Destination Cities Index 2019

Chart 2: Real GDP Growth 2019-2024 – Pre-Covid forecasts (% year on year)



Source: IMF (Jan 2020)

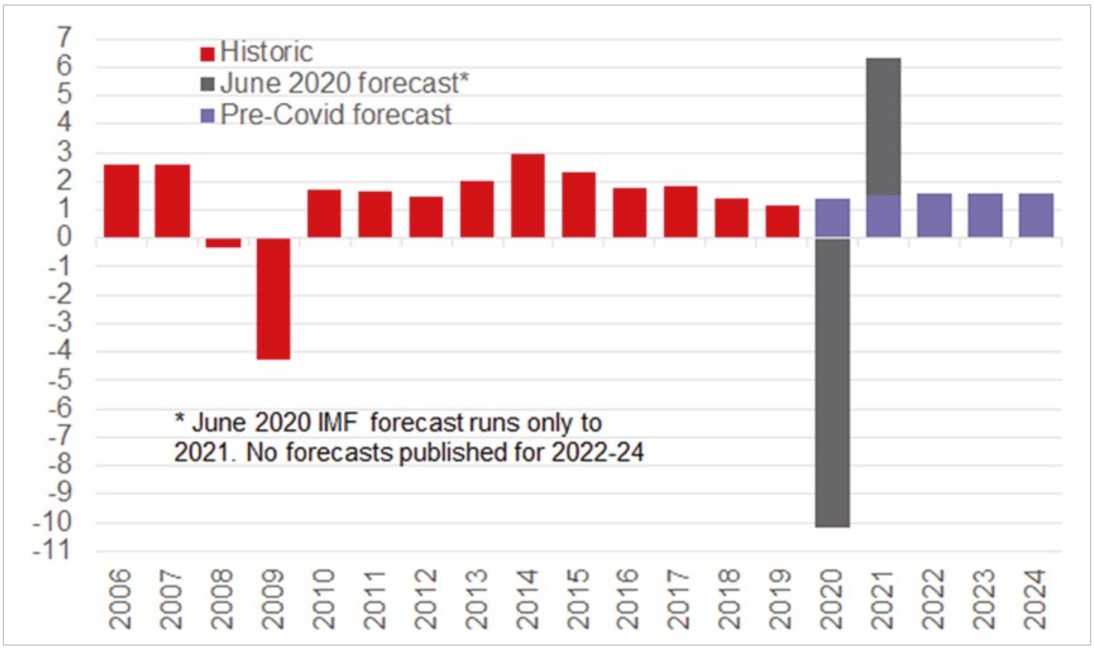
2.2.2. The effect of the change to the UK's relationship with the EU on its economic outlook is uncertain and hotly debated. The UK plans to increase restrictions on movement of labour from the EU to the UK and loosen restrictions with regard immigration from the rest of the world, with a focus on bringing in the talent the UK needs wherever it is from. For business, the imposition of barriers to trade with the EU will impose costs and impediments to UK-EU trade, but the government hopes to offset these with new trading agreements with countries outside of Europe.

2.2.3. It is possible that if there are permanent effects on the supply of labour to labour market and on the ability of firms to invest in productivity-enhancing innovation, then there will be a negative impact from Covid-19. At this stage, there are no credible forecasts for permanent long-term harm to the UK's economic growth potential from Covid-19.

2.2.4. The Covid-19 pandemic in 2020 has caused a significant interruption to the UK economy and altered the short-term economic outlook. The median view of market forecasters, as provided by Consensus Forecasts[5], estimates that 2020 will see a contraction in GDP of around 9% to 10%, followed by a rebound in 2021 of around 6%. The worst of the contraction has already passed, with the UK economy shrinking by 2.2% in Q1 and by 20.4% in Q2 2020. Despite the weakness in Q2 2020, there was some pick up in June as government restrictions on movement started to ease.

5 https://www.consensuseconomics.com/

Chart 3: UK Real GDP Growth 2020-2024 (% year on year)



Source: IMF (January and June 2020)

2.3. Impact of Covid-19

2.3.1. The United Kingdom was slower than its European peers to impose lockdown and severe social distancing restrictions in response to the Covid-19 global pandemic, though the magnitude and severity of the response differed across the continent. Having imposed lockdown in late March, activity in many areas of the economy came to an abrupt halt.

2.3.2. The magnitude of the economic impact of Covid-19 depends on three factors: the severity of the isolation and social distancing measures put in place; the duration for which they are in place; and the fiscal and monetary policy response mobilised to offset the negative impact of the lockdown restrictions. The severity and duration of lockdown restrictions in the UK were comparable to other European nations.

2.3.3. The policy response by UK authorities has been substantial and of great importance in preventing first order effects (such as temporary household income and business revenue falls) from morphing into second order effects, which result in economic scarring. (The four categories of second order effects are unemployment, business insolvency, homelessness, and financial or banking crises.)

2.3.4. The Bank of England cut its benchmark interest rate from 0.75% to an historic low of 0.1%, increased its quantitative easing asset purchase programme by £300 billion, and engaged multiple other policy levers in order to support financial sector liquidity, commercial bank balance sheets, and commercial bank lending.

2.3.5. The UK government mobilised a crisis response amounting to over 14% of GDP, with the bulk of this support in the form of "below-the-line" measures such as loans to businesses, loan guarantees, and mandated lender and landlord forbearance. This compares to a total package of around 1.5% of GDP during the Global Financial Crisis. "Above-the-line" direct fiscal support to the private sector was unprecedented: under the worker furlough scheme alone, the Government took over the private sector wage bill for over 11 million employed and self-employed people, around a third of the total workforce.

2.3.6. At the time of writing, the extent of the damage, and shape of the economic recovery, remain unclear. Lockdown restrictions are being eased, more businesses are reopening, and consumers are beginning to return to normal behavioural and spending patterns. The extent of economic scarring appears limited, but fiscal support measures (including the furlough scheme) remain in place, obscuring the final impact. It is likely to be several months after all restrictions and support measures are lifted before the degree of scarring is clear. The risk of a second wave of infections, and renewed lockdown of some sort, as we are seeing in parts of Asia and Europe, would deepen the downturn and delay the recovery.

2.3.7. Market forecasts for the UK are centred around a contraction in GDP of between 9% and 10% in 2020, followed by growth of between 5% and 6% in 2021. According to the monthly GDP estimates from the Office for National Statistics (ONS), UK GDP contracted by 6.9% month-on-month in March and by 20.3% MoM in April. Figures for May indicate the bottom of the downturn has been passed with the economy growing by 1.8%. In other words, baring a renewed lockdown, the economy is on the road to recovery. Due to residual restrictions, lower demand from trading partners, and persistent behavioural changes, most forecasters estimate that it will be 2022 before the economy recovers its 2019 GDP level.

2.3.8. The degree of economic scarring will determine the medium-term impact on the economy. The greater the scarring – the higher the number of unemployed, the larger the number of insolvencies and homeless, and the higher the losses for the banking sector – the greater the drag will be on the UK's trend rate of GDP growth. If scarring is minimal, there will likely be a negligible impact on the trend growth rate. The UK government and corporate sector, however, will almost certainly face a higher level of outstanding debt subsequent to the crisis, and likely a higher debt burden (though lower interest rates offset this somewhat). The upshot is that taxes will almost certainly be higher and business investment lower in order to reduce the debt burden. Longer term the UK is expected to see stronger growth than many EU countries but may lag the US and Canada.

2.4. Impact of Brexit

2.4.1. The UK left the EU on 31st January 2020. Questions over the UK's withdrawal from the EU are now settled, with the official departure now seeing the UK moving into an 11-month transition period, during which it will continue to be treated as if it were a member of the EU. The UK elected not to request an extension to the transition period, therefore the transition period will come to an end on 31st December 2020. After this, the UK-EU relationship will change.

2.4.2. The UK and EU remain in negotiations about the future trading relationship. Although there are many areas of agreement, such as a mutual interest in a zero-tariff, zero-quota trade deal, there remain several areas of disagreement preventing a resolution being reached. In particular, fishing rights in UK waters, "level playing field" provisions related to regulation and state aid rules, and the role of the European Court of Justice as an arbiter of trade disagreements, are primary areas of disagreement.

2.4.3. Although the exact timing is subject to political change, it is expected that the two sides must conclude a final agreement by October at the latest in order for the respective legislative and executive approval processes to be completed in time for implementation on 1st January 2021. If no agreement is reached, the UK will leave the EU with no preferential trading agreement in place and trade will be conducted under the auspices of World Trade Organisation (WTO) rules. In practice, this means tariffs and quotas, in addition to greater regulatory (i.e. non-tariff) barriers and customs burdens.

2.4.4. If an agreement is reached it would likely be narrow (covering goods only), shallow (covering tariffs and quotas only, not the much more important non-tariff barriers), and biased toward the EU (as they are the larger and more experienced party). However, this is unlikely to be the end of the trade negotiation process, and further rounds, to build on the original bare-bones agreement, would likely be conducted. Short term disruption to trade is almost inevitable.

2.4.5. If an agreement is concluded before year end, it will remove uncertainty around the future trade environment and likely provide a boost to confidence and business investment. The Pound Sterling would likely benefit, appreciating as the threat of a No Deal cliff-edge disappears. The size of the appreciation is uncertain, but a strong currency would unwind some of the post-referendum depreciation, reduce import prices, and remove some upward pressure on CPI inflation.

2.4.6. In the event of no deal being reached, which remains a realistic outcome, the UK would suffer a negative economic shock on top of the impact of the Covid-19 shock. The ability to trade would decrease or be revoked, and trading costs would increase as barriers to trade would be erected overnight between the UK and its largest trade partner (as well as other markets). Confidence and investment of UK-based businesses would fall. Sterling would depreciate on the basis that the UK would be a less attractive destination for investment and that GDP growth would be lower. The currency would likely overshoot in its depreciation, as financial markets frequently do.

2.4.7. UK equity markets will face competing pressures. The FTSE 100 may well rise due to the high proportion of foreign currency earnings of firms comprising the index. These firms will see the sterling value of their non-sterling revenue increase. For firms with a more domestic focus, and those in other indices, the direction of movement is likely to be down as markets interpret the No Deal departure as negative for the UK’s long-term economic prospects.

2.4.8. UK economic growth would slow, and the economy may well contract, as is forecast by a plurality of forecasts. This slowdown would certainly be met with as strong a policy response as remains available at the time. With the Bank Rate at 0.1%, the remaining option is negative interest rates, which bring escalating costs as well as benefits. The government has also seen its fiscal deficit and debt level rise markedly due to its Covid-19 response. Financial markets may be less forgiving and supportive in the event of a self-inflicted No Deal outcome, possible pushing up government borrowing costs. Nonetheless, the short-term impact on the UK economy would be negative.

2.4.9. Most forecasts assessing the impact of a No Deal outcome were produced prior to March 2019, the original exit date, and have not been updated to reflect the change in economic circumstances including the impact of Covid-19 and other changes in UK economic policy in the intervening period. As such, they are not a reliable source to assess the current magnitude of a no deal.

2.4.10. At the time of writing, the government remains committed to reaching a trade deal with the EU. Having promised a deal and a prosperous new post-membership future, as well as having been “lent” votes from traditionally Labour voters in the December 2019 election, the political penalty of not delivering would be severe.

2.5. Other economic indicators

2.5.1. Consumer price inflation in the UK has fallen to 0.6% year-on-year in June, reflecting the sharp fall oil and other commodity prices earlier in the year. CPI excluding energy was 1.4% in June, within the Bank of England's target of 2% +/- one percentage point. Services price inflation has eased from 2.5% pre-Covid (in March), to 1.8% in June, reflecting falling transport costs and fewer businesses increasing prices. The relative stability of (largely domestic) services prices is one indicator that the Covid-19 crisis has not resulted in many second order effects thus far and is therefore a positive sign.

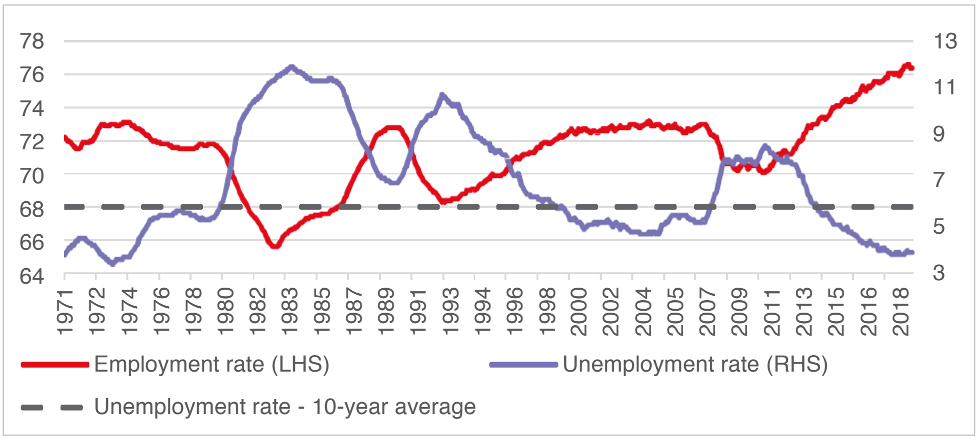
2.5.2. The Bank of England is already engaged in expansionary policy with the aim of reflating the economy following the Covid-19 crisis and is unlikely to conduct additional monetary easing on the basis of below-target headline inflation alone. Upward pressure on prices is expected to build as a recovery takes hold, though the impact of commodity prices falls will weigh on the index until March 2021.

2.5.3. Monetary conditions in the UK and across the developed world remain accommodative or very accommodative and are likely to remain that way for several years to come. Interest rates that would qualify as neutral have come down since the Global Financial Crisis as economic actors have grown accustomed to very low policy rates and interest rate sensitivity has increased. Although untested, the UK neutral rate of interest is estimated to have fallen from around 5% to around 3%. It is likely that it will decline further.

2.5.4. Yields on UK government bonds have fallen sharply in recent months. In August 2019, the yield on 10-year UK government bonds fell to an all-time low below 0.5%, below the Bank of England Bank Rate for the first time since the global financial crisis. As of August 2020, the 10- year government bond yield stands at just 0.06% (again below the BoE Bank Rate) and yields on Government bonds of all durations of 8-years and below are negative. Such low rates would usually reflect investor perceptions that UK interest rates will not rise for at least a decade. Whist this assessment is true in principle, it is also compounded by investors seeking a safe haven from risk, which pushes down yields further than the future rate forecast hypothesis justifies.

2.5.5. UK labour market conditions, prior to the Covid-19 crisis, were very positive. Employment was at a record high, with a record share of the working age population in work; and unemployment was at four decade low, with the unemployment rate in the three months to April at just 3.9%. The economy was as close to full employment as it has been in the last fifty years.

Chart 4: UK employment and unemployment rates (% aged 16 and over)



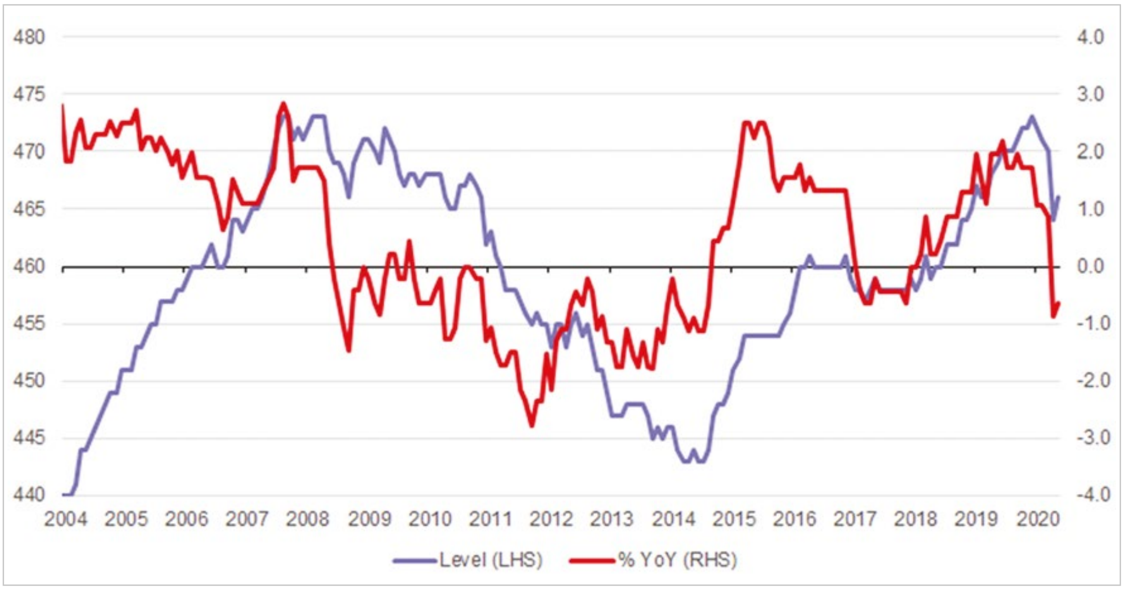
Source: ONS

2.5.6. The impact of the Covid-19 crisis on the labour market remains unclear. Around 600,000 jobs have been lost, and many of those out of work have left the labour force as vacancies have fallen sharply and recruitment remains largely frozen. The government is supporting around 11 million people on its furlough scheme, which begins to require employer contributions to employee pay from August and ends in October. It remains unclear whether many of the jobs lost will be re-activated when businesses fully re-open. The unemployment rate is expected to increase over the remainder of 2020 and into 2021 with the Consensus Forecasts anticipating unemployment rates of 6.5% and 7.3% at the end of 2020 and 2021 respectively. Most forecasts expect the labour market will return to full strength in line with the overall economy.

2.5.7. Prior to the Covid-19 pandemic, real average wages had been growing strongly at between 1.5% and 2.0% year-on-year. (Nominal wage growth averaged 3.3% YoY over the previous two years.) Following the Global Financial Crisis, real wages fell by 6.3% peak-to-trough, and only regained their pre-GFC peak at the start of 2020. Due to tight labour market conditions and stable trend growth, real wages were forecast to continue to rise steadily over the coming years. The Covid-19 crisis has interrupted this. Nominal and real wages contracted in April and May and are likely to remain stagnant or contract further over the rest of 2020. Tight labour market conditions have been disrupted, and the uncertainty over the economic outlook will weigh heavily on pay awards, bonuses and overtime working over the next two years.

2.5.8. Average wage growth will recover in line with the tightness of the labour market, which is expected to return to full strength in line with the overall economy. As such, pay growth is likely to be negative or subdued in 2020 and 2021, before starting to rise thereafter.

Chart 5: UK real average weekly earnings, excluding bonuses (£)

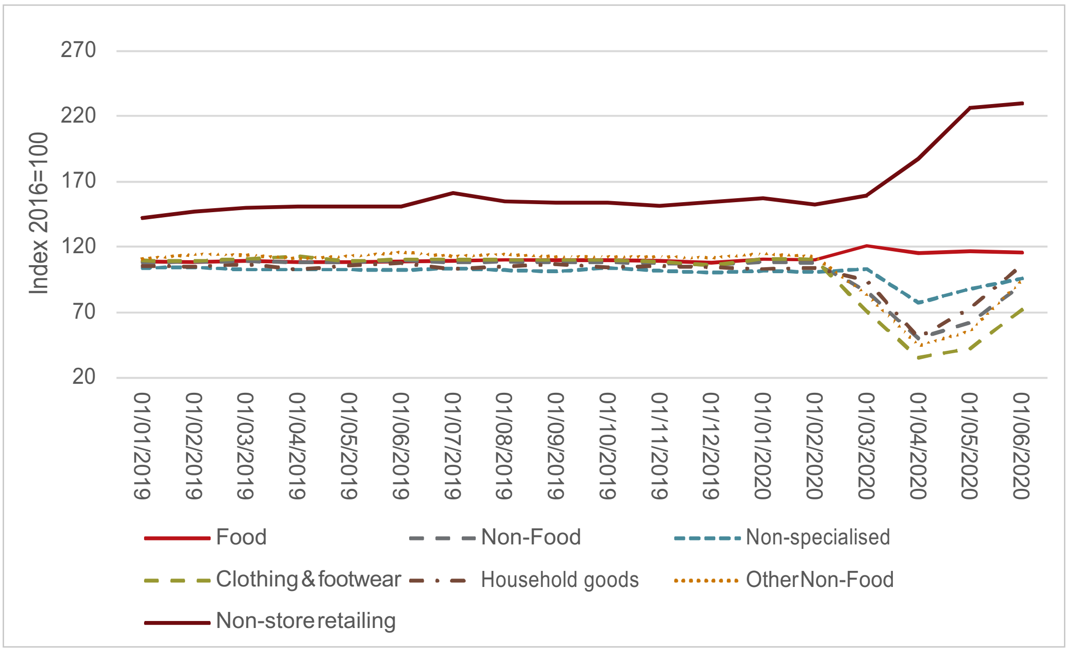


Source: ONS

2.5.9. UK retail sales have grown by an average annual rate of 3.7% between 2016 and 2019. Although the Covid-19 crisis caused a steep contraction in overall sales at the height of the lockdown restrictions, by June retail spending had already returned to above pre-crisis levels. There are six main drivers of retail sales: the number of people in and out of work; the pay of those in work; the amount of borrowing and savings; confidence to spend; alternative allocations of spending; and tourism.

2.5.10. During the Covid-19 crisis, all of these factors have been affected. The number in work has fallen and the number unemployed has risen. Pay packets have decreased. Consumer confidence collapsed but is quickly recovering. Household borrowing appears to have fallen and saving increased. Alternative places to spend disappeared, leaving certain retail channels to benefit. Tourism collapsed but is slowly returning. The net effect in the short term and for the remainder of 2020 is that most drivers of retail spending have been negatively affected, reducing sales growth. The main exception is alternative allocations of spending: retail spending has benefited from a reallocation away from other avenues toward retail, such as diverting spending from entertainment, such as cinema or theatre, to streaming services, higher food spending in supermarkets and take-aways because restaurants were closed.

Chart 6: UK retail sales by type of store



Source: ONS

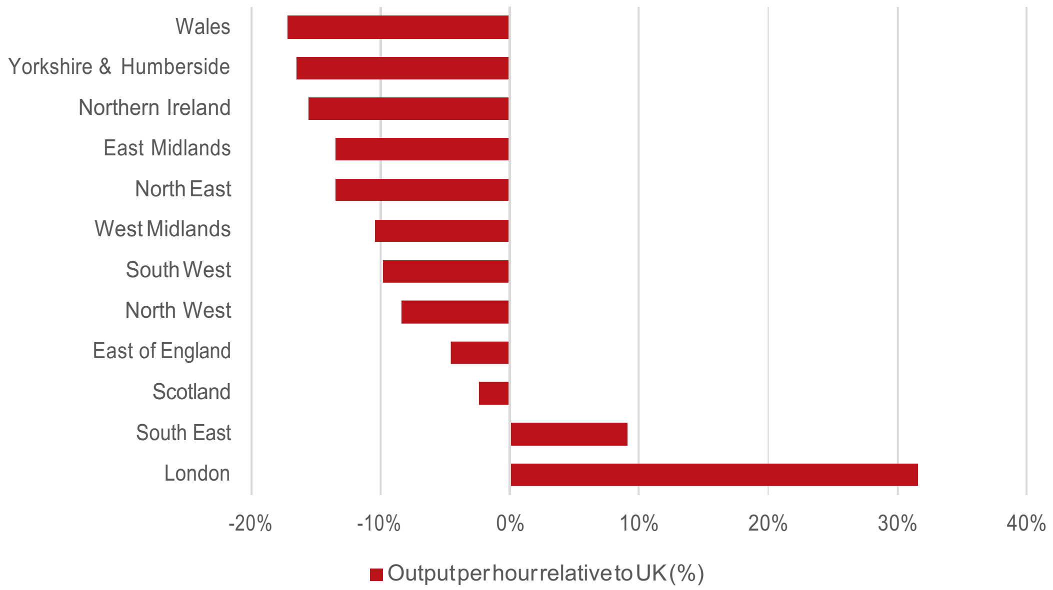
2.5.11. As the recovery begins to take hold, the pressures on these drivers will change. Employment will recover with the economy and unemployment will fall, supporting a return to retail sales growth. Wage growth will be initially subdued and then recover as tightness in the labour market returns, increasing disposable income for those employed. Borrowing and saving were not particularly affected, and so the impact will be neutral as the is little change. A recovery in confidence will support a recovery is sales, particularly bigger ticket items. The return of tourism, albeit likely slowly, will support the recovery in retail spending. The only negative factor for retail will be the reopening of alternative ways to spend, which will redirect consumer spending away from retail back toward its previous outlets. The upshot is that retail sales growth will return to its previous trend rates as economic conditions normalise.

2.6. London office employment growth and forecasts

2.6.1. London contributes as much as a third of the UK's overall GDP per year. London has also grown faster than the UK for most of the last decade, the exception being in 2015 and 2017 when the Brexit referendum weighed heavily on London in particular due to its high share of financial services and the uncertainty for this industry. London's economy saw an uptick in growth in 2018 — benefitting from strong growth in information & communication and professional, scientific & technical activities. Oxford Economics expect London to outperform the UK average over the coming years, suffering less of a contraction in 2020 due to the Covid crisis, and returning to its position as the region with the strongest rate of GVA growth from 2022. (The rebound in 2021 reflect the depth of the drop in 2020. London, suffering slightly less of a contraction, will see a small rebound. The net position for London remains nonetheless stronger than for other regions.)

2.6.2. London was 32% more productive than the UK average in 2018 (latest data available regionally) and has gradually pulled away from the rest of the country.

Chart 7: UK regional productivity (output per hour relative to UK %) 2018



Source: ONS

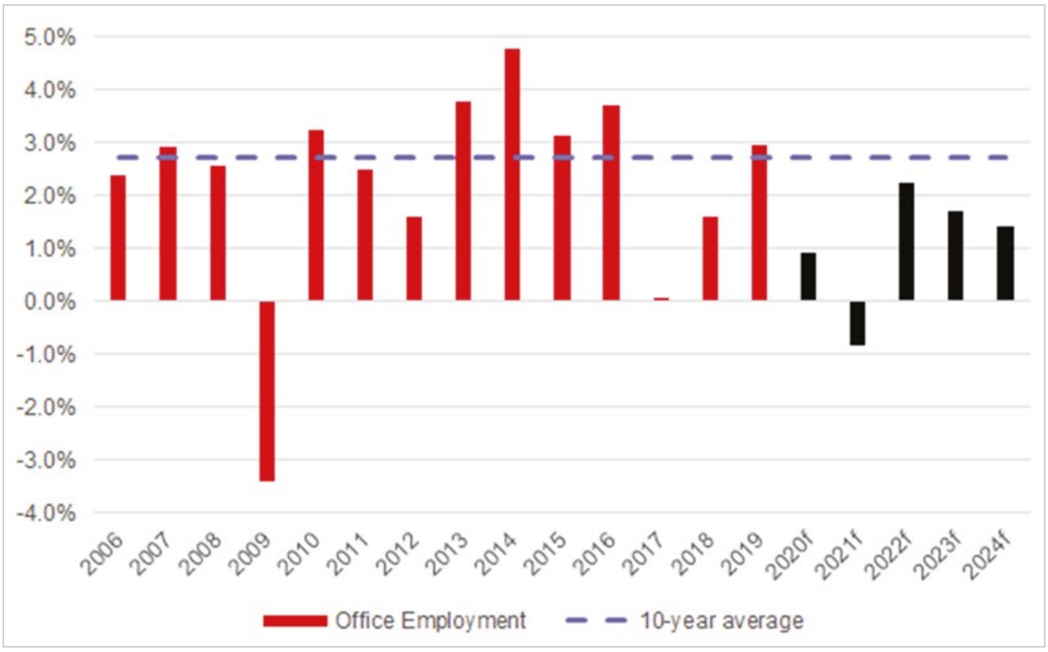
2.6.3. Looking more specifically at the number of people employed in office-oriented sectors[6] within Greater London, employment is at peak levels and has grown by 259,000 (2.1% per annum) in the five years to end of 2019, which is far more than the pace of growth across the UK as a whole. This reflects the continuing urbanisation of employment, the preference of graduates for city locations, and the concentration of new jobs in sectors such as tech, media, technical and professional/business services, which all tend to congregate in urban clusters.

2.6.4. Over this period, the fastest growth has come in the information and communication sector which has grown by 18% or 3.4% per annum to reach 543,000. Despite concern around the future of the financial services sector, headcount growth in financial services has also been positive, at 5.8% or 1.1% per annum, as the sector responds to structural changes within the industry reflected in expansion of compliance and technical roles. The sector saw 7,700 new jobs created in 2019,

6 Administration and support/financial and insurance/information and communication/professional, scientific and tech/public admin/real estate activities.

although the rapidly growing information & communication sector increased by 13,100 new roles and professional services by almost 39,000 jobs.

Chart 8: Change in office employment, Greater London, historic and forecast, 2006 – 2024



Source: Oxford Economics (July 2020)

2.6.5. Oxford Economics forecast[7] that London will continue to see solid office employment growth, albeit at a more modest pace than seen in the last five years due to low levels of unemployment and a return to companies making long term capital investment in their businesses. The number of office proxy jobs is forecast to increase by an average of 1.1% per annum between 2020 and 2024 which equates to around 143,000 (or 5.5%) more roles than in 2019. Much of this growth will be focused on Inner London. Inner London boroughs are anticipated to see growth of 1.3% per annum on average, which is around 128,000 new jobs. Table 1 shows the forecast growth rates in Inner and Outer London.

2.6.6. Much of this employment growth will continue to be driven by the types of businesses that tend to congregate in urban locations because of the clustering benefits, most obviously those in professional and business services, technology, creative and media. It is expected that total headcount in financial and insurance is likely to fall over the same period.

Table 1: Employment growth per annum 2019-2024 (annual average)

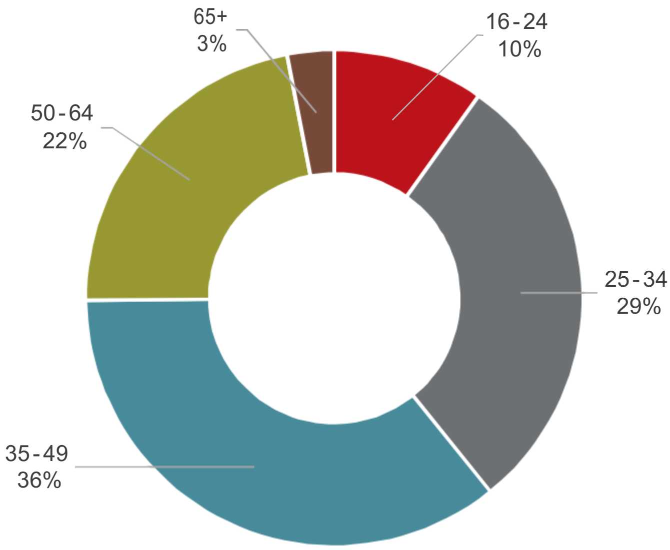
Sector	Inner London	Outer London	Greater London
Administrative and support	1.8%	0.6%	1.3%
Financial and insurance	-0.1%	-0.5%	-0.1%
Information and communication	1.5%	1.3%	1.5%
Professional, scientific and tech	1.7%	0.4%	1.4%
Public administration and defence	0.7%	0.4%	0.6%
Real estate activities	1.6%	0.6%	1.3%
All office-based employment	1.3%	0.6%	1.1%

Source: Oxford Economics (July 2020)

7 Forecasts published July 2020

2.6.7. London has a young and dynamic workforce, with 65% of the economically active population between 25-49 years old, which attracts expanding companies into the capital.

Chart 9: Economically active by age, London



Source: ONS

2.7. UK and London population and changing demographic trends

2.7.1. London's population is forecast to grow on average by 0.6% per year between 2019 and 2029. This will see the number of people living in the region reach over 9.5 million by 2029, an increase of 600,000 residents. London's population will see the fastest growth over the coming decade of all regions, at almost three times the rest of the UK average (UK excluding London) of 0.2% per year.

Table 2: Population growth

	Number (000s) 2019 est	2019 % growth	2020 % growth	2021 % growth	2019-2029 % growth per annum
Greater London	8.962	0.6	0.7	0.7	0.6
UK	66,797	0.5	0.4	0.3	0.3
UK (excl. London)	57,835	0.4	0.3	0.3	0.2

Source: Oxford Economics (July 2020)

2.7.2. London's population growth is expected to be wholly driven by natural change while net migration is forecast to contract. This is in contrast to the previous decade, which saw net migration result in a 251,000 increase in London's population. However, net migration has tended to make only a small contribution to population growth historically, due to a high share of international migration offset by internal outmigration to other regions of the UK.

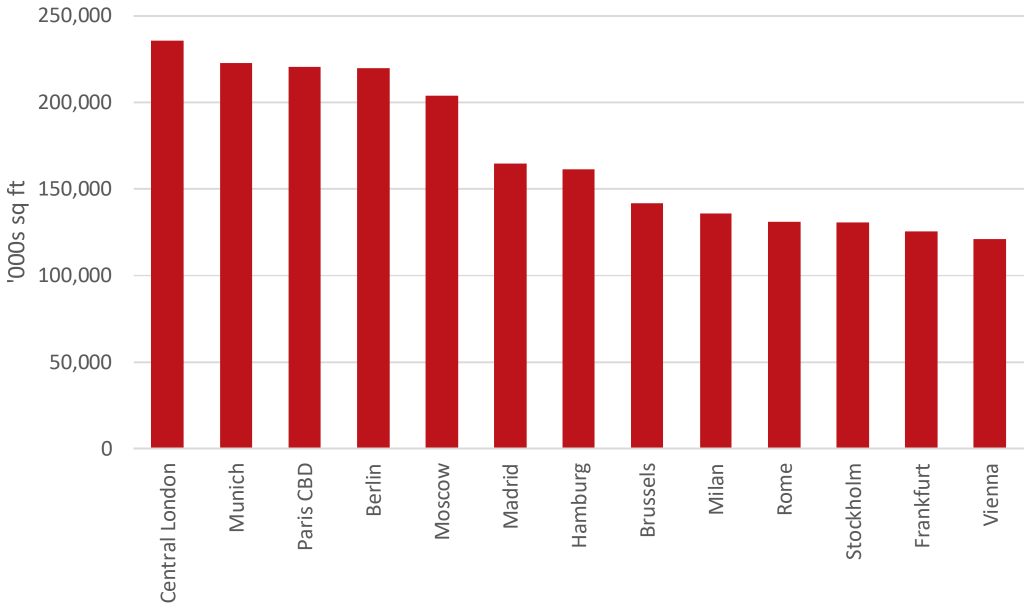
3. Central London Office Market

3.1. Introduction

3.1.1. The Central London office market has the largest office stock amongst other major European CBDs. It totals around 235 million sq ft, compared to 220 million sq ft in Munich, Paris[8] and Berlin- the next three largest European office markets.

3.1.2. Central London is the biggest office market by far in the UK in terms of both stock and take-up. UK in terms of stock. It is split into 3 major markets – the West End, the City, and East London, each containing a number of submarkets. Rents are significantly higher in London than elsewhere – and indeed are among the highest in the world. It is also typically the most traded global city. Yields, however, remain relatively high compared to many European and Asian locations, a reflection of both higher interest rates and political uncertainty – although they are also lower than in the remainder of the UK.

Chart 10: European CBD office stock



Source: JLL

3.2. Take-up activity

3.2.1. Leasing volumes have remained robust despite the political uncertainty that surrounded Brexit. However, this resilience is a result of the fact that much of the demand is structural (i.e. driven by lease events, rather than expansion or consolidation). Take-up has exceeded 10 million sq ft in each of the last seven years, including 2019. Despite the political and economic headwinds, annual leasing activity reached 11.5 million sq ft in 2019 , which was broadly on a par with 2018 volumes, and 8.9% above the 10-year average of 10.6 million sq ft.

3.2.2. However, the leasing market has slowed down during H1 2020 primarily as a result of Covid-19. Leasing volumes stood at 2.9 million sq ft, which was 38% below the 10-year H1 average. The downturn was particularly acute in Q2, when just 1.1 million sq ft was let which is the lowest quarter of activity since Q1 2009.

8 Refers to CBD only and not Ile de France

3.2.3. Space under offer decreased during Q2 to 2.1 million sq ft. Since lockdown, a number of companies have placed their transactions on hold or downsized, as they have re-evaluated their real estate strategy. There has still been evidence of deals going under offer during the pandemic and few deals have been completely withdrawn from the market.

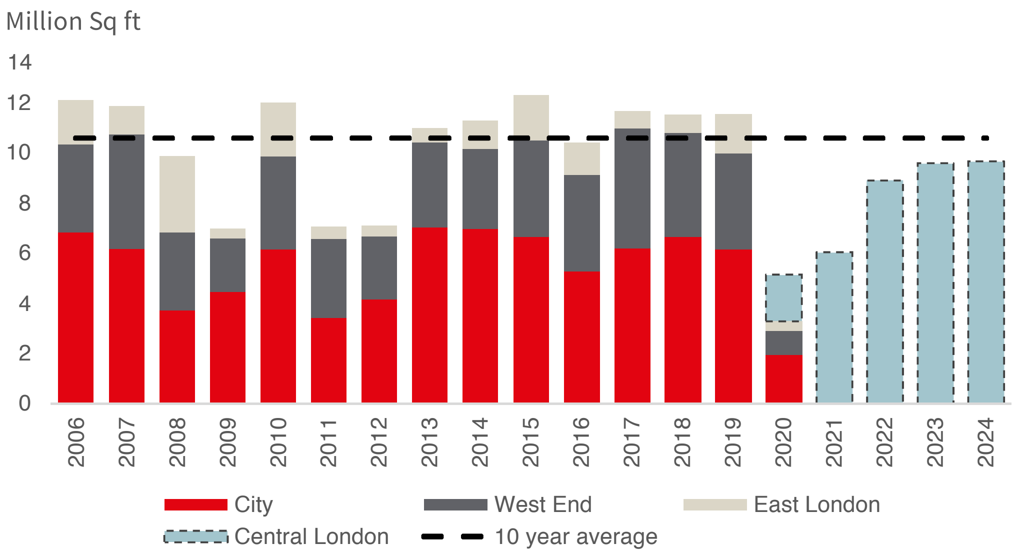
3.2.4. In a market where supply is very tight, occupiers have been starting their office searches earlier and significantly ahead of their lease events. It is not unusual for occupiers to be in the market now even though they will not occupy a new office until 2022 or 2023. As a result, the Central London market has seen a significant increase in pre-leasing activity – it has averaged 29% for the past seven years compared to just 15% in the three years following the global financial crisis.

3.2.5. This trend has continued during the Covid-19 period, with eight of the top ten largest transactions being pre-lets which equated to over half of the space let in Q2. This space totalled 605,000 sq ft, which was ahead of pre-let volumes in both Q4 2019 and Q1 2020.

3.2.6. Across Central London the number of larger transactions has helped to support high levels of leasing volumes over the recent past. Between 2015-2019, there have been 17 transactions over 250,000 sq ft across Central London, which is up on the previous five-year period. In the current climate large transactions have come under greater scrutiny but a number of sizeable transactions have signed during the first half of 2020, including Linklaters completing on a 308,000 sq ft pre-let in February and a further four deals in excess of 50,000 sq ft signing in the lockdown period. The largest deal in Q2 was BP leasing 226,000 sq ft in East London.

Baker McKenzie were under offer for a pre-let of 145,000 sq ft, which signed in July.

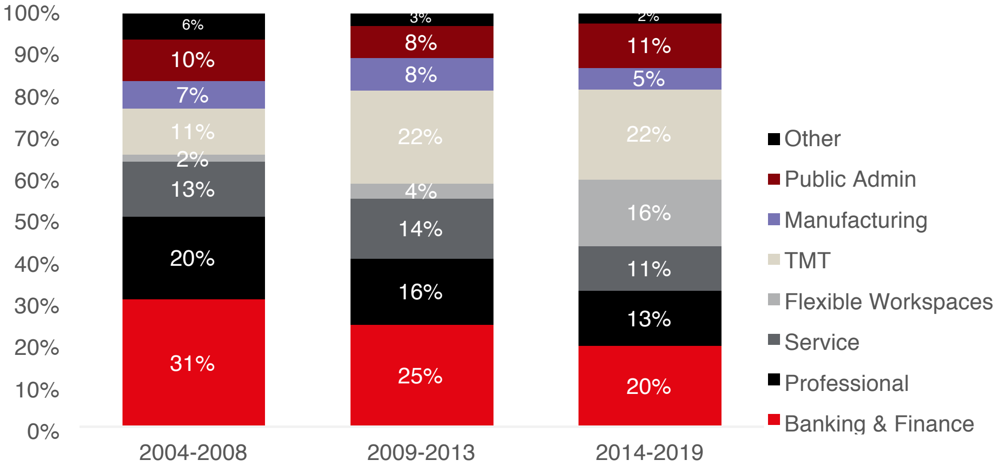
Chart 11: Central London take-up, 2006 – 2024



Source: JLL[9]

9 JLL forecasts based on economic forecasts as at Jun 2020

Chart 12: Take-up by sector (percentage of total), 2004 – 2019



Source: JLL

3.2.7. London's occupier base is now less reliant on the financial sector. While it remains a key part of the business mix, we have seen far greater diversity in recent years, as technology, media (TMT) and services occupiers have grown substantially, adding to the pool of potential tenants. Chart 11 shows the composition of Central London take-up by business sector and how it has evolved over time. The graph clearly shows a substantial change in the pattern of activity across the three periods.[10] Table 3 illustrates the patterns of activity across the three main markets and shows the location clusters for each business sector. Banking & finance continue to focus on the City and East London, with Canary Wharf the main location, while the TMT sector have historically been located in the West End, but this is changing with the broader City now home to significant numbers of TMT companies.

Table 3: Take-up by sector by main office area (2010-2019)

	Banking & finance	Professional Services	Flexible workspaces	Services ex Flex	TMT	Manufacturing	Public Admin	Other
West End	15%	10%	11%	13%	30%	10%	7%	4%
City	24%	18%	9%	16%	20%	5%	6%	2%
East London	31%	10%	4%	7%	10%	6%	32%	1%
Central London	22%	14%	9%	14%	23%	7%	9%	3%

Source: JLL

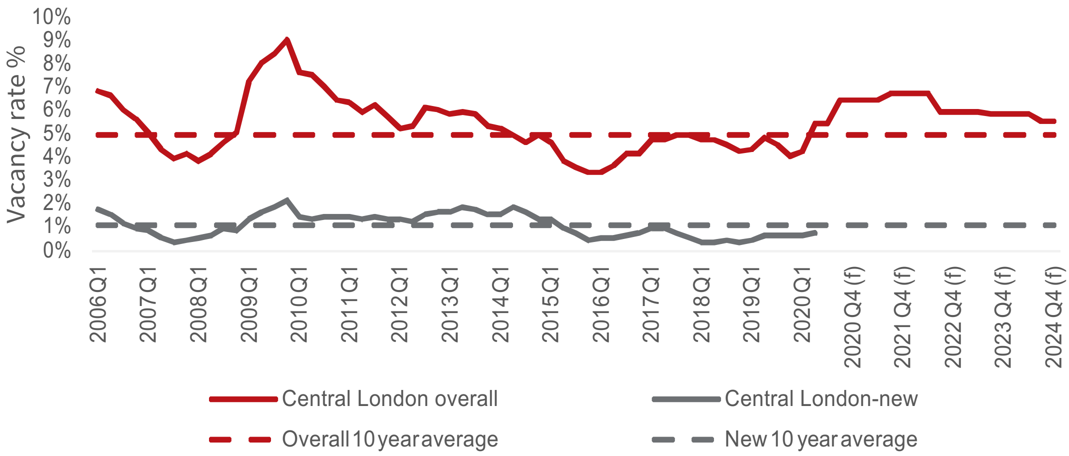
In 2020 to date, the professional sector, driven by the legal sector, has been the most dominant business sector, accounting for 28% of transactions, while lettings involving the flexible workplace sector have moderated sharply to just 3% of volumes.

10 Business sectors do not directly correlate with employment data business sectors.

3.3. Current supply

3.3.1. The Central London office market was in an extended period of low supply, generally remaining below the 10-year average between Q2 2014 and Q1 2020. Supply contracted to 9.55 million sq ft by the end of 2019 but has subsequently risen to reach 13.3 million sq ft. This level of supply reflects an overall vacancy rate of 5.5%, compared to the 10-year quarterly average of 5.0%.

Chart 13: Central London vacancy rate, overall and new build, 2006 – 2024



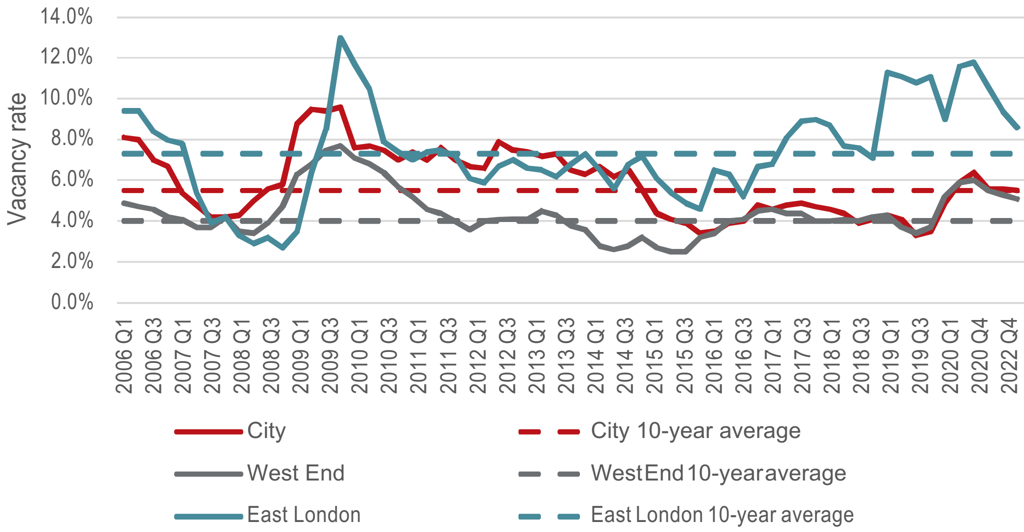
Source: JLL

3.3.2. The recent uptick in supply has been largely driven by a combination of the sharp slowdown in the leasing market and an increase in second-hand space being marketed in both the City and West End. There is little evidence of tenants releasing space due to Covid-19, with most space released to date during the pandemic already anticipated due to longer term occupational strategies. Half of all tenant led space is for a term of five years or less and is unlikely to compete directly with new supply.

3.3.3. Both the City and West End recorded increases in their vacancy rates to 4.9% and 5.2% respectively during Q2. This is the first time that vacancy in the West End has breached the 5.0% mark since early 2011 and is now above the 10-year average of 4.0%. The City vacancy rate remains below the 10-year average of 5.5%. East London, in contrast, saw a contraction in total supply but the overall vacancy rate of 9.0% remains relatively high in comparison to the rest of the market.

3.3.4. The availability of new build supply is particularly limited with 1.9 million sq ft available across Central London, reflecting a new vacancy rate of 0.8%, which is well below the long-run average of 1.1%. Just 217,000 sq ft of new space entered the market during the first six months of 2020, which is the lowest 6-month delivery rate since H1 2007.

Chart 14: City, West End and East London vacancy, 2006 – 2024



Source: JLL

3.4. Future supply

3.4.1. The level of speculative supply under construction has been on a downward trend which started in 2016, with strong pre-leasing outpacing lacklustre development starts. The 6.7 million sq ft currently under construction speculatively, is on a par with the 10 year quarterly average and remains 30% below the last peak of 9.6 million sq ft in Q4 2016. There were no new starts during Q2 2020, which is unprecedented and combined with a number of pre-lets resulted in a marginal contraction in space underway speculatively since the start of lockdown.

3.4.2. The development pipeline is heavily concentrated in the City market, which accounts for 60% of speculative supply under construction, particularly the City Eastern sub-market, where 24% of all speculative development is located. This share is inflated due to the large scale of some of the City Eastern schemes, notably 22 Bishopsgate, EC2 (1.43 million sq ft of which 723,000 sq ft remains available and is due to complete in Q4 2020), 6-8 Bishopsgate, EC3 (582,000 sq ft), 1 Portsoken Street, E1 (230,000 sq ft) and 80 Fenchurch Street, EC3 (238,000 sq ft).

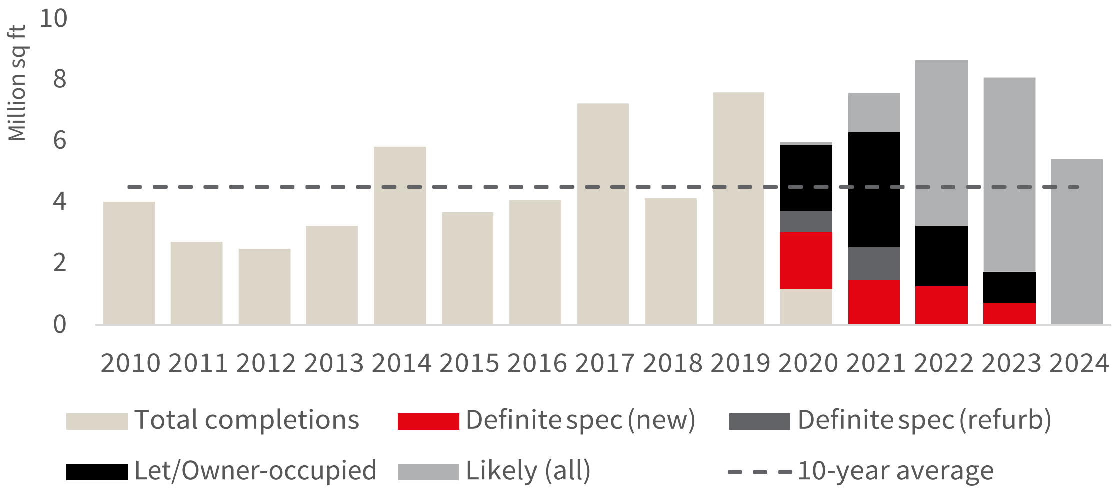
3.4.3. While development completions will be above average in 2020, the recent high levels of pre-leasing mean the level of speculative development is contained, and unlikely to lead to a major increase in vacancy. In addition, delays to completion dates are evident, which is likely to push the pipeline out by between 3- 6 months. Pre-Covid 19, JLL estimated that 7.2 million sq ft of space would complete in 2020 but this has now fallen to around 6.0 million sq ft, as completions have been delayed.

3.4.4. The market is also characterised by high levels of pre-letting activity, with an estimated 52% of space due to complete this year and next already having secured a tenant. These factors will only add to the pressure on new supply and should help prevent rents for the best space falling sharply in the short term.

3.4.5. From 2021 onwards, the level of committed speculative development is more limited. There is 2.3 million sq ft under construction speculatively for completion in 2021 and 1.3 million sq ft for 2022. Annual speculative completions have increased in both years due to the aforementioned delays in construction that resulted from inactivity on site at the start of lockdown. Given the current climate and uncertainty in the economy, we expect a delay to the number of schemes starting on site during the second half of 2020 and into 2021, which will accentuate the limited supply of new space available across Central London, just as we anticipate recovery in the leasing market.

3.4.6. Nevertheless, Central London supply levels are expected to see further uplifts in 2020 and 2021 due to second hand space being released, but we do not expect there to be any major relief from the current tight conditions for new space for some time to come due to the limited pipeline. We anticipate that the Central London vacancy rate will hover around the 6.5% mark between now and the end of 2022, but the new vacancy rate will trend towards the long run average of 1.1%.

Chart 15: Central London development pipeline, as at 2020 Q2



Source: JLL

3.4.7. We expect leasing activity to remain slow into 2021, before rebounding in line with economic and employment growth forecasts. We expect take-up to average 8.0 million sq ft over the next five years.

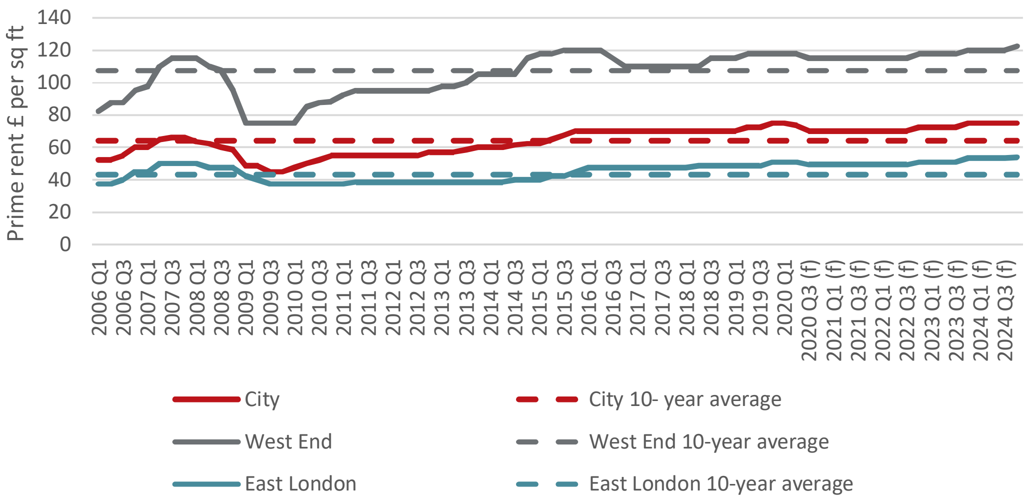
3.5. Rents

3.5.1. Strong leasing momentum and low levels of supply have seen a growth in rents. Prime rents in the West End stood at £117.50 per sq ft at the end of 2019, following an increase in the second quarter of 2019. City prime rents also increased in the latter part of the year to £75.00 per sq ft, the first increase in more than 3 years.

3.5.2. However, prime rents have since come under pressure, and prime rents in the City have fallen to £73.50 per sq ft, although prime West End rents held firm since the start of the pandemic.

3.5.3. Occupiers who remain active this year will likely be seeking to secure rental discounts, which will lead to some rental falls in the latter part of the year. We do not however, at this stage, envisage prime rents declining to the same extent as seen in the GFC. We are forecasting a reduction in prime rents of 6% in the City and 2% in the West End during 2020 and in the longer-term prime City rents are forecast to return to £75.00 per sq ft in 2023, while West End prime rents are expected to reach £120.00 per sq ft over the same period or 0.8% per annum.

Chart 16: Central London prime rents 2006-2024

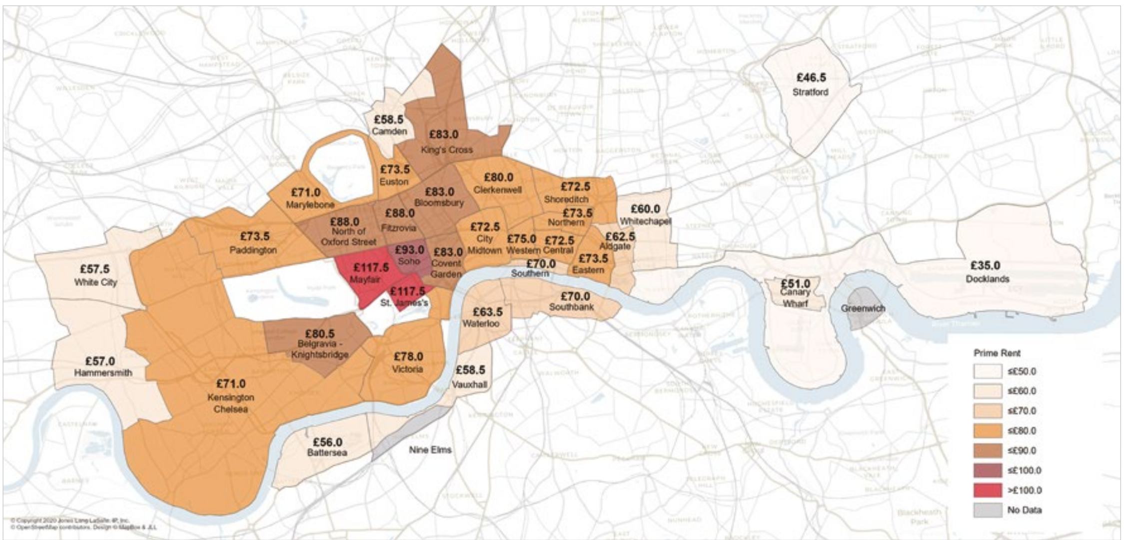


Source: JLL

3.5.4. We anticipate the recovery will be quicker than in previous downturns, as delayed demand returns to the market into 2021. More than half of active demand is driven by lease events, and, while some companies have extended their leases while a period of uncertainty prevails, we expect that a number of these will re-emerge as recovery takes hold.

3.5.5. The flight to quality will be more evident than ever, as companies seek to reflect their culture and values in their space. The performance gap between prime space and secondary space is expected to widen.

Map 1: Central London prime rental map, 2020 Q2



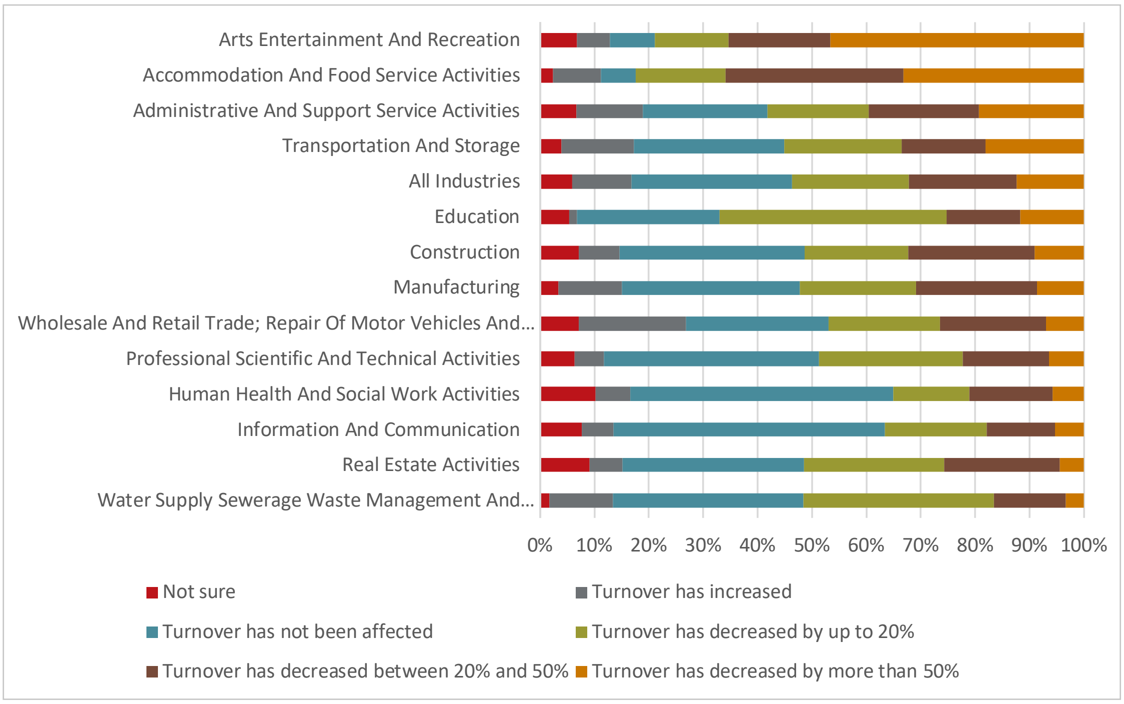
Source: JLL

3.6. Impact of Covid-19 on demand for office space in London

3.6.1. With the property market effectively shut down since mid-March, occupiers were unable or were reluctant to make significant real estate decisions and this was reflected in the low volumes of leasing activity across Central London. This pause in activity is likely to continue in the short term, as unemployment rises, and companies evaluate the impact on homeworking and delay making significant decisions around their real estate footprint.

3.6.2. Covid-19 will continue to impact our ability to go about our working lives throughout the remainder of 2020. Of course not every business sector will be impacted equally and the latest ONS impact of Coronavirus survey illustrates that the sectors that the office market is most dependent upon, such as ICT and professional services, have been impacted least by Covid-19 because most employees have been able to work remotely. Many of these companies should be in reasonable shape to weather the economic storm.

Chart 17: Effect on turnover, businesses that are currently trading, broken down by industry, UK, 13 to 26 July 2020



Source: Business Impacts of Coronavirus (Covid-19) Survey data 13th August

3.6.3. It is too early to evaluate the impacts of homeworking and the implications of the experiences of the past few months for the future of the office. Anecdotally, companies that were once enthusiastic about the early promise of homeworking have now noticed some of the downsides and are now encouraging their workforce back into the office. But the consensus is that the future office will be very different from what we had before.

3.6.4. In the short term, the focus is getting employees to return to the office in sufficient numbers. One of the major barriers to office re-entry in Central London is the issue around the capital's dependency on public transport. While cycling has become more popular over recent years, the use of trains, buses and trams has accelerated, while car commuting into Central London is now almost negligible.

3.6.5. Longer term, the office clearly still has a central role, although most employee surveys show that employees now want to work at home 1-2 days per week, one that will be combined with higher levels of home and flexible working. Of course, if an effective vaccine is found quickly, then employees may be more accepting of reverting to their previous way of working.

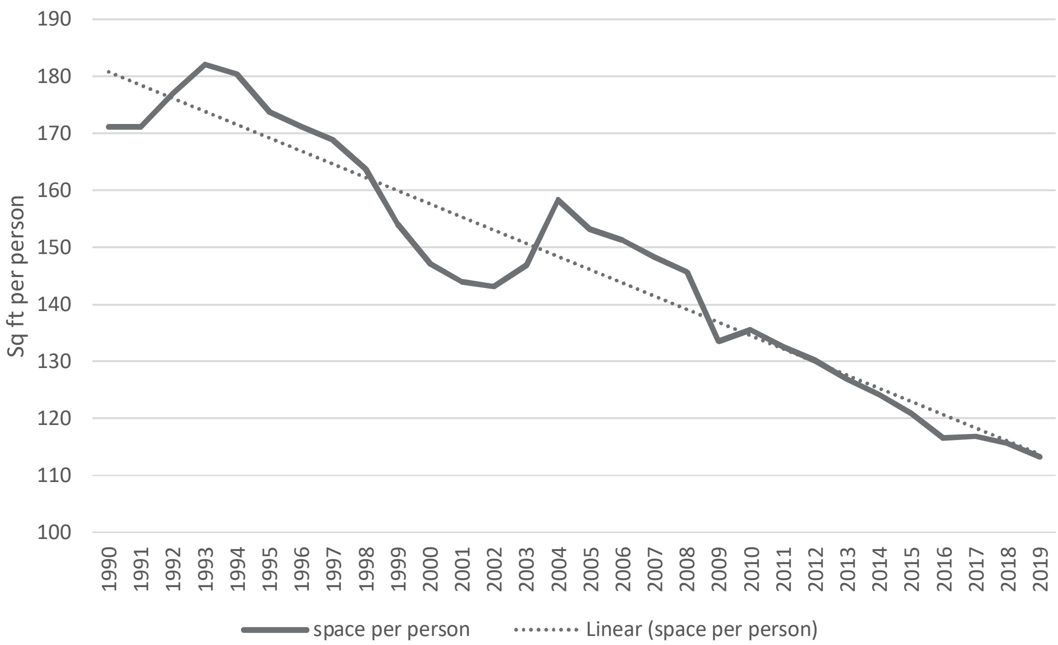
3.6.6. A mix of more homeworking and a more flexible approach to office attendance will mean offices will have more collaboration and meeting space and less formal desk space. The quality of fit-out, and the perceived sustainability and health & well-being qualities, will become more important.

3.6.7. The one trend that will reverse, certainly in the short term, is office density. Since the early 1990s, London's office-based employment has more than doubled while the stock has only expanded by 30% – meaning space per person has reduced by a third.

3.6.8. Clearly, with re-entry, there will be far more space per person, although this is likely to unwind with time as social distancing rules are relaxed and a vaccine or effective treatment is available.

3.6.9. There is likely to be a movement back toward the densities recorded pre Covid-19 – although it is unlikely that we will revert to levels seen pre-pandemic, which could impact the total footprint of companies in the capital over the longer term.

Chart 18: Central London space per person



Source: JLL/Oxford Economics

3.6.10. Clearly, a stronger and earlier recovery will lead to less dramatic and persistent changes, whereas a prolonged period of Covid-19-sensitive behaviour will lead to a longer and deeper recession, and more fundamental changes in working life and the economy.

3.6.11. It also must be remembered that longer term all industries should experience pro-cyclical job growth, as noted above, as the economy recovers which will result in positive impacts on the demand for office space in Central London.

3.7. Capital markets overview

3.7.1. The UK remains a highly attractive investment destination for a number of reasons: transparency, liquidity, strong occupational markets, and its reputation as a hub of innovation and talent.

3.7.2. According to JLL's Global Real Estate Transparency Index, the UK is consistently ranked as the world's most transparent market, and this was again the case in the 2020. The UK benefits from high levels of liquidity, strong legal and regulatory frameworks and robust governance of listed vehicles. Leases are landlord-favourable and longer than other major markets, reducing the risk and increasing the reliability of income streams.

Chart 19: Global Real Estate Transparency Index, 2020

Highly Transparent	**Key Characteristics** The world's leading investment destinations. These 10 markets are pushing the boundaries of transparency through technology, a focus on sustainability, anti-money laundering regulations and enhanced tracking of alternatives sectors.	1	United Kingdom	2	United States
		3	Australia	4	France
		5	Canada	6	New Zealand
	2020 Highlights The UK, the United States and Australia are the most transparent markets. Ireland is one of the top improvers in 2020, while France, Sweden and Germany also advance.	7	Netherlands	8	Ireland
		9	Sweden	10	Germany

Source: JLL

3.7.3. Ranked by total investment volumes, the UK has consistently been the second largest market globally after the USA, and London was the world's most traded city in 7 of the 10 years to 2019. Weaker sentiment around the political and economic situation, and an associated lack of seller motivation saw volumes drop in 2019. The UK lost its #2 position to Germany, while London fell out of the top 2 global cities for the first time in more than 10 years.

3.7.4. While investment into London was tempered somewhat in 2019, this was primarily due to the political uncertainty around the UK withdrawal from the European Union, and a lack of quality supply as opposed to reduced demand from investors. The majority of commercial real estate owners sought to hold assets rather than sell, forcing a reduction in investment volumes.

3.7.5. Moving into 2020, the Covid-19 pandemic has undoubtedly impacted investment volumes, with physical inspections and valuations impossible during the lockdown period. However, there is optimism for a pick-up in activity during the second half of the year as these restrictions are lifted, and early evidence suggests this is likely to be the case. Given the importance of international capital to the UK market, and Central London in particular, the easing of global travel restrictions will be key to any resurgence in deal volumes over the coming months.

3.7.6. The lower volumes seen over the last 18 months really belie the depth of demand from investors and point more to these specific short-term concerns as well as the potential reinvestment risk. Good quality assets, which do become available, continue to draw strong interest from a range of domestic and global investors.

3.8. Current volumes

3.8.1. Investment volumes have generally been very strong across the Central London office market in recent years. With the exception of 2016, each of the six years between 2013 and 2018 had seen total volumes in excess of £17.5 billion.

3.8.2. The first three quarters of 2019 saw more subdued transactional activity predominantly as a result of low levels of high-quality supply on the market. A stronger fourth quarter brought 2019 total investment to £12.6bn, a 30% reduction on 2018.

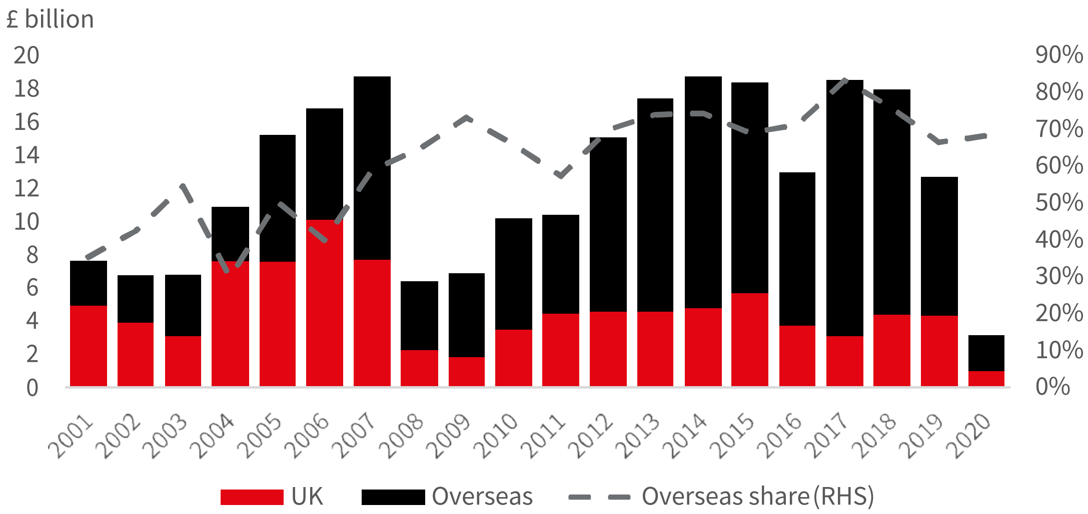
3.8.3. Over the first half of 2020, transactional activity has been severely impacted by the Covid-19 pandemic. Central London investment volumes were just £0.5bn in Q2 and totalled £3.1bn across H1. This represents a decline of 33% on the first half of last year and is 50% lower than the 10-year H1 average.

3.8.4. Despite this, there remains significant interest in Central London office assets, with available lots continuing to draw strong bids and this competitive tension sustaining healthy pricing. Evidence of this has already been forthcoming with a notable uptick in activity over recent weeks as lockdown restrictions have eased.

3.8.5. There is a wall of international capital which continues to target Central London. Increased levels of global capital, strong yield advantages, lease lengths and currency conditions attract investors, while transparency, liquidity, innovation and talent will keep London at the forefront of investor's minds for the foreseeable future.

3.8.6. We estimate that there is currently around £30 billion of global capital targeting the Central London office investment market, ready to be deployed when best-in-class assets become available.

Chart 20: Central London investment volumes, 2006 – 2020 H1

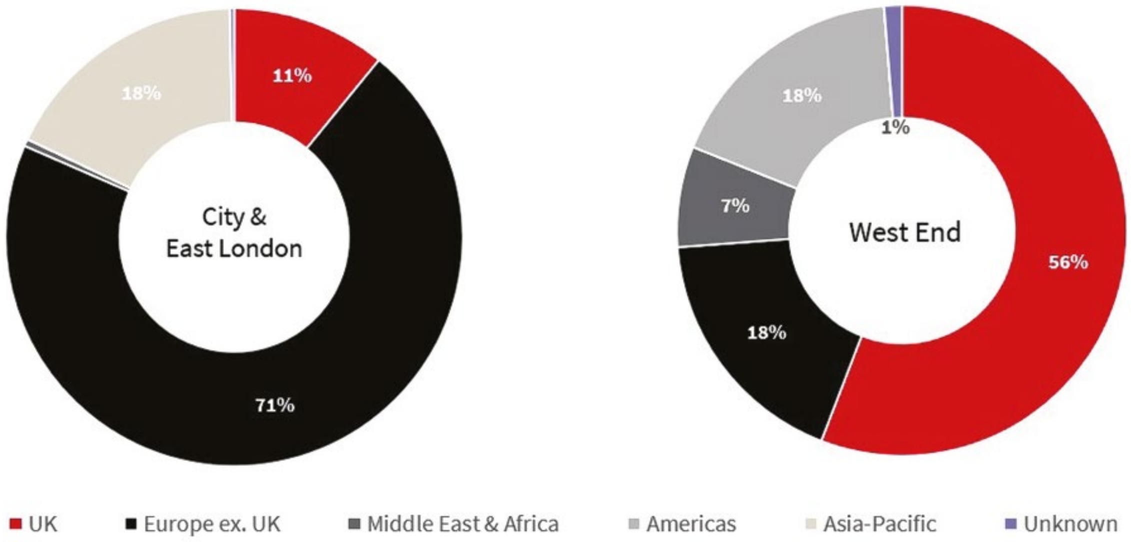


Source: JLL

3.9. Sources of capital

3.9.1. The Central London office market is the most globalised in the world, with more than half of all volumes attributable to international investors in every year since 2007. This trend continued in 2019, but the share fell to 66%, the lowest since 2012 and well down on a peak of 83% in 2017.

Chart 21: Central London office investment by purchaser nationality, 2020 H1



Source: JLL

3.9.2. So far in 2020 this proportion has increased marginally to 68%. We expect to see continued high levels of international investment over the coming years, especially as travel restrictions are eased.

3.9.3. Buyers from Germany are expected to play a key role over the coming months and years, and the reduced interest rate differential between Euro-denominated markets and the UK means these buyers currently benefit from a strong hedging pickup, which acts as something of a discount. Private Equity funds from the USA are likely to be very active in search of opportunistic buys. Flight capital from Hong Kong is also expected, and we have already seen evidence of this.

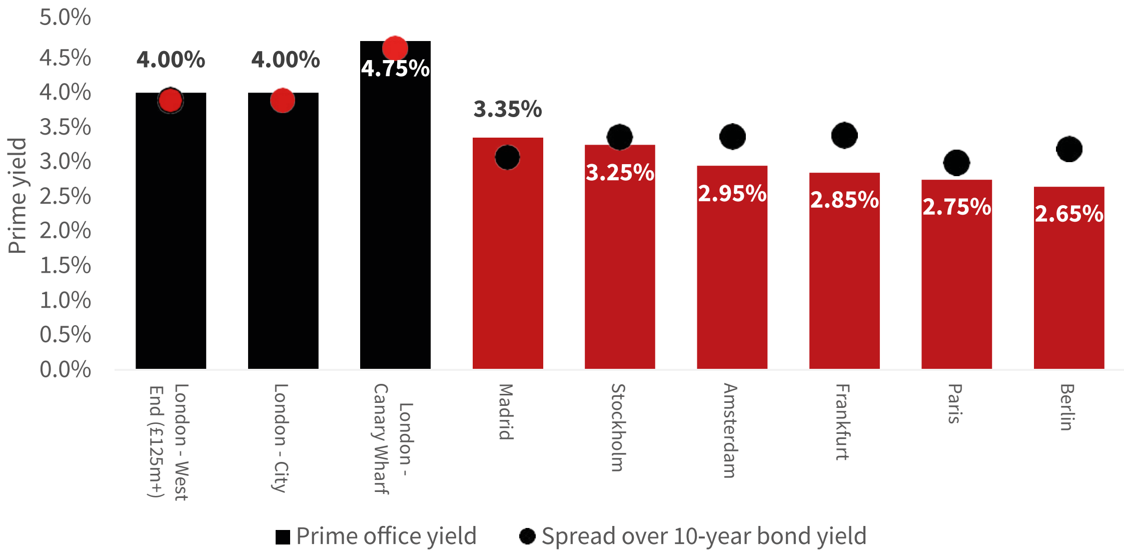
3.9.4. Buyers from China and Singapore are again likely to be big players in the market, and we also expect South Korean buyers, almost entirely absent from the UK but very active in Continental Europe in 2019, to return as the very low yields in Europe bring the UK back into sharp focus. Japanese buyers have been showing strong interest in the UK in recent years but have been very cautious around the political situation. With greater clarity moving forward, we may finally begin to see the next major source of global capital reaching the market.

3.10. Yields

3.10.1. Over the last 4-5 years we have seen significant yield compression across almost all of Continental Europe, while yields in the UK have remained broadly stable. We expect this stability in the UK to continue, with forecasts for prime yields to remain at or close to their current level until at least 2024.

3.10.2. London City prime office yields are currently 4.00% having come down 25 bps in March 2020, the first inward movement in more than 3 years. West End prime yields are between 3.75% (<£40m lot size) and 4.00% (>£125m lot size) where they have been stable since 2015. These compare extremely favourably to comparable European cities. This means that where UK cities were once more expensive than their European counterparts, they are now cheaper, and therefore offer excellent value for potential investors. For example, at the end of 2015, both London City and Berlin yields were 4.00%.

Chart 22: Prime office yields, London vs European cities, 2020 Q2

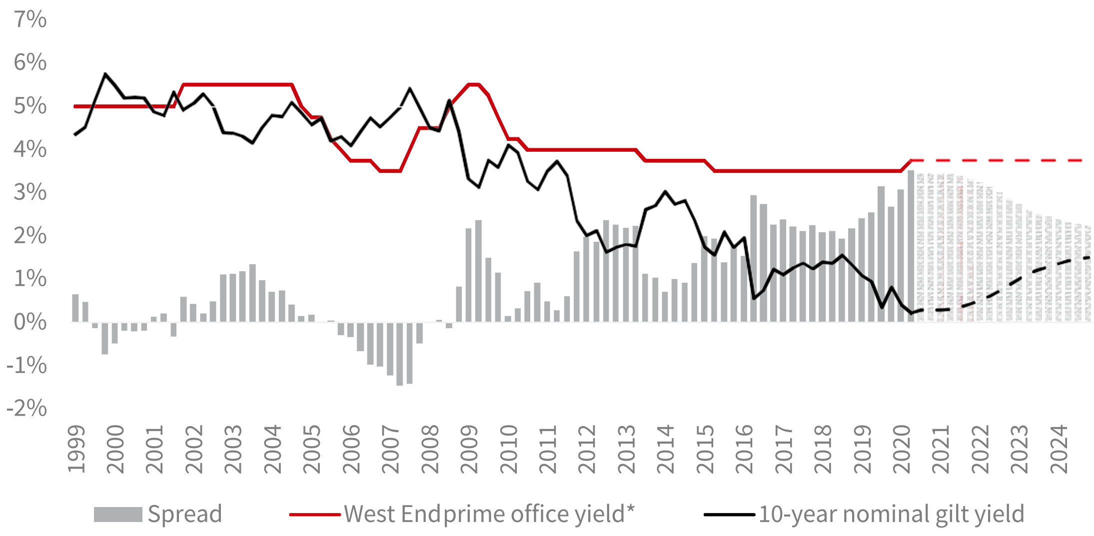


Source: JLL

3.10.3. Clearly interest rates impact the real relative values, but the onset of the Covid-19 pandemic saw central banks take decisive action to lower rates in support of the economy. The Bank of England's current record low base rate of 0.10% is now close the European Central Bank rate of 0.00%, meaning risk-free rates are also much closer than previously. As a result, London property benefits from a notable advantage.

3.10.4. The spread of prime office yields over government bond yields has increased steadily in recent years. At its peak in recent months, the spread was the highest it has been this century. Historically the spread of London assets over the risk-free rate was in line with, or below, European assets, whereas now it is above, further highlighting the value of offer.

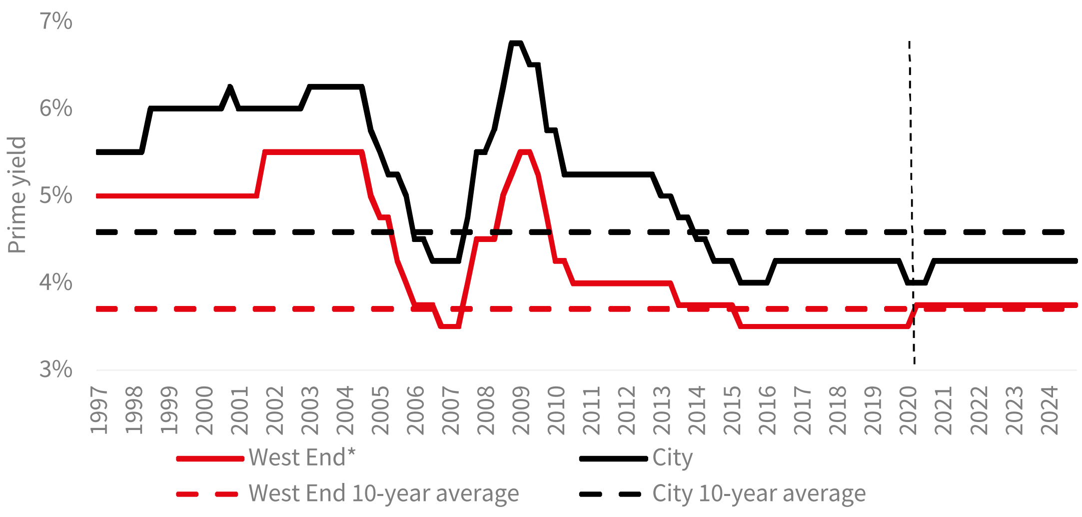
Chart 23: Yield spread, West End vs Gilts, 1999 – 2024



Source: JLL[11]

3.10.5. Prior to the current economic downturn, there was a case for yield compression, given the widening spread over bond yields, and the sharper pricing seen in other European and global cities. However, given the additional risk in the economy at present, it is likely that yields will remain broadly flat. Other markets may see pricing soften considerably but London will be more resilient due to the existing value and the preference for established safe-haven markets.

Chart 24: Central London prime office yields, historic and forecast, 1997 – 2024



Source: JLL

11* The definition for West End prime yields changed in May 2020. The prime yield was previously based on a lot size of under £10 million and this bracket was increased to £40 million which is more reflective of the market. As such, the uptick in the West End line in 2020 is due to a definitional change rather than a change in market conditions.

4. West End and Victoria Office market

4.1. Introduction

4.1.1. The West End office market consists of 21 sub-markets and totals around 99 million sq ft of office stock. The core sub-markets of Mayfair and St James's, located in the centre of the West End, are among the most expensive sub-markets in the world. The West End is typically characterised by smaller floor plates when compared to the City and East London and so leasing volumes tend to be lower than in the City. The West End attracts a healthy level of investment both within the UK and overseas as London has traditionally been viewed as a safe haven for investment activity.

4.1.2. The Victoria office market is the largest of all West End sub-markets with over 19 million sq ft of office stock. The market accounts for 19% of the West End stock and 8% of the Central London office stock. The sub-market has traditionally been home to the public sector but has recently attracted a more diverse range of occupier following extensive redevelopment to buildings such as Zig Zag, Verde and Nova.

4.2. Take-up activity

4.2.1. Take-up volumes have been robust in the West End in recent years, surpassing the 10-year average in every year since 2015 and reaching a 30-year high of 4.8 million sq ft in 2017. Take-up volumes started to slow in the latter half of 2019 however, partly due to lower levels of activity by the flexible offices sector, and Covid-19 has accelerated this trend in 2020. Take-up volumes in the first half of the year have reached 868,000 sq ft compared with 2.2 million sq ft in the equivalent period last year. Take-up volumes were especially low in the second quarter, reaching just 354,000 sq ft, the lowest level recorded since 1991.

4.2.2. Activity has typically come from a diverse range of sectors, but the West End has seen strong inward investment from the global technology companies, particularly during the period 2015-2018 when the sector took over 1.2 million sq ft each year. During 2020, the TMT sector has continued to account for the largest share of take-up at 38% albeit at much lower volumes. This is followed by the banking & finance sector at 24%.

4.2.3. In line with the Central London trend, pre-leasing is a key characteristic of the West End market. Pre-letting volumes were robust in 2019, accounting for 26% of total take-up although this was significantly below the 35% figure achieved in 2018. In 2020, pre-leasing has continued to account for a significant share of take-up at 24%, although there has also been some evidence of tenants releasing space that they had previously pre-let.

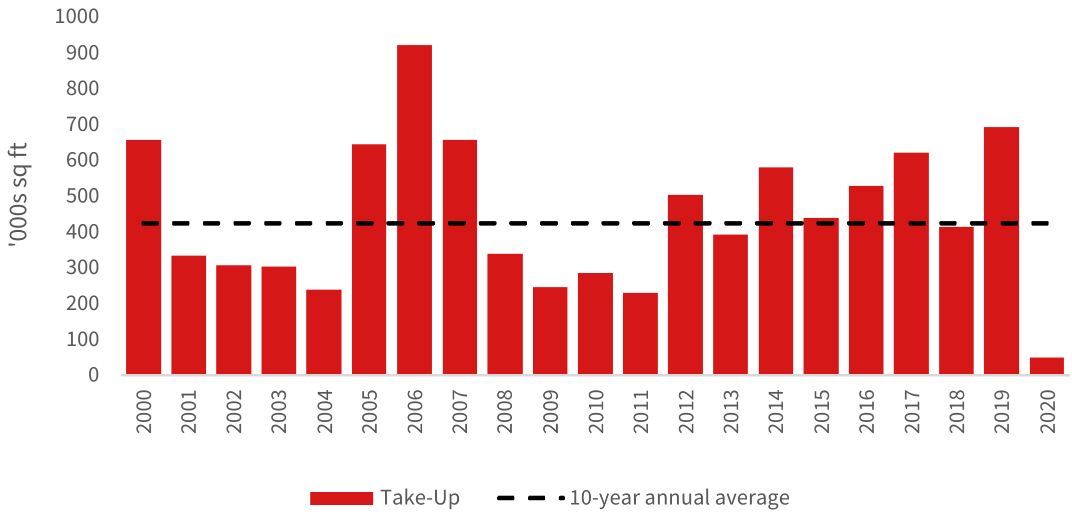
4.2.4. Total under offers have fallen and are slightly above the 10-year average. Under offers decreased to reach 757,000 sq ft, compared to the 10-year average of 700,600 sq ft at the end of Q2. The volume of space under offer that is pre-let space has also been falling during 2020, reaching 260,000 sq ft which is 34% of the total.

4.2.5. Take-up volumes in Victoria have been above or in line with average since 2014 and the sub-market continues to attract a diverse occupier mix. Take-up in 2019 reached 692,000 sq ft, above the 10-year average of 424,500 sq ft and the highest level of annual take-up of all West End sub-markets. It was also the highest volume of leasing activity in the submarket since 2006, when 922,000 sq ft was let. In 2020, take-up levels have been subdued with 49,000 sq ft let in the year so far.

4.2.6. Victoria leasing activity was focused on refurbishments and second-hand space during 2019, reflecting the dearth of new space available in the sub-market and beyond. Take-up of refurbished space was at the highest level since 2007, while second hand take-up was at a level not seen since 2000. This trend has continued into 2020 with second-hand space accounting for 88% of overall take-up in H1.

4.2.7. Take-up in 2019 was dominated by the public administration and services sectors which accounted for 32% and 31% of take-up respectively. Over the last 10 years, leasing activity has been derived from a wide range of business sectors, reflecting the area's increasingly wider appeal and limited reliance on one business sector.

Chart 25: Victoria take-up, 2006-2020 H1



Source: JLL

4.2.8. Pre-leasing activity has been robust in Victoria during times of high levels of development activity. During 2015 and 2016, which is when major construction projects were underway at Verde and Nova, pre-completion lettings in Victoria accounted for 18% and 41% of total take-up respectively.

4.2.9. Pre-leasing activity was lower in 2019 and accounted for just 8% of take-up but this was the result of there being limited development activity in this sub-market over the past year. There have been no pre-completion lettings in 2020.

4.3. Demand

4.3.1. Active demand[12] in the West End reached 3.4 million sq ft at the end of Q2 2020 and was slightly above the 10-year average of 3.3 million sq ft. The TMT and banking & finance sectors were the most active, accounting for 28% and 27% of floorspace required respectively.

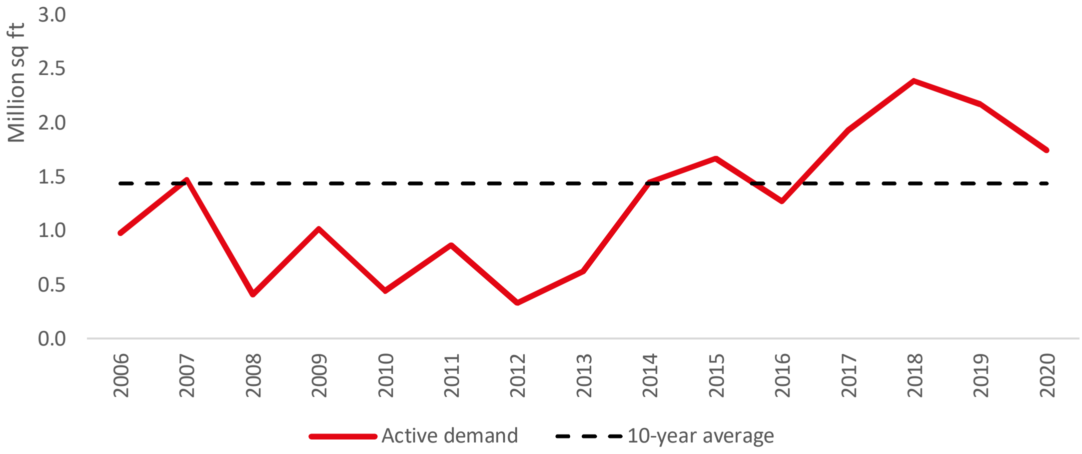
4.3.2. Active demand has been above the long-term average since 2016 despite the on-going uncertainty related to Brexit and more recently coronavirus. Whilst demand has been falling over the past year, this had been largely due to a lack of suitable options for many occupiers in the West End rather than a fall in appetite to locate here. More recently, there has been evidence of occupiers putting their requirements on hold as they reconsider their future space plans.

12 Active demand relates to companies who are known to be out looking for office space and excludes companies who may have a lease event but have not yet started to search for space.

4.3.3. Active demand in Victoria reached 1.8 million sq ft at the end of Q2 2020, which was above the 10-year average of 1.4 million sq ft. The TMT and services sectors were the most active, accounting for 37% and 27% of floorspace required respectively. This was followed by the banking & finance sector at 26%.

4.3.4. Active demand had been on a rising trend since 2016 but has now started to fall away which is a reflection of the trend in the wider West End. The shortage of new supply in Victoria and the West End has, in general, resulted in many occupiers considering options in the City or further west beyond the West End boundary where supply levels are more abundant.

Chart 26: Victoria active demand



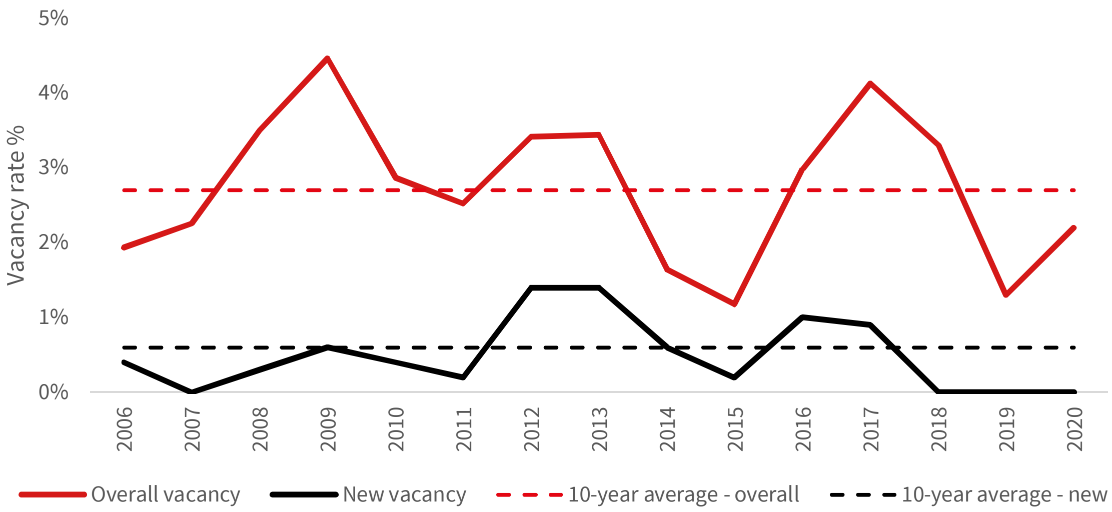
Source: JLL

4.4. Current and future supply

4.4.1. West End supply levels have increased in 2020 and stood at 5.1 million sq ft at the end of Q2 compared to 3.2 million sq ft at the end of 2019. The increase in supply mainly relates to second-hand space and partly reflects the low level of take-up during the quarter. As a result, the vacancy rate rose to 5.2% and is now above the 10-year average of 4.0%. New supply remained relatively scarce at 573,000 sq ft although this also saw a slight increase during the quarter. This equates to a new build vacancy rate of 0.6% but remains below the 10-year average of 0.8%.

4.4.2. In Victoria, total availability increased to 425,000 sq ft in Q2, largely due to a rise in second hand space. This total equated to an overall vacancy rate of 2.2%, while the new build vacancy rate stood at 0.0%. Despite the increase in supply, the overall rate remains below the 10-year annual average of 2.7% and the new build rate is also below its 10-year annual average of 0.6%.

Chart 27: Victoria overall and new vacancy rate

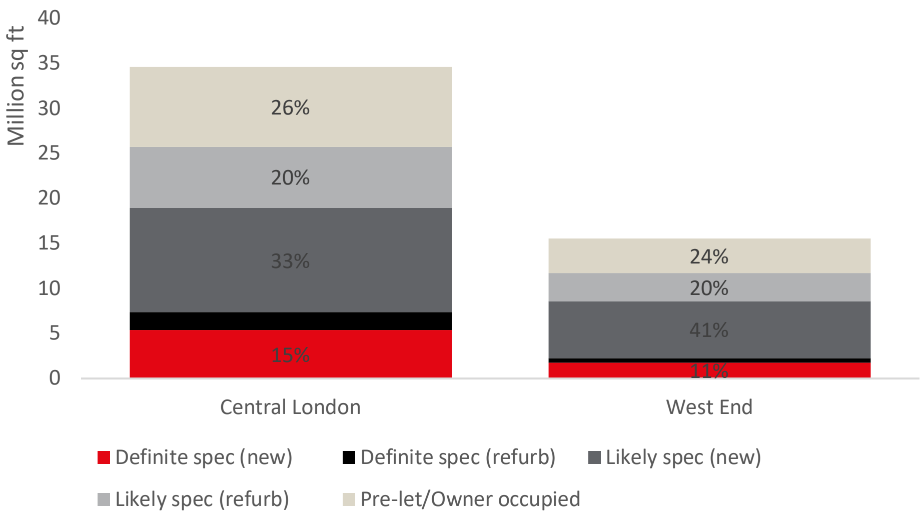


Source: JLL

4.4.3. There has been a dearth of speculative development completions during the last two years across the West End, with just under 400,000 sq ft completed in 2018 and 678,000 sq ft completed in 2019. The low levels of speculative completions reflect the high volumes of pre-lets in the West End - 2019 total development totalled over 2.3 million sq ft - and have done little to alleviate the tight supply conditions in the market.

4.4.4. Development completions in 2020 are expected to total 1.1 million sq ft and 64% of this space has already been pre-let. Many schemes will be delayed as a result of the pandemic and at least 1 million sq ft of space which had been planned for a 2020 delivery will now be delivered in later years. Beyond 2020, the future pipeline remains quite limited with 61% of the 2021 pipeline and 22% of the 2022 pipeline already pre-let.

Chart 28: Total Central London and West End development pipeline 2020-2024



Source: JLL

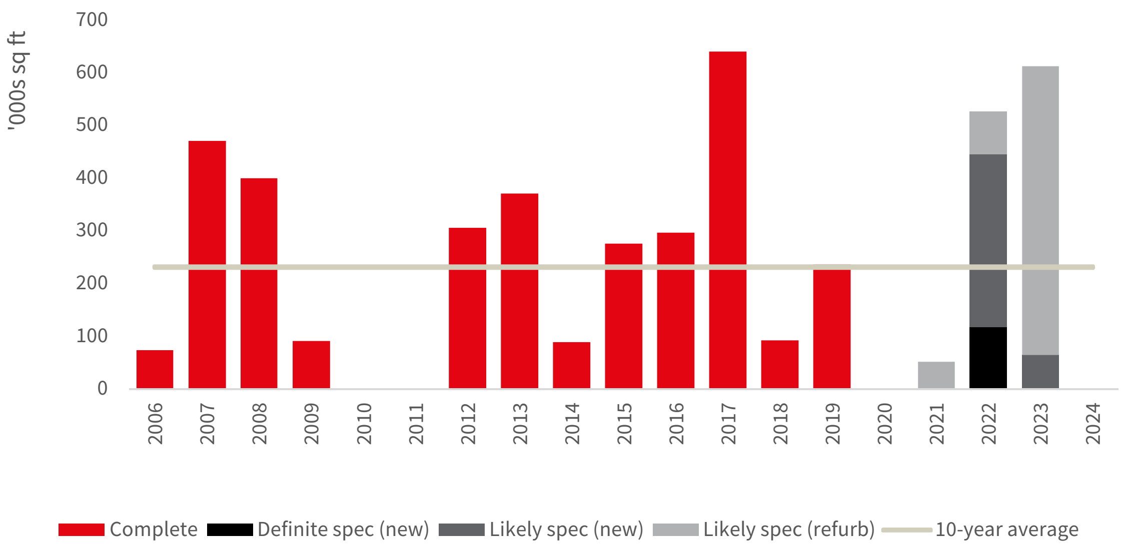
4.4.5. Victoria saw a flurry of development completions in 2017, when over 414,000 sq ft was completed in a 12-month period. There has been just 326,000 sq ft of completions in the subsequent 2 years with no completions recorded in 2020. At the same time just 192,000 sq ft of space started speculatively since the beginning of 2017, which has exacerbated the squeeze on new supply in the area.

4.4.6. In terms of future supply, this will be limited for the next year at least, as there is no new supply being delivered in 2020 and there is also nothing of magnitude expected to be delivered in 2021.

4.4.7. It will be 2022 before the next wave of new supply is expected to arrive in Victoria, with the development at 10 Broadway expected to add 117,000 sq ft to available supply at the start of the year. If Nova East starts construction on a speculative basis then this will add a further 166,000 sq ft to supply. By this point however, it is likely that the market will have returned to normal with healthy levels of take-up able to absorb this new supply.

4.4.8. Whilst Victoria has been a market which occupiers have spilled into as a result of a shortage in supply in the rest of the West End, this can no longer be the case with both current and future availability quite limited. Available supply in Victoria accounts for just 8% of total West End availability.

Chart 29: Victoria development pipeline, as at 2020 Q2



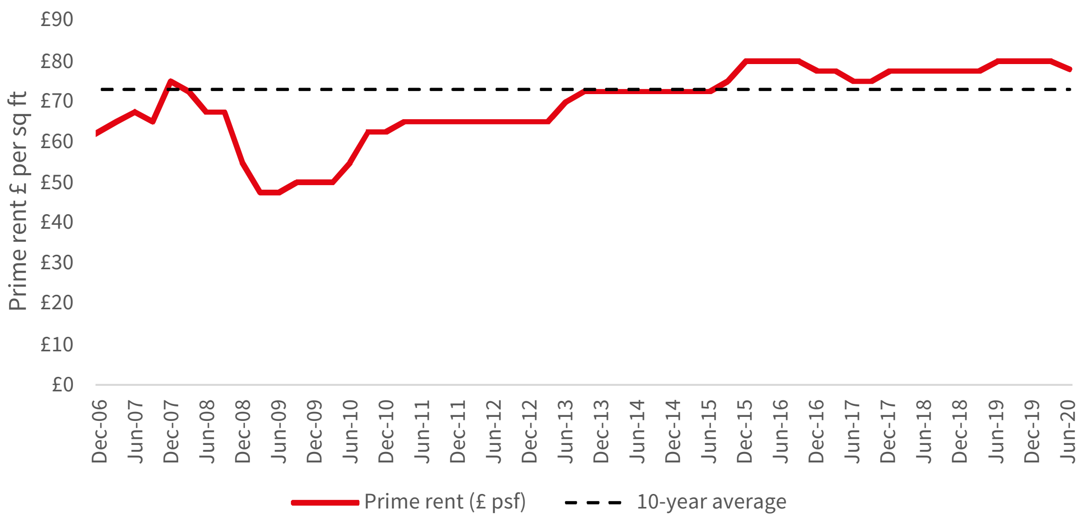
Source: JLL

4.5. Rents

4.5.1. Prime rents in the core submarkets of Mayfair and St James's are among the highest in the world and stood at £117.50 per sq ft for a 10,000 sq ft floor plate and a 10-year term. Rents increased from £115.00 per sq ft back in March 2019, reflecting year on year growth of 2.2%, but have yet to recover to pre-EU referendum levels when they stood at £120.00 per sq ft. Prime rents are expected to fall back to £115.00 per sq ft by the end of 2020, as a result of the global pandemic which has reduced demand for space.

4.5.2. The prime rent in Victoria increased by 10% between 2014 and 2019 but at £80.00 per sq ft, this was still lower than in many other sub-markets and so offers tenants relative value. In 2020, rents have fallen to £78.00 per sq ft as demand has fallen and supply has risen, albeit it remains below average. Rents are expected to remain at this lower level throughout this year and next before rising back up to £80.00 per sq ft by the end of 2022.

Chart 30: Victoria prime rents 2006-2020 Q2



Source: JLL

4.6. Capital Markets overview

4.6.1. Full year 2019 volumes reached £4.6 billion in the West End, 23% below the £6.0 billion recorded in 2018 and 16% below the 10-year average. UK based investors were the largest source of capital during 2019, accounting for 51% of volumes across 37 deals. The largest purchase made by a UK investor involved the Earl's Court development site which was sold to APG and Delancey for £425 million.

4.6.2. Investment volumes in 2020 have been subdued with year to date volumes standing at £1.4 billion. The low level of investment activity was especially pronounced in Q2 2020 when volumes reached just £195 million, the lowest level recorded since 1996 and significantly below the 10-year average of £1.4 billion. The slowdown in the investment market suggests that confidence has fallen amongst investors as questions arise about the future of the office. At the same time, the pandemic has made it difficult to inspect buildings with a ban on overseas travel and social distancing rules in place and so a slowdown was almost inevitable.

4.6.3. Prime yields stand at 3.75% for lot sizes below £40 million and for lot sizes between £40 million and £125 million. Prime yields are 4.00% for lot sizes above £125 million.[13]

4.6.4. Investor interest in Victoria has been robust over 2018/2019 with £1.4 billion transacted over seventeen deals compared with £0.7 billion traded over the previous two-year period across twelve deals.

4.6.5. 2018 also saw a record price achieved for the Victoria sub-market when Verde was sold to Deka Immobilien for £455.0 million. Indeed, there have been a number of large lot size transactions over the past two years, including the sale of Sanctuary Buildings to Hana Financial for £285.0 million in 2018 and 55 Broadway which was sold to Integrity International Group for £120.0 million in 2019.

4.6.6. There have been three deals in the Victoria submarket in 2020, the largest being the sale of Sanctuary Buildings – despite only purchasing this recently, Hana Financial sold the building during the first quarter of the year to L&G for £300.0 million.

4.6.7. Victoria's prime yield has remained firm at 4.25% since 2017 and is in line with the wider Central London trend.

4.6.8. The transactions that took place in 2019/2020 in the West End, including Victoria, are displayed in table 4 and these are placed against the wider Central London market in table 5.

Table 4: West End Core/Core plus investment transactions over £100 million, 2019-20

Property	Year of completion/ major refurbishment	NIA sq ft	Transaction date	Price £ million	Yield	Tenure	Vendor	Purchaser	Capital Value (£ per sq ft)	Share
1 New Oxford Street, WC1	2017	109,300	2020 Q3	£173.00	4.19%	Freehold	Nuveen (BA Pension Fund)	Sun Ventures	1582.8	100%
Sanctuary Buildings, SW1	2009	225,428	2020 Q1	£300.00	3.97%	Freehold	Hana Alternative	L&G	1330.8	100%
The Post Building, WC1	2019	302,300	2019 Q4	£607.50	3.96%	Freehold	Brockton & Oxford Properties	Ponte Gadea	2011.4	100%
Holborn Links Estate	Portfolio	249,000	2019 Q4	£245.00	3.11%	Freehold	Teddy Sagi	Cording Real Estate	983.89	100%
Orion House, WC2	na	90,900	2019 Q4	£130.00	4.72%	Freehold	Grafton Advisors on behalf of WELPUT	K&K	1429.89	100%
23 Savile Row, W1	2009	100,000	2019 Q3	£277.50	4.13%	Freehold	LaSalle	Lazari	2806.4	100%
Waterside House, 35 North Wharf Rd, W2	2003	237,500	2019 Q2	£220.50	4.82%	Freehold	GAW (on behalf of KFCC)	Brockton	928.16	100%

Source: JLL

13 The definition for West End prime yields changed during Q2 2020. Whilst the prime yield was previously based on a lot size of under £10 million, this bracket was increased to £40 million which is more reflective of the market.

Table 5: Central London Core/Core plus investment transactions over £100 million, 2019-20

Property	Year of completion/ major refurbishment	NIA sq ft	Transaction date	Price £ million	Yield	Tenure	Vendor	Purchaser	Capital Value (£ per sq ft)	Share
25 Cabot Square, E14	2020	481,605	2020 Q3	£380.0	4.64%[14]	Freehold	Hines	Link REIT	£790.0	100%
Procession House, 55 Ludgate Hill, EC4	2020	na	2020 Q1	£140.0	4.49%	Leasehold	Goldman Sachs/ Greycoat	Union	£1,329.7	100%
1&2 London Wall Place, EC2	2017	493,518	2019 Q4	£354.0	4.06%	Leasehold	JV: Oxford Properties/ Brookfield	Brookfield	£1,434.0	50%
Premier Place, 2 Devonshire Square, EC2	2020	222,087	2019 Q4	£327.7	4.25%	Freehold	Morgan Stanley/ Greycoat	CBRE Gi/ EPF	£1,486.0	100%
100 Cheapside, EC2	2014	101,823	2019 Q4	£141.0	4.10%	Leasehold	Aberdeen Standard Life	KWOP	£1,489.0	100%
Chancery House, 53-64 Chancery Lane, WC2	2001	146,284	2019 Q4	£114.5	4.42%	Freehold	Westbrook	Blackstone	£782.7	100%
8 Finsbury Circus, EC2	2016	177,586	2019 Q3	£260.0	4.00%	Freehold	Mitsubishi Estate	Stamford Land	£1,464.1	100%
The Buckley Building, Buckley Building, 49 Clerkenwell, EC1	2013	85,140	2019 Q3	£103.0	4.43%	Freehold	Derwent	CBRE GI	£1,210.0	100%
Alder Castle, 10 Noble Street, EC2	1999	93,500	2019 Q2	£103.5	4.26%	Freehold	M&G	PRI (Mormon Church)	£1,106.9	100%
169 Union Street, SE1	2000	117,392	2019 Q1	£100.0	4.25%	Freehold	TH Real Estate	Brockton Everlast	£851.9	100%

Source: JLL

14 Yield has been reported between 4.6% and 4.9%.

Trust Management (Suntec) Limited

Manager of
Suntec Real Estate Investment Trust ("**Suntec REIT**")

(Constituted in the Republic of Singapore pursuant to a trust deed dated 1 November 2004 (as amended))

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of the holders of units of Suntec Real Estate Investment Trust ("**Suntec REIT**", and the holders of units in Suntec REIT, "**Unitholders**") will be convened and held via electronic means on Friday, 4 December 2020 at 11.00 am 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 dated 12 November 2020 to Unitholders (the "**Circular**")):

ORDINARY RESOLUTION

1. THE PROPOSED ACQUISITION OF 50.0% INTEREST IN TWO GRADE A OFFICE BUILDINGS WITH ANCILLARY RETAIL IN VICTORIA, WEST END, LONDON, UNITED KINGDOM

That:

(a) approval be and is hereby given for the acquisition of 50.0% interest in two Grade A office buildings with ancillary retail ("**Nova North**" and "**Nova South**") and 50.0% interest in The Nova Building[1] which are located in London's West End, United Kingdom (the "**Property**", and the acquisition of the 50.0% interest in the Property, the "**Acquisition**") through the acquisition of all of the units in two Jersey property unit trusts (the "**Victoria Unit Trusts**") held by CPPIB US Re-3 Inc and CPP Investment Board Real Estate Holdings Inc (together, the "**Vendors**"), on the terms and conditions set out in the sale and purchase agreement dated 8 October 2020 (the "**Sale and Purchase Agreement**") made between HSBC Institutional Trust Services (Singapore) Limited, being the trustee of Suntec REIT (the "**Trustee**") and Suntec REIT UK 1 Pte. Ltd., a wholly-owned subsidiary of Suntec REIT, with the Vendors. The entry into of the Sale and Purchase Agreement be and is hereby approved and ratified;

(b) approval be and is hereby given for the payment of all fees and expenses relating to the Acquisition; and

1 The Nova Building consists of retail units on the ground floor and 170 residential units. While the Acquisition includes the ground lease in relation to the residential units, the 170 residential units are excluded from the transaction.

(c) ARA Trust Management (Suntec) Limited, as the manager of Suntec REIT (the "**Manager**"), any director of the Manager, and 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 of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Suntec REIT to give effect to the Acquisition.

BY ORDER OF THE BOARD
ARA Trust Management (Suntec) Limited
as manager of Suntec REIT

Sharon Yeoh
Chiang Wai Ming
Company Secretaries

Singapore
12 November 2020

Notes:

1. The EGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation in relation to Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation issued on 1 October 2020. Printed copies of this Notice will be sent to Unitholders' registered addresses, by electronic means via publication on Suntec REIT's website at the URL https://suntecreit.listedcompany.com/newsroom.html and will also be made available on the SGX-ST's website at the URL https://www.sgx.com/securities/company-announcements.

2. In light of the current COVID-19 situation in Singapore, alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out below. Any reference to a time of day is made by reference to Singapore time.

3. Unitholders will be able to observe and/or listen to the EGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, Unitholders must pre-register at Suntec REIT's pre-registration website at the URL https://suntecreit.listedcompany.com/egm2020/ from now till 2 December 2020, 11.00 am, to enable the Manager to verify their status as Unitholders.

   Following the verification, authenticated Unitholders will receive an email, which will contain unique user ID and password details as well as instructions on how to access the live audio-visual webcast and live audio only stream of the EGM proceedings, by 3 December 2020, 11.00 am. Unitholders who do not receive an email by 3 December 2020, 11.00 am, but have registered by the 2 December 2020 deadline should contact the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6230 9768 or +65 6230 9580.

4. Unitholders may also submit questions related to the resolution to be tabled for approval at the EGM to the Chairman of the EGM, in advance of the EGM. In order to do so, their questions must be submitted in the following manner by 2 December 2020, 11.00 am:

   (a) if submitted electronically, be submitted:

      (i) via the Suntec REIT's pre-registration website at the URL https://suntecreit.listedcompany.com/egm2020/; or

      (ii) via email to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at SRS.TeamD@boardroomlimited.com; or

   (b) if submitted by post, be deposited at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

   Unitholders who submit questions via email or by post to the Unit Registrar must provide the following information:

   (1) the Unitholder's full name;

   (2) the Unitholder's address; and

   (3) the manner in which the Unitholder holds Units in Suntec REIT (e.g., via CDP, scrip, CPF or SRS).

   The Manager's Chairman, Ms Chew Gek Khim, and Chief Executive Officer, Mr Chong Kee Hiong, together with the senior management and investor relations of the Manager of Suntec REIT will conduct the proceedings of the EGM. The Manager will endeavour to address all substantial and relevant questions submitted in advance of the EGM prior to or during the EGM. The Manager will publish the responses to the substantial and relevant questions on Suntec REIT's website and on SGXNET prior to the EGM. The Manager will publish the minutes of the EGM on Suntec REIT's website and on SGXNET, and the minutes will include the responses to the substantial and relevant questions which are addressed during the EGM.

   Unitholders will not be able to ask questions at the EGM live during the webcast or audio-stream, and therefore it is important for Unitholders who wish to ask questions to submit their questions in advance of the EGM.

5. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. The Proxy Form is available on Suntec REIT's website and on the SGX-ST's website at the URLs https://suntecreit.listedcompany.com/newsroom.html and https://www.sgx.com/securities/company-announcements, respectively. Printed copies of the Proxy Form will also be sent to Unitholders.

   In appointing the Chairman of the EGM as proxy, a Unitholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

6. The Proxy Form must be submitted to the Manager c/o the Unit Registrar Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

   (a) if submitted by post, be lodged at the office of the Unit Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or

   (b) if submitted electronically, be submitted via email to the Unit Registrar at SRS.TeamD@ boardroomlimited.com,

   in either case, by 2 December 2020, 11.00 am, being 48 hours before the time fixed for the EGM.

   A Unitholder who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

   In view of the COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.

7. Persons who hold Units through relevant intermediaries (as defined below), including CPF and SRS investors, and who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks or SRS Operators) through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the EGM.

   In addition, CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 24 November 2020, 11.00 am, being 7 working days before the date of the EGM.

   "relevant intermediary" means:

   (i) 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;

   (ii) 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

   (iii) 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.

8. The Chairman of the EGM, as proxy, need not be a Unitholder of Suntec REIT.

9. The Circular may be accessed at the URL https://suntecreit.listedcompany.com/ipo_circulars.html.

10. Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check Suntec REIT's website at the URL https://suntecreit.listedcompany.com/newsroom.html for the latest updates on the status of the EGM.

PERSONAL DATA PRIVACY:

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 (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

SUNTEC REAL ESTATE INVESTMENT TRUST
(Constituted in the Republic of Singapore pursuant to a trust deed dated 1 November 2004 (as amended))

PROXY FORM

Extraordinary General Meeting

IMPORTANT:

1. For investors holding units of Suntec REIT through a relevant intermediary and CPF/SRS investors, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors should approach their relevant intermediary as soon as possible to specify voting instructions. CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF agent banks or SRS operators to submit their votes by 11.00 am (Singapore time) on 24 November 2020, being 7 working days before the date of the EGM (please see Note 7 of the Notice of EGM for the definition of "relevant intermediary").
2. The Extraordinary General Meeting will be held via electronic means.
3. PLEASE READ THE NOTES TO THE PROXY FORM.

Personal data privacy

By submitting an instrument appointing the Chairman of the Extraordinary General Meeting as proxy, the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 12 November 2020.

I/We ______________________________ (Name),

______________________________ (NRIC/Passport/Company Registration Number)

of ______________________________ (Address)

being a unitholder/unitholders of Suntec Real Estate Investment Trust ("**Suntec REIT**"), hereby appoint the Chairman of the Extraordinary General Meeting of Suntec REIT ("**EGM**") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the EGM of unitholders of Suntec REIT ("**Unitholders**") to be convened and held by electronic means on 4 December 2020 at 11.00 am (Singapore time), and at any adjournment thereof. I/We direct the Chairman of the EGM to vote for or against the resolution to be proposed at the EGM as indicated hereunder. If you wish the Chairman of the EGM as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a "✓" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate. If you wish the Chairman of the EGM as your proxy to abstain from voting on a resolution, please indicate with a "✓" in the "Abstain" box provided. Alternatively, please indicate the number of votes that the Chairman of the EGM as your proxy is directed to abstain from voting.

No.	Resolution	For*	Against*	Abstain*
1	To approve the proposed acquisition of 50.0% interest in two Grade A Office Buildings with Ancillary Retail in Victoria, West End, London, United Kingdom (the "**Acquisition**") (Ordinary Resolution)			

* If you wish to exercise all your votes "For", "Against" or "Abstain", please mark with an "✓" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ______________________ 2020

Total Number of Units Held

____
Signature(s) of Unitholder(s)/and,
Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE

Glue all sides firmly. Stapling & spot sealing is disallowed.

Glue all sides firmly. Stapling & spot sealing is disallowed.

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SUNTEC
Real Estate Investment Trust

Affix
Postage
Stamp

ARA TRUST MANAGEMENT (SUNTEC) LIMITED
(as manager of Suntec Real Estate Investment Trust)
c/o
Unit Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01, Singapore Land Tower
Singapore 048623

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Notes to Proxy Form:

1. A unitholder will not be able to attend the EGM in person. If a unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. This Proxy Form may be accessed at Suntec REIT's website at the URL https://suntecreit.listedcompany.com/newsroom.html, and will also be made available on the SGX-ST's website at the URL https://www.sgx.com/securities/company-announcements. In appointing the Chairman of the EGM as proxy, a unitholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
2. CPF or SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 24 November 2020, 11.00 am, being 7 working days before the date of the EGM.
3. The Chairman of the EGM, as proxy, need not be a unitholder of Suntec REIT.
4. A unitholder should insert the total number of units held. If the unitholder has units entered against the unitholder's name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), the unitholder should insert that number of units. If the unitholder has units registered in the unitholder's name in the Register of Unitholders of Suntec REIT, the unitholder should insert that number of units. If the unitholder has units entered against the unitholder's name in the said Depository Register and registered in the unitholder's name in the Register of Unitholders of Suntec REIT, the unitholder should insert the aggregate number of units. If no number is inserted, this Proxy Form will be deemed to relate to all the units held by the unitholder.
5. The Proxy Form must be submitted to the Manager c/o the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:
   a. if submitted by post, be lodged at the office of Suntec REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
   b. if submitted electronically, be submitted via email to Suntec REIT's Unit Registrar at SRS.TeamD@boardroomlimited.com,

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   in either case, by 2 December 2020, 11.00 am, being 48 hours before the time fixed for the EGM.

   A unitholder who wishes to submit the Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

   In view of the COVID-19 situation in Singapore, unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.
6. The Proxy Form must be executed under the hand of the appointor or of his/her 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 the Manager), if the Proxy Form is submitted by post, be lodged with the Proxy Form, or, if the Proxy Form is submitted electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. Any reference to a time of day is made by reference to Singapore time.

General:

The Manager shall be entitled to reject any 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 and/or attached to the Proxy Form (including any related attachment). In addition, in the case of unitholders whose units are entered against their names in the Depository Register, the Manager may reject any Proxy Form if the unitholder, being the appointor, is not shown to have units entered against the unitholder's name in the Depository Register not less than 48 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.