

Media Release

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Manager of



Suntec REIT's DPU¹ Exceeds Forecast by 5.7%

Singapore, 27 April 2005 - ARA Trust Management (Suntec) Limited ("ARATMS"), the manager of Suntec REIT, is pleased to announce a higher than forecast² income available for distribution to unitholders of S\$24.0 million for the period from 9 December 2004 (date of listing) to 31 March 2005. This is S\$1.3 million higher than the forecast² of S\$22.7 million.

Distribution per unit exceeds forecast by 5.7%. Distribution per unit ("DPU") for the period is 1.86 cents, which is 5.7% higher than the forecast DPU of 1.76 cents.

Mr Quek Kar Tung, CEO of ARATMS, said, "We are pleased that the recovery of the Singapore office market, the robust retail sector coupled with pro-active leasing efforts and prudent financial management have enabled Suntec REIT to outperform its forecast. Going forward we aim to realize significant upside through our asset and revenue enhancement plans that would drive up revenue by repositioning Suntec City Mall's tenant-mix and strengthening its overall competitiveness."

Mr Quek added, "Since Suntec REIT was publicly listed on 9 December 2004, we have identified many areas where significant potential upside exist for

¹ Distribution per unit for the period 9 December 2004 (date of listing) to 31 March 2005.

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

increasing revenue and efficiency in the usage of space. Suntec REIT is currently working with Knight Frank, an international property consultant, to implement the strategic intent of its integrated asset and revenue enhancement plan.“

Overview of Suntec REIT Results

From 9 December 2004 to 31 March 2005	Actual	Forecast ²	Variance
Net Property Income (S\$'000)	29,030	29,000	0.1%
Taxable Income ³ (S\$'000)	27,459	22,731	20.8%
Income currently available for distribution (S\$'000)	23,959	22,731	5.4%
Distribution per unit ⁴ (cents)	1.86¢	1.76¢	5.7%
Distribution yield (annualized) ^{4,5}			
- based on 31 March 2005 closing price of S\$1.28	4.69%	4.44%	5.7%
- based on 26 April 2005 closing price of S\$1.22	4.92%	4.66%	5.7%

Rising Office Occupancy and Rentals. A strengthening Singapore office market and pro-active leasing efforts boosted committed occupancy rate to 84.5% from actual occupancy rate of 75.0% on 9 December 2004. In the interim as at 31 March 2005, actual occupancy rate of the office properties of 79.0% is 1.9% higher than the forecast occupancy rate of 77.5%.

Rental rates for new and renewal leases that were committed and came into effect during the period under review which averaged S\$4.29 psf per month is also 5.4% higher than the average forecast rental rate of S\$4.07⁶ for FY2005.

With limited supply of quality office space over the next 3 years and an expected increase in demand for such space in tandem with sustained

³ Includes S\$3.5 million of other income relating to a non-recurring amount paid by Suntec City Development Pte Ltd, as the sponsor of Suntec REIT, for services rendered in relation to the completion of sale of properties forming the initial portfolio of Suntec REIT and the initial public offering. This amount of other income does not enjoy tax transparency and is only distributable after tax assessment, and hence, deducted from the taxable income to derive the income currently available for distribution. (For more details, refer to the Distribution Statement section of Paragraph 9 of Suntec REIT's financial results announced on SGXNET.)

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

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

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

economic growth, office occupancy and rentals are expected to continue on the upward trend.

Rising Retail Rents & High Occupancy. The retail sector continued to remain robust, bolstered by positive economic growth, limited supply of private retail space, and the government's efforts to promote the tourism industry. Suntec City Mall continues to record double digit growth of 14% in retail rents from preceding levels for the period under review (or 6.2% higher than forecast assumptions). Further upside from the current overall average rental rate of S\$8.68 psf can be expected as Suntec REIT's asset and revenue enhancement plans are realized. Management aims to significantly increase the overall average retail rental through a combination of re-positioning the retail trade mix, re-configuring retail space to smaller units, improving the efficiency of leasable space, leasing of additional pushcarts/kiosks and advertisement media spaces, and potentially converting usable common areas into leasable retail space.

Occupancy of Suntec City Mall as at 31 March 2005 remained nearly fully occupied, excluding a 39,317 sq ft area of retail space originally designated for exhibition of products by Chinese companies (the [China@Suntec](#) initiative). Following recommendations from the retail consultant, management has decided to re-position that area into a children and family lifestyle specialty zone as part of the on-going asset and revenue enhancement plan. As such, the occupancy rate of the mall of 93.6% as at 31 March 2005 is in the interim below the forecast rate of 99.2%.

Prudent Financial Management. Property expenses for the period under review was lower than forecast by 5% and the cost-to-revenue ratio recorded was 27%. Management aims to continually improve operating efficiency to further reduce operating costs.

On the debt front, a 5-year interest rate swap was entered into on 21 December 2004 to hedge the interest rate risk for S\$500 million of the term loan facility at an attractive all-in rate of 2.55% p.a. with step-up interest

payments⁷ over the 5-year period. The weighted average financing cost/expense for the period under review was 2.34% while the effective cost of debt charged against income currently available for distribution was 1.85%. The lower effective cost of debt charged against income currently available for distribution is due to the tax treatment of the portion of the interest expense accrued but not paid as a non-tax deductible expense.

Acquisitions targeted to enhance returns. Pro-active negotiations concerning potential acquisitions are progressing with the goal to secure quality assets that will lift the yield of Suntec REIT and also enhance long term value for unitholders.

END

ABOUT SUNTEC REIT

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

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

ABOUT ARA TRUST MANAGEMENT (SUNTEC) LIMITED

ARA Trust Management (Suntec) Limited, part of the ARA Asset Management Limited group ("ARA"), is the manager of Suntec REIT. ARA is a member of the Cheung Kong Group. ARA is currently involved in managing the publicly

⁷ Step up interest payments are as follows: Year 1 of 1.85%, Year 2 of 2.20%, Year 3 of 2.19%, Year 4 of 2.75% and Year 5 of 3.00%.

listed Fortune REIT and private equity real estate funds such as Al Islami Far Eastern Real Estate Fund Limited. It is staffed by experienced professionals who have extensive experience in the real estate industry in Singapore and the region.

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IMPORTANT NOTICE

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

Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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

Pro Forma Impact of Deferred Units Issuance

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

under the scenario where the Deferred Units were entirely issued on 9 December 2004, the date of admission of Suntec REIT to the Official List of the SGX-ST (the "Listing Date"):

	Distribution per unit ("DPU") under the scenario that all Deferred Units are issued on the Listing Date	
	Forecast	Actual
	(9 Dec 04 – 31 Mar 05)	(9 Dec 04 – 31 Mar 05)
DPU based on total number of units entitled to the distribution (cents)	1.759	1.858
DPU assuming Deferred Units were issued on the Listing Date (cents)	1.516	1.601