

Press Release

26 July 2006
Embargoed till 5.30 p.m.

Manager of



**Suntec REIT Outperforms IPO Forecast¹ by 21%;
Annualised Distribution Yield at 6.3%**

Singapore, 26 July 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\$24.4 million for the period 1 April 2006 to 30 June 2006 (3Q FY2006), an increase of 20.9% from the S\$20.2 million Forecast¹ for the period. As a result, unitholders will enjoy a distribution payout of 1.88 cents per unit. Given this third quarter’s distribution payout, Suntec REIT’s current annualised distribution yield is 6.3%².

Commenting on Suntec REIT’s performance, Mr Yeo See Kiat, Chief Executive Officer of ARA Suntec, said, “I am delighted to report that Suntec REIT has once again outperformed the DPU Forecast to deliver increased value to our unitholders. With our focus on proactive lease management, asset enhancement plans, coupled with strong market fundamentals, we strive to deliver further value to our unitholders.”

Strong Office Performance, Occupancy Continues to Climb. Bolstered by robust demand for office space, the overall occupancy for the office portfolio improved to 96.2% in June 2006 compared to 93.7% in March 2006. Occupancy at both Suntec Office Towers and Park Mall strengthened to another post-REIT high of 96.5% and 93.5% respectively as at 30 June 2006.

Sustained Double Digit Rental Growth for Retail Portfolio. The retail portfolio continued to post a strong overall double-digit rental growth of 24.6% over preceding levels for leases renewed/replaced in 3Q FY2006. Further revenue upside can be expected with the execution of the various revenue and asset enhancement plans for Suntec City Mall.

¹ 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 include Park Mall & Chijmes, the acquisitions of which were completed on 28 October 2005 and 1 December 2005 respectively.

² Based on the last traded price of S\$1.20 per unit as at 25 July 2006.

Asset Enhancement Updates. ARA Suntec has successfully delivered its second asset enhancement initiative “Tasty Treatz”, a new food zone with 40 exciting concept stalls. The Tasty Treatz project achieved 100% occupancy and opened on schedule in June. This asset enhancement project would contribute a revenue of S\$3.0 million per annum.

Work has commenced on the next asset enhancement initiative “e-life @ Suntec” and it is scheduled to open in October 2006. This new IT digital zone would enhance the diversity of the retail tenant mix and would offer both local and tourists alike another exciting shopping experience at Suntec City.

Lower Property Operating Costs. For the quarter ended June 2006, the cost-to-revenue ratio further improved from 25.9% in the previous quarter to 25.5%.

Prudent Capital Management. As at 30 June 2006, a total debt of S\$730 million has been hedged at an all-in blended rate of 2.8% p.a., out of which S\$500 million has been hedged at 2.55% p.a. up to 2009.

Summary of Suntec REIT Results for 3Q FY2006

From 1 April 2006 to 30 June 2006	Actual	Forecast	Variance
Revenue (S\$'000)	43,914	34,087	28.8%
Net property income (S\$'000)	32,720	25,276	29.5%
Income available for distribution (S\$'000)	24,395	20,183	20.9%
Distribution per unit ³ (cents)	1.88¢	1.55¢	20.9%
Distribution yield (annualized) ⁴³			
- based on 30 June 2006 closing price of S\$1.24	6.1%	5.0%	20.0%
- based on 25 July 2006 closing price of S\$1.20	6.3%	5.2%	21.2%

For the period 1 April 2006 to 30 June 2006, Suntec REIT recorded a gross revenue of S\$43.9 million. This is an increase of 28.8% above the Forecast. Distribution income rose to S\$24.4 million, which exceeded the Forecast by 20.9%. Distribution payout to unitholders amounted to 1.88 cents per unit, which exceeded the IPO Forecast by 20.9%.

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³ 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

⁴ Please note that past performance is not necessarily indicative of future performance of Suntec REIT.

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.

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	
	Actual (1 Apr 06 – 30 Jun 06)	Forecast (1 Apr 06 – 30 Jun 06)
DPU based on total number of units entitled to the distribution (cents)	1.876	1.552
DPU assuming Deferred Units were issued on the Listing Date (cents)	1.619	1.339

Media and investor contacts

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