



Trust Management (Suntec) Limited

Suntec Real Estate Investment Trust
("Suntec REIT")



PROPOSED ISSUE OF CONVERTIBLE BONDS DUE 2024

1. INTRODUCTION

The board of directors of ARA Trust Management (Suntec) Limited, as manager of Suntec Real Estate Investment Trust ("**Suntec REIT**", and as manager of Suntec REIT, the "**Manager**"), wishes to announce that Suntec REIT, acting through HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Suntec REIT (the "**Trustee**" or the "**Issuer**"), intends to issue convertible bonds (the "**Convertible Bonds**") of seven-year maturity, convertible into cash and/or new ordinary units in the capital of Suntec REIT ("**Units**") with an aggregate principal amount of S\$300.0 million (the "**Issue**").

The Issuer may, with the agreement of the Lead Manager (as defined below), issue additional Convertible Bonds so as to raise additional proceeds of up to S\$50.0 million, such that the total gross proceeds of the Issue will be up to S\$350.0 million.

It is proposed that the Convertible Bonds be placed to institutional investors and other investors. The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch has been appointed as lead manager and underwriter for the Issue of the Convertible Bonds (the "**Lead Manager**").

The terms and conditions of the Convertible Bonds (the "**Terms and Conditions**") will be finalised upon the pricing of the Issue, following the completion of a book-building exercise by the Lead Manager.

2. PRICING OF THE CONVERTIBLE BONDS

Pricing of the Convertible Bonds is expected to take place on or around 8 November 2017. A summary of the indicative terms and conditions of the Convertible Bonds is set out in the **Appendix** to this Announcement. An announcement of the definitive terms of the Convertible Bonds will be made following pricing of the Convertible Bonds.

3. STATUS OF THE CONVERTIBLE BONDS

The Convertible Bonds will constitute general, direct, unsubordinated, and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, with all other present and future outstanding, direct, unsecured and

unsubordinated obligations of the Issuer, save for such exceptions as may be provided by mandatory provisions of applicable law and regulations and subject to the Terms and Conditions.

4. LISTING

An application will be made to the SGX-ST for the listing of the Convertible Bonds and the Units to be issued upon conversion of the Convertible Bonds on the SGX-ST.

5. CLOSING DATE

The closing date for the Issue is currently expected to be on or about 30 November 2017 (the “**Closing Date**”).

6. USE OF PROCEEDS

Based on an Issue size of S\$300.0 million, the net proceeds from the issue of the Bonds (after the deduction of fees, commissions and expenses) are expected to be approximately S\$295.8 million. The Issuer expects to use all net proceeds from the issue of the Bonds primarily for the partial refinancing of existing debt and the balance of the net proceeds, if any, to be used for general corporate and/or working capital purposes.

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, use the proceeds from the Issue at its absolute discretion for other purposes.

Pending the deployment of the net proceeds from the Issue, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions, or be used to repay outstanding borrowings of the Issuer or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

7. AUTHORITY TO ISSUE THE CONVERTIBLE BONDS

The Convertible Bonds will be issued pursuant to, and within, the general mandate granted by unitholders of Suntec REIT (“**Unitholders**”) at the annual general meeting (“**AGM**”) of Suntec REIT held on 18 April 2017 which is applicable during the period from 18 April 2017 until (i) the conclusion of the next AGM of Suntec REIT or (ii) the date by which the next AGM of Suntec REIT is required by applicable regulations to be held, whichever is earlier (the “**General Mandate**”).

Under this General Mandate, the Manager may, among other things, issue new Units and/or securities which may be converted into Units (“**Convertible Securities**”), provided that such number of new Units (including Units into which the Convertible Securities may be converted) does not exceed 50.0 per cent. of the Base Figure¹, of which the aggregate number of new Units (including Units into which the Convertible Securities may be converted) issued other than

¹ 2,547,447,348, being the number of Units in issue as at the time of the passing of the resolution approving the General Mandate, subject to any applicable adjustment (the “**Base Figure**”).

on a pro rata basis to Unitholders shall not be more than 20.0 per cent. of the Base Figure.

As at the time of the passing of the resolution approving the General Mandate, the number of Units in issue was 2,547,447,348 Units. As at the date of this announcement, 9,298,458 Units in relation to payment of management fee in Units have been issued pursuant to the General Mandate.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS OR UNITHOLDERS

None of the Directors or the controlling shareholder of the Manager or the controlling Unitholders has any interest, direct or indirect, in the Issue.

BY ORDER OF THE BOARD

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

Chan Kong Leong
Chief Executive Officer and Executive Director
8 November 2017

ABOUT SUNTEC REIT

Listed on 9 December 2004, Suntec REIT holds properties in Suntec City, Singapore's largest integrated commercial development (including one of Singapore's largest shopping mall), a 60.8% 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 and a 30.0% interest in 9 Penang Road. Suntec REIT holds a 100% interest in a commercial building located at 177 Pacific Highway, Sydney, a 25.0% interest in Southgate complex, Melbourne and a 50.0% interest in a commercial building to be developed located at Olderfleet 477 Collins Street, Melbourne, Australia. 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. For more details, please visit www.suntecreit.com.

ABOUT ARA TRUST MANAGEMENT (SUNTEC) LIMITED

Suntec REIT is managed by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of ARA Asset Management Limited ("ARA").

Established in 2002, ARA is a premier integrated real estate fund manager driven by a vision to be the best-in-class real estate fund management company focused on the management of real estate investment trusts ("REITs") and private real estate funds.

ARA's business is focused on the following segments:

- (a) REITs – ARA is one of the largest REIT managers in Asia ex-Japan and currently manages six REITs listed in three countries, namely Fortune REIT dual-listed in Singapore and Hong Kong, Suntec REIT and Cache Logistics Trust listed in Singapore, Hui Xian REIT and Prosperity REIT listed in Hong Kong and AmFIRST REIT listed in Malaysia. The Group also manages six privately-held REITs in South Korea;
- (b) Private real estate funds – The Group manages 9 private funds investing in real estate in Asia; and
- (c) Real estate management services – The Group provides property management services and convention & exhibition services, including managing the award-winning Suntec Singapore Convention & Exhibition Centre.

ARA's diverse suite of REITs and private real estate funds are invested in the office, retail, logistics/industrial, hospitality and residential sectors. ARA has distinguished itself over the years with its unique investor-operator philosophy, which nurtures each asset from acquisition to divestment to add value to every stage of the asset life cycle. Built on a foundation of strong corporate governance and business integrity, it counts some of the world's largest pension funds, financial institutions, endowments and family offices as its investors.

ARA has approximately 1,300 staff in 19 cities in seven countries. It manages close to 100 properties measuring 57 million square feet in Asia Pacific, with approximately S\$35 billion in assets under management.

IMPORTANT NOTICE

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units and/or Convertible Bonds.

The Convertible Bonds and the Units issuable upon conversion of the Convertible Bonds have not been, and will not be registered under the U.S. Securities Act 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States, except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act. This notice is for information purposes only and does not constitute an offer or sale of Convertible Bonds or Units issuable upon conversion of the Convertible Bonds in the United States or any other jurisdiction. Neither this notice nor any portion hereof may be sent or transmitted into the United States or any jurisdiction where to do so is unlawful. Any failure to comply with these restrictions may constitute a violation of the United States securities law or the securities laws of any such other jurisdiction.

This announcement may contain forward-looking statements that involve 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 companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, 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. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view on future events.

The value of Units and the Convertible Bonds and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units and/or Convertible Bonds 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 and Convertible Bonds on the SGX-ST does not guarantee a liquid market for the Units and/or Convertible Bonds.

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

APPENDIX

Indicative Terms of the Convertible Bonds

The indicative terms of the Convertible Bonds are summarised as follows. Please note that the following terms are **indicative** only. An announcement of the definitive terms of the Convertible Bonds will be made following pricing of the Convertible Bonds.

Issue Size	:	Up to S\$350.0 million in aggregate principal amount of Convertible Bonds.
Issue Price	:	100.0 per cent. of the principal amount of the Convertible Bonds.
Form and Denomination of the Convertible Bonds	:	The Convertible Bonds will be issued in registered form in denominations of S\$250,000 each or integral multiples thereof. Upon issue, the Convertible Bonds will be represented by a global certificate deposited with, and registered in the name of The Bank of New York Depository (Nominees) Limited being a nominee of the common depositary for, Euroclear Bank SA/NV and Clearstream Banking S.A..
Security	:	Nil.
Settlement and Payment	:	Subject to fulfilment of the conditions set out in the subscription agreement entered into between the Trustee, the Manager and the Lead Manager dated 8 November 2017, settlement and payment for the Convertible Bonds is expected to take place in Singapore on or about 30 November 2017 or such other date as may be agreed between the Trustee, the Manager and the Lead Manager.
Maturity Date	:	Seven years from the date of issue of the Convertible Bonds.
Interest	:	The Convertible Bonds will bear interest at a rate to be determined based on an indicative range from 1.50% to 1.75% per cent. per annum, payable semi-annually in arrear.
Conversion	:	The number of Units to be issued on conversion of the Convertible Bonds (" Conversion Units ") will be determined by dividing the principal amount of the Convertible Bond to be converted by the then prevailing conversion price at which new Units will be issued upon conversion, as adjusted from time to time (the " Conversion Price ") in respect of the Convertible Bonds.
Initial Conversion Price	:	S\$2.189 for each new Unit.
Conversion Period	:	Convertible at the option of the holder of the Convertible Bonds (each, a " Bondholder "), at any time on or after 9.00 a.m. on the date falling 41 days after the Closing Date up to 3.00 p.m. on the date falling (i) seven days prior to the Maturity Date or (ii) if such Convertible Bond shall have been called for redemption before the date falling seven days prior to the Maturity Date, no later than seven business days prior to the date fixed for redemption, (as the case may be), subject to customary closed periods and the terms and conditions of the Convertible Bonds (the " Terms and

Conditions”).

Adjustments to Conversion Price : The Conversion Price will be subject to adjustment in certain events including: consolidation or subdivision or reclassification of Units, capitalisation of profits or reserves, excess distributions (see section entitled “Adjustments to Conversion Price Arising from Excess Distributions” below for further details), rights issues of Units or options over Units, rights issues of other securities, issues at less than current market price and other dilutive events. The adjustments are determined in accordance with the specified formulas set out in the Terms and Conditions.

Adjustments to Conversion Price arising from Excess Distributions : The Conversion Price will be subject to adjustment in event if and wherever any Excess Distribution is paid or made to the unitholders of Suntec REIT, such adjustment to be determined in accordance with the specified formulas set out in the Terms and Conditions.

“**Excess Distribution**” means a Relevant Distribution (as defined in the Terms and Conditions) paid or otherwise distributed in any Financial Year (as defined in the Terms and Conditions) if and to the extent that the sum of:

- (i) the Fair Market Value (as defined in the Terms and Conditions) per Unit of the proposed Relevant Distribution; and
- (ii) the Fair Market Value per Unit of any other Relevant Distribution previously paid or otherwise distributed in that Financial Year,

exceeds for the relevant Financial Year an amount equal to 4.0 per cent. of the average of the closing prices quoted by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the 15 consecutive Trading Days (as defined in the Terms and Conditions) ending on the Trading Day immediately preceding the date on which the Relevant Distribution is publicly announced.

Status of Convertible Bonds : The Convertible Bonds will constitute general, direct, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, with all other outstanding, direct, unsecured and unsubordinated obligations of the Issuer, present and future, save for such exceptions as may be provided by the mandatory provisions of applicable law and regulations and subject to the Terms and Conditions.

Status of the Conversion Units : The Conversion Units will, when issued and delivered in accordance with the trust deed constituting the Convertible Bonds, be freely transferable, free and clear of all liens, encumbrances, security interests or claims of third parties.

Negative Pledge : So long as any Convertible Bond remains outstanding, the Issuer

shall not create or permit to have outstanding any security on the whole or any part of the Suntec City Properties, 177 Pacific Highway, all the shares held by the Issuer (whether directly or indirectly) in One Raffles Quay Pte Ltd. all the partnership interest held by the Issuer (whether directly or indirectly) in BFC Development LLP, all the shares held by the Issuer (whether directly or indirectly) in Harmony Convention Holding Pte Ltd, all the units held by the Issuer (whether directly or indirectly) in Suntec REIT 177 Trust, all the units held by the Issuer (whether directly or indirectly) in Southgate Trust and all the units held by the Issuer (whether directly or indirectly) in Suntec REIT 477 Trust (each as defined in the Terms and Conditions and collectively, the “**Relevant Assets**”), or any rights or interests with respect to the Relevant Assets, where such security secures International Investment Securities (as defined in the Terms and Conditions) issued by the Issuer or any guarantee or indemnity provided by the Issuer in respect of any International Investment Securities issued by Suntec REIT’s subsidiary, subject to certain exceptions as are described in the Terms and Conditions.

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| Conversion for Change of Control | : | Following the occurrence of a Change of Control Event (as described in the Terms and Conditions), each Bondholder will have the right, at such Bondholder’s option, to exercise such Bondholder’s conversion right at a Conversion Price determined in accordance with the specified formula set out in the Terms and Conditions to convert the Convertible Bonds into Units, subject to the Issuer’s Alternative Settlement Right (as described in the Terms and Conditions and below). |
| Final Redemption | : | Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Convertible Bond at 100.0 per cent. of its principal amount together with accrued interest up to (but excluding) the Maturity Date. |
| Alternative Settlement Right | : | <p>On conversion of the Convertible Bonds, in respect of each S\$250,000 principal amount of a Convertible Bond to be converted, the Issuer may at its option elect to either:</p> <ul style="list-style-type: none"> (i) issue or cause to be issued to such Bondholders in respect of each Convertible Bond a number of Units equal to the Conversion Rate (as defined in the Terms and Conditions); or (ii) pay in cash in Singapore dollars to such Bondholders an amount equal to the Conversion Value (as defined in the Terms and Conditions) one business day after the Applicable Conversion Period (as defined in the Terms and Conditions); or (iii) deliver or cause to be delivered a cash amount nominated by the Issuer in the notice referred to in the Terms and |

Conditions (the “**Cash Amount**”) and such number of Units as determined in the manner set out below.

If the Issuer elects to deliver or cause to be delivered a Cash Amount and Units, the number of Units to be issued or caused to be issued by the Issuer in respect of each Convertible Bond will be equal the sum of the Daily Unit Amounts (calculated as described in the Terms and Conditions) for each Trading Day during the Applicable Conversion Period, and the Conversion Date shall be deemed to be one business day after the Applicable Conversion Period.

Redemption at the Option of the Bondholders : Bondholders may require the Issuer to redeem all or some of their Convertible Bonds at their principal amount, together with any interest accrued up to the date of redemption:

- (i) on a date falling three years from the Closing Date; or
- (ii) in the event that the Units cease to be listed or are suspended from trading on the SGX-ST or an Alternative Stock Exchange (as defined in the Terms and Conditions) for a period of more than 45 consecutive Trading Days, if applicable; or
- (iii) in the event that a Change of Control Event (as described in the Terms and Conditions) arises.

Redemption at the Option of the Issuer : (i) On or at any time after a date falling three years from the Closing Date but not less than seven business days prior to the Maturity Date, the Issuer may, having given not less than 30 days' nor more than 60 days' notice to the Bondholders, the trustee of the Convertible Bonds and any paying agent (which notice shall be irrevocable), redeem the Convertible Bonds in whole but not in part at their principal amount plus interest accrued to (but excluding) the date of redemption if the closing price of the Units on each of the 20 consecutive Trading Days (as defined in the Terms and Conditions) immediately prior to the date upon which notice of such redemption is given, was at least 130.0 per cent. of the Conversion Price in effect on the date of each such Trading Day. If there shall occur an event giving rise to a change in the Conversion Price during any such 20 Trading Days period, appropriate adjustments shall be made for the purpose of calculating the closing price for the relevant days.

(ii) On the expiry of any such notice, the Issuer will be bound to redeem the Convertible Bonds at their principal amount together with interest accrued to (but excluding) the date of redemption on the date fixed for such redemption.

(iii) The Issuer may redeem the Convertible Bonds in whole but not in part at any time if the aggregate principal amount of the Convertible Bonds outstanding is less than 10 per cent.

of the aggregate principal amount originally issued (including any further issues of Convertible Bonds in accordance with the Terms and Conditions) at their principal amount plus interest accrued to (but excluding) the date of redemption.

- Redemption for Taxation Reasons** : In the event certain changes occur affecting taxes in Singapore, the Issuer may, subject to certain conditions being satisfied, redeem the Convertible Bonds in whole but not in part at their principal amount plus interest accrued to (but excluding) the date of redemption. A Bondholder has the right to elect that its Convertible Bonds will not be redeemed on the occurrence of certain changes affecting taxes in Singapore, provided that in such case the Issuer will not be required to gross up on account of such changes in tax.
- Listing** : Application will be made to list the Convertible Bonds and the Conversion Units on the SGX-ST.
- Governing Law** : English Law