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Trust Management (Suntec) Limited

**Suntec Real Estate Investment Trust
 (“Suntec REIT”)**

Manager of



SUNTEC REIT PLACEMENT

LAUNCH OF PLACEMENT OF NEW UNITS IN SUNTEC REIT TO RAISE GROSS PROCEEDS OF NO LESS THAN S\$350.0 MILLION

1. Introduction

The Board of Directors of ARA Trust Management (Suntec) Limited, in its capacity as manager of Suntec REIT (the “**Manager**”), wishes to announce that the Manager proposes to issue between 216,719,000 and 222,223,000 new units (“**New Units**”) in Suntec REIT pursuant to a placement of New Units (the “**Private Placement**”) at an issue price of between S\$1.575 and S\$1.615 per New Unit (“**Maximum Issue Price**”, and the issue price range, the “**Issue Price Range**”) to raise gross proceeds of approximately S\$350.0 million. The net proceeds from the Private Placement will amount to approximately S\$341.3 million based on the Maximum Issue Price, after deducting the underwriting, selling and management fee and other estimated fees and expenses (including professional fees and expenses) incurred in connection with the Private Placement.

The Manager may, together with the Joint Lead Managers and Underwriters (as defined below), decide to increase the size of the Private Placement (the “**Placement Upsize**”).

2. Details of the Private Placement

The Manager has today entered into a placement agreement (the “**Placement Agreement**”) with DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited

and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (the “**Joint Lead Managers and Underwriters**”) in relation to the Private Placement, pursuant to which the Joint Lead Managers and Underwriters have been appointed to procure subscribers for the New Units at the issue price per New Unit (the “**Issue Price**”) to be determined, on the terms and subject to the conditions of the Placement Agreement. The Private Placement is fully underwritten by the Joint Lead Managers and Underwriters on the terms and subject to the conditions of the Placement Agreement.

The Issue Price Range of between S\$1.575 and S\$1.615 per New Unit represents a discount of between:

- (i) 4.09% and 6.47% to the volume weighted average price of S\$1.6839 per unit in Suntec REIT (“**Unit**”) for trades done on the full market day on 18 March 2014; and
- (ii) (for illustrative purposes only) 2.88% and 5.29% to the adjusted volume weighted average price (“**Adjusted VWAP**”)¹ of S\$1.6629 per Unit for trades done on the full market day on 18 March 2014.

The Issue Price will be determined by the Manager and Joint Lead Managers and Underwriters following a book-building process. The Manager will make an announcement via SGXNET once the Issue Price has been determined.

The Private Placement shall be subject to certain conditions precedent more particularly set out in the Placement Agreement, including the approval in-principle of the SGX-ST for the listing of and quotation for the New Units on the Main Board of the SGX-ST.

3. Eligibility to participate in the Private Placement

The offer of New Units under the Private Placement will be made to institutional and other investors.

The New Units have not been and will not be registered under the Securities Act or the securities laws of any state or jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The New Units are being offered and sold in offshore transactions as defined in and in reliance on Regulation S under the Securities Act.

The Manager, along with the Joint Lead Managers and Underwriters, reserves the absolute discretion in determining whether to allow such participation as well as the persons who may be allowed to do so.

1 The Adjusted VWAP is computed based on the volume weighted average price of all trades in the Units on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on the full market day on 18 March 2014 and subtracting the Advanced Distribution (as defined herein) of approximately 2.096 cents per Unit. The Advanced Distribution of approximately 2.096 cents per Unit is an estimate only based on information currently available to the Manager, and the actual Advanced Distribution may differ.

4. Use of Proceeds

The Manager intends to allocate the gross proceeds of approximately S\$350.0 million (based on the Maximum Issue Price) from the Private Placement in the following manner:

- (i) approximately S\$341.3 million to repay the existing debt² of Suntec REIT (which is equivalent to 97.5% of the approximately S\$350.0 million of gross proceeds from the Private Placement); and
- (ii) approximately S\$8.7 million to pay for underwriting, selling and management fee as well as other estimated fees and expenses (including professional fees and expenses) incurred in connection with the Private Placement (which is equivalent to 2.5% of the approximately S\$350.0 million of gross proceeds of the Private Placement),

with the balance of the approximately S\$350.0 million of gross proceeds, if any, to be used for general corporate and working capital purposes.

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

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

The Manager will make periodic announcements on the utilisation of the net proceeds from the Private Placement via SGXNET as and when such funds are materially disbursed.

5. Rationale for the Private Placement

5.1 Strengthen Suntec REIT's balance sheet and capital structure

The utilisation of the minimum net proceeds from the Private Placement to fully repay debt facilities would reduce the Gearing³ and Aggregate Leverage⁴ of Suntec REIT as at 31 December 2013 from 38.0% to 33.8% and 39.1% to 35.0% respectively.

The reduction in Gearing and Aggregate Leverage will strengthen Suntec REIT's capital structure and its credit profile.

Suntec REIT benefits from diversity across bilateral and club term loans, loan facilities, medium term notes and convertible bond securities. Following the completion of the Private Placement and the completion of the refinancing of the loan due in June 2014,

2 The repayment of Suntec REIT's existing debt will be at the absolute discretion of the Manager, and may include outstanding loan facilities from the Joint Lead Managers and Underwriters or their respective affiliates.

3 "Gearing" refers to Suntec REIT's total borrowings at amortised cost (excluding deferred payment) as a percentage of the deposited property.

4 "Aggregate Leverage" refers to the total borrowings and deferred payments (if any) as a percentage of the deposited property.

Suntec REIT will have no further debt refinancing needs until 2015 and the weighted average term to expiry of Suntec REIT's debt will increase from 2.4 years to 3.6 years.

5.2 Provide Suntec REIT with greater financial capacity and competitive advantage to capitalise on potential growth opportunities

The Private Placement will provide Suntec REIT with greater financial capacity to capitalise on potential growth opportunities as and when they may arise. Suntec REIT will continue to evaluate opportunities in a disciplined manner.

5.3 Possible increase in trading liquidity of Units

The New Units to be issued pursuant to the Private Placement will increase the number of Units in issue by at least 216,719,000, which is an increase of 9.6% of the total number of Units, in issue as at 18 March 2014.

This increase in the total number of Units in issue and the enlarged Unitholder base are expected to improve the level of trading liquidity of the Units.

6. Authority to Issue New Units

The Manager is relying on the general mandate (the "**General Mandate**") given by Unitholders to the Manager obtained at the annual general meeting of Suntec REIT on 18 April 2013 for the issue of New Units under the Private Placement. The General Mandate allows the Manager to issue new Units and/or convertible securities or other instruments (including but not limited to warrants) which may be convertible into Units ("**Convertible Securities**") such that the number of new Units (and/or Units into which the Convertible Securities may be converted) does not exceed 50.0% of the number of Units in issue as at 18 April 2013 (the "**Base Figure**"), of which the aggregate number of new Units (and/or Units into which the Convertible Securities may be converted) issued other than on a pro rata basis to existing Unitholders, shall not be more than 20.0% of the Base Figure (as defined herein). As at 18 April 2013, the number of Units in issue was 2,252,354,234.

222,223,000 New Units, together with the Units issued since 18 April 2013 constitutes 9.9% of the Base Figure, which is within the 20.0% limit for issue of new Units other than on a pro rata basis. Accordingly, the prior approval of the Unitholders is not required for the issue of 222,223,000 New Units under the Private Placement.

7. Advanced Distribution

Suntec REIT's policy is to distribute its distributable income on a quarterly basis to Unitholders.

In connection with the Private Placement, the Manager however intends to declare in respect of the Units in issue immediately prior to the issue of the New Units ("**Existing Units**"), a distribution of the distributable income for the period from 1 January 2014 to 26 March 2014 (the "**Advanced Distribution**").

The next distribution thereafter will comprise Suntec REIT's distributable income for the period from 27 March 2014 to 31 March 2014. Quarterly distributions will resume

thereafter.

The Advanced Distribution is intended to ensure that the distributable income accrued by Suntec REIT up to the day immediately preceding the date of issue of the New Units (which at this point, will be entirely attributable to the Existing Units) is only distributed in respect of the Existing Units, and is being proposed as a means to ensure fairness to holders of the Existing Units.

The current expectation of the Manager is that the quantum of the distribution per Unit ("DPU") under the Advanced Distribution will be approximately 2.096 cents per Unit⁵. The actual quantum of the DPU under the Advanced Distribution will be announced on a later date after the management accounts of Suntec REIT for the relevant period have been finalised.

(Please see the announcement dated 18 March 2014 issued by the Manager in relation to the notification of the time and date on which the transfer books and register of Unitholders will be closed to determine Unitholders' entitlement to the Advanced Distribution.)

8. Status of the New Units

Other than the Advanced Distribution to which the New Units will not be entitled, the New Units issued pursuant to the Private Placement will, upon issue, rank *pari passu* in all respects with the Existing Units, including the right to any distributions which may be paid for the period from 27 March 2014 to 31 March 2014, as well as all distributions thereafter.

5 The estimated distribution for the period from 1 January 2014 to 26 March 2014 is based on the Manager's pro-rated estimate of Suntec REIT's revenue and expenses for the quarter ending 31 March 2014. This amount is only an estimate based on information currently available to the Manager, and the actual Advanced Distribution may differ.

9. Application to the SGX-ST for Approval in-Principle

The Manager will make a formal application to the SGX-ST for the listing of, dealing in, and quotation of, the New Units on the Main Board of the SGX-ST. An appropriate announcement will be made upon the receipt of such in-principle approval from the SGX-ST.

The Private Placement is subject to, *inter alia*, the approval in-principle of the SGX-ST for the listing of, dealing in, and quotation of, the New Units on the Main Board of the SGX-ST.

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

Yeo See Kiat
Director
18 March 2014

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), Park Mall, 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 60.8% interest in Suntec Singapore Convention & Exhibition Centre. Suntec REIT holds a 100% interest in a commercial building located at 177 Pacific Highway, North Sydney Australia which is currently under development. 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, wholly-owned subsidiary of ARA Asset Management Limited ("ARA"). ARA is a real estate fund management company which is listed on the Main Board of the Singapore Exchange Securities Trading Limited. More information on ARA Asset Management Limited can be found at www.ara-asia.com.

IMPORTANT NOTICE

This announcement is for information purposes only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to subscribe for or acquire, Units in any jurisdiction in which such an offer or solicitation is unlawful.

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. Investors have no right to request the Manager to redeem their Units while the Units are listed. 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 necessarily indicative of the future performance of Suntec REIT.
