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## **Suntec REIT Outperforms IPO Forecast<sup>1</sup> by 20%; Distribution Income Rises to S\$23.5 million**

**Singapore, 26 April 2006** – ARA Trust Management (Suntec) Limited (“ARA Suntec”), Manager of Suntec Real Estate Investment Trust (“Suntec REIT”), is pleased to announce a distribution income of S\$23.5 million for the period 1 January 2006 to 31 March 2006 (2Q FY2006). This is an increase of S\$7.2 million or 19.4% over the Forecast<sup>1</sup> for second quarter FY2006. As a result, unitholders will enjoy a distribution payout of 1.81 cents per unit, which is 19.8% higher than the IPO Forecast. Given this second quarter’s distribution payout, Suntec REIT’s current annualised distribution yield is 5.6%<sup>2</sup>.

Commenting on Suntec REIT’s performance, Mr Yeo See Kiat, Chief Executive Officer of ARA Suntec, said, “This marks the fifth quarter of consistent outperformance and growth in distribution payout for our unitholders. Over the last five financial quarters, our unitholders have enjoyed an increase in distribution payout of over 22% as our multi-prong growth strategy of proactive lease management, effective asset enhancement plans and yield accretive acquisitions bore fruits.”

Added Mr Yeo, “I’m delighted that we are able to deliver more than what we promised to our unitholders.”

**Occupancy of All Office Properties Improves, Suntec Office Towers’ Occupancy Rises to a New High of 94.4%.** Office occupancy at Suntec Office Towers climbed to a post-REIT high of 94.4% whilst occupancy at Park Mall strengthened to 86.6% as at 31 March 2006. Suntec REIT’s quality assets and proactive leasing strategies, coupled with continued strong demand for office space, resulted in the fifth consecutive quarter of increase in take-up of Suntec REIT’s portfolio of quality office space.

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<sup>1</sup> Based on assumptions stated in the IPO Prospectus dated 29 November 2004 which only consists of properties in Suntec City. The actual results for the period also includes Park Mall & Chijmes, the acquisitions of which were completed on 28 October 2005 and 1 December 2005 respectively.

<sup>2</sup> Based on the last traded price of S\$1.31 per unit as at 25 April 2006.

**Market Trends Point Towards Continued Growth in Office Rents and Occupancy**

According to a "Market View" report by CB Richard Ellis ("CBRE") dated 6 April 2006, the Singapore office market continued to witness buoyant leasing momentum with Grade A occupancy rising above 95%. Increased demand and shrinking supply of available prime office space has resulted in average prime rents rising by 7.7% to S\$5.60 per square foot per month and Grade A rents rising 5.3% to S\$6.00 per square foot per month. Said Mr Yeo, "We're positive on the office outlook and we're looking towards further strengthening our office portfolio for the rest of FY2006."

**Robust Retail Rental Growth Across All Properties.** Suntec City Mall, as well as the newly acquired Park Mall and CHIJMES, registered a strong overall double-digit retail rental growth of 18.2% for leases renewed/replaced in 2Q FY2006.

**Boosting Retail Rentals Through Repositioning & Reconfiguration Initiatives.** Following the successful launch of the Happy Kidz zone, the Manager is on track to deliver its second asset enhancement initiative "Tasty Treatz" as announced in the previous quarter. Work commenced in March 2006 and it is scheduled to open by June 2006 after 3 months of intensive renovation and marketing efforts. To date, the Manager has secured an occupancy of above 90% for Tasty Treatz with an average monthly rent of above S\$35 per square feet for the newly created units. Even with the 90% occupancy, the target revenue of S\$2.8 million for Tasty Treatz has been achieved, which would result in an increase in revenue of at least 115% as compared to the pre-asset enhancement revenue of S\$1.3 million.

**Lowering Property Operating Costs.** For the quarter ended March 2006, the cost-to-revenue ratio improved from 27.7% in the previous quarter to 25.9% due to prudent cost management and initiatives to streamline operating costs, including a reduction in monthly maintenance charges for Suntec City. With effect from 1<sup>st</sup> January 2006, the monthly maintenance charges payable by the subsidiary proprietors to the management corporation of Suntec City was reduced by S\$4 per share value per month. This would translate into a cost saving of about S\$2.2 million for FY2006.

**Prudent Financial Management.** As at 31 December 2005, a total debt of S\$500 million has been hedged at an all-in rate of 2.55% p.a. until 2009. Since then, the Manager has hedged an additional S\$200 million of debt up to 2008. With this, Suntec REIT has hedged S\$700 million of debt at an all-in blended annual rate of 2.84%.

## Snapshot of Suntec REIT Results for 2Q FY2006

From 1 January 2006 to 31 March 2006	Actual	Forecast	Variance
Revenue (S\$'000)	43,132	33,509	28.7%
Net property income (S\$'000)	31,963	24,708	29.8%
Income available for distribution (S\$'000)	23,492	19,673	19.4%
Distribution per unit <sup>3</sup> (cents)	1.81¢	1.51¢	19.8%
Distribution yield (annualized) <sup>4</sup>			
- based on 31 March 2006 closing price of S\$1.32	5.6%	4.6%	19.8%
- based on 25 April 2006 closing price of S\$1.31	5.6%	4.7%	19.8%

For the period 1 January 2006 to 31 March 2006, Suntec REIT recorded a gross revenue of S\$43.1 million. This was an increase of 28.7% above the Forecast and 35.2% higher than the corresponding quarter in the previous year. Distribution income rose to S\$23.5 million which exceeded Forecast by 19.4%. Distribution payout to unitholders amounted to about 1.81 cents per unit which exceeded the IPO Forecast by 19.8%.

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### ABOUT SUNTEC REIT

Listed on 9 December 2004, Suntec REIT holds properties in Suntec City, Singapore's largest integrated commercial development (including Singapore's largest shopping mall), Park Mall and Chijmes. 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.

### ABOUT ARA TRUST MANAGEMENT (SUNTEC) LIMITED

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

<sup>3</sup> Excluding 207,002,170 units ("Deferred Units") which will be issued to Suntec City Developments Pte Ltd over 6 installments, the first of which falls 42 months after 9 December 2004, as partial satisfaction of the purchase consideration for the initial portfolio of properties

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

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**IMPORTANT NOTICE**

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

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

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

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**Pro Forma Impact of Deferred Units Issuance**

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

	<b>Distribution per unit ("DPU") under the scenario that all Deferred Units are issued on the Listing Date</b>	
	<b>Actual</b> <b>(1 Jan 06 – 31 Mar 06)</b>	<b>Forecast</b> <b>(1 Jan 06 – 31 Mar 06)</b>
<b>DPU based on total number of units entitled to the distribution (cents)</b>	<b>1.811</b>	<b>1.512</b>
DPU assuming Deferred Units were issued on the Listing Date (cents)	1.561	1.305

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