
**ACQUISITION OF 50.0% INTEREST IN TWO GRADE A OFFICE BUILDINGS WITH
ANCILLARY RETAIL IN VICTORIA, WEST END, LONDON, UNITED KINGDOM**

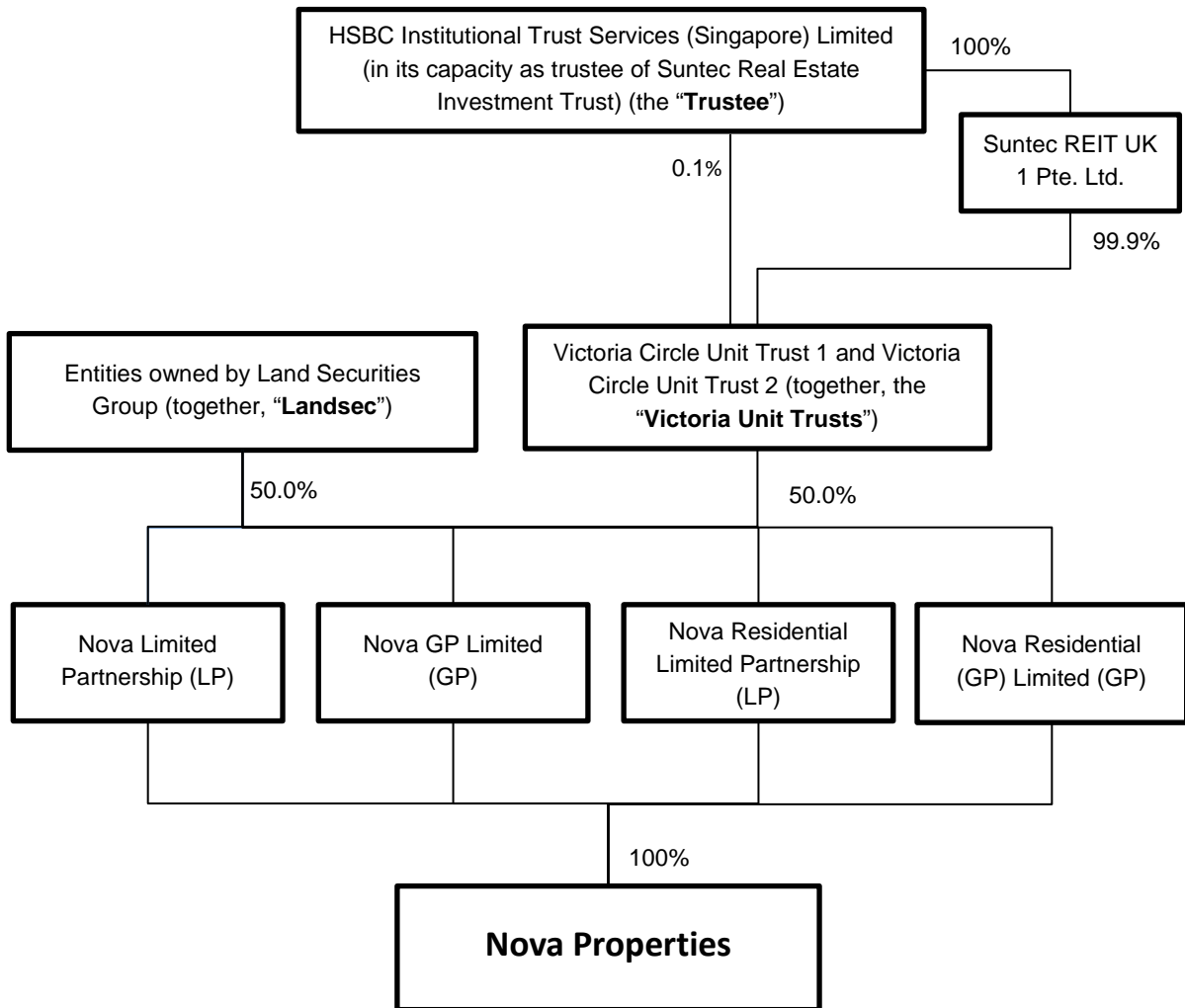
1 INTRODUCTION

ARA Trust Management (Suntec) Limited, in its capacity as manager of Suntec Real Estate Investment Trust ("**Suntec REIT**", and the manager of Suntec REIT, the "**Manager**"), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Suntec REIT (the "**Trustee**") and Suntec REIT UK 1 Pte. Ltd., a wholly-owned subsidiary of Suntec REIT (together, the "**Buyers**"), have entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with CPPIB US Re-3 Inc and CPP Investment Board Real Estate Holdings Inc (together, the "**Vendors**"). The Sale and Purchase Agreement is in relation to the acquisition of 50.0% interest in two Grade A office buildings with ancillary retail ("**Nova North**" and "**Nova South**") and The Nova Building¹ (collectively known as "**Nova Properties**") which are located in Victoria, London's West End, United Kingdom (the "**Property**", and the acquisition of the 50.0% interest in the Property, the "**Acquisition**").

Pursuant to the Sale and Purchase Agreement, the Buyers will acquire from the Vendors, all the units in two Jersey property unit trusts (the "**Victoria Unit Trusts**") which hold a 50.0% interest in each of the two English limited partnerships (being Nova Limited Partnership and Nova Residential Limited Partnership²) (the "**LPs**") and two general partners of the LPs (being Nova GP Limited and Nova Residential (GP) Limited) (the "**GPs**"). The other partner of the LPs and GPs are entities owned by Land Securities Group (together, "**Landsec**").

(See the transaction structure chart below for further details.)

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- 1 The Nova Building consists of retail units on the ground floor and 170 residential units. While Nova Residential Limited Partnership (acting through Nova Residential (GP) Limited) holds the ground lease in relation to the residential units, the 170 residential units are excluded from the transaction.
 - 2 Nova Residential Limited Partnership (acting through Nova Residential (GP) Limited) holds the ground lease in relation to the 170 residential units in the Nova Building. The reason for Suntec REIT to acquire this ground lease with Landsec is to provide the LPs and GPs with greater control over the Nova estate and facilitate the LPs and GPs' management of maintenance and future asset enhancements over the Nova estate.



2 INFORMATION ON THE PROPERTY

2.1 Description of the Property

The Property comprises two Grade A commercial buildings (Nova North and Nova South) and a predominantly residential building³ with ground floor retail (The Nova Building). Each of Nova North, Nova South and The Nova Building is held on a long leasehold tenure expiring on 27 April 3062 (1,042 years remaining).

The Property is located in London SW1, bounded by Victoria Street, Bressenden Place and Buckingham Palace Road. Strategically located in London's prime West End business district, the Property boasts exceptional connectivity, being located opposite Victoria Station, United Kingdom's second busiest railway station. The Victoria Station is a direct train ride to Gatwick Airport and is also an important interchange for the London Underground network and Victoria Coach station. The Property is also within close proximity

³ The Nova Building consists of retail units on the ground floor and 170 residential units. While Nova Residential Limited Partnership (acting through Nova Residential (GP) Limited) holds the ground lease in relation to the residential units, the 170 residential units are excluded from the transaction.

to many landmark attractions in West End such as Buckingham Palace, Westminster Abbey and the Houses of Parliament.

The Property is predominantly an office development with ground floor ancillary retail.

Key tenants include Atkins, The Argyll Club, a government ministry, Vitol and BlueCrest.

The table below sets out certain information on the Property.

Year of Completion	2016/2017		
Title	Leasehold expiring on 27 April 3062 (1,042 years remaining)		
Independent Valuation ⁽¹⁾	With Income Guarantee: £436.0 million (or approximately S\$776.1 million)		
	Without Income Guarantee: £431.5 million (or approximately S\$768.1 million)		
Agreed Property Value	£430.6 million (or approximately S\$766.5 million) ⁽²⁾ (1.2% discount to independent valuation)		
Net Property Income Yield (“NPI Yield”)	4.6% ⁽³⁾		
Sustainability	Office BREEAM rating ‘Very Good’ ⁽⁴⁾ Retail BREEAM rating ‘Good’ ⁽⁴⁾		
Tenancy Information ⁽⁵⁾	Office	Retail	Total
Net Lettable Area (“NLA”) (sq ft)	480,292 (85.9%)	78,811 (14.1%)	559,103 (100%)
Committed Occupancy ⁽⁶⁾	100%	100%	100%
No. of tenants	17	18	35
Weighted Average Lease Expiry (“WALE”) (Years) ⁽⁶⁾	10.6	14.1	11.1

Notes:

- (1) Independent valuation conducted by Jones Lang LaSalle Limited dated 1 September 2020 and based on a 50.0% interest.
- (2) Based on 50.0% interest. Unless otherwise stated, all Great British Pound (“GBP” or “£”) amounts in this Announcement have been translated to Singapore Dollars based on an exchange rate of £1.00 to S\$1.78.
- (3) Based on passing income as at 30 June 2020 divided by Total Acquisition Cost
- (4) BREEAM (Building Research Establishment Environmental Assessment Method) provides independent certification of the assessment of the sustainability performance of buildings.
- (5) Based on 100% interest.
- (6) Based on NLA as at 30 June 2020.

3 DETAILS OF THE TRANSACTION

3.1 Consideration and Valuation

The consideration for the Acquisition (the “**Purchase Consideration**”) is based on the net asset value (“NAV”) of the Victoria Unit Trusts taking into account the agreed market value of the Property (on a 50.0% basis) of £430.6 million (or approximately S\$766.5 million) (the

“Agreed Property Value”). The total cost of Acquisition, comprising the Agreed Property Value, the Acquisition Fee and other transaction-related expenses incurred or to be incurred by Suntec REIT, is £439.4 million (or approximately S\$782.1 million) (the **“Total Acquisition Cost”**).

The Trustee has appointed an independent property valuer, Jones Lang LaSalle Limited (the **“Independent Valuer”**), to value the Property on a completed basis. The valuation of the Property as at 1 September 2020 is £436.0 million (or approximately S\$776.1 million) (on a 50.0% basis) with Income Guarantee (as defined herein) (**“Independent Valuation”**), and £431.5 million (or approximately S\$768.1 million) (on a 50.0% basis) without Income Guarantee, as stated by the Independent Valuer in its valuation report. The method used by the Independent Valuer to derive the valuations of the Property with and without Income Guarantee is the capitalisation method. The Agreed Property Value (a discount of 1.2% to the Independent Valuation) is arrived at on a willing-buyer and willing-seller basis taking into account the independent valuation of the Property with Income Guarantee.

Based on the current estimated NAV of the Victoria Unit Trusts, the estimated Purchase Consideration is £426.0 million (or approximately S\$758.3 million). The final Purchase Consideration payable to Vendors on completion shall be subject to adjustments based on the NAV of Victoria Unit Trusts as at the date of completion.

3.2 Income Guarantee for the Property

3.2.1 Terms of the Income Guarantee

In view of the disruptions caused by Covid-19 outbreak to the operations and income of the retail tenants, an income guarantee based on the income of the retail tenants was negotiated despite the retail units being 100% leased (as at 30 June 2020). Pursuant to the Sale and Purchase Agreement, the Vendors shall provide income guarantee up to an amount of £5.0 million (approximately S\$8.9 million) (the **“Income Guarantee Amount”**), equivalent to two years of the retail income, in relation to the Property to the Buyers (the **“Income Guarantee”**) for the period commencing from the Completion Date and ending 24 months after the Completion Date (the **“Income Guarantee Period”**).

The Vendors will, immediately following Completion, place the Income Guarantee Amount into an escrow account, from which the Buyers shall be entitled to withdraw the following for the duration of the Income Guarantee Period, up to a maximum of the Income Guarantee Amount, 50.0% (representing Suntec REIT’s 50.0% interest in the Property) of (a) any rental that was due to have been paid by the tenants of the ground floor retail units of the Property (**“Ground Floor Retail Tenants”**) and which was not paid either due to default by such tenants, or pursuant to any rent concession or rent-free period granted to them and/or (b) any loss of rental and reasonable and proper costs incurred in marketing and/or re-letting any of the ground floor retail units of the Property as a result of any vacancy in such ground floor retail units of the Property.

The Income Guarantee Amount is sufficient to cover the gross rental payable by the Ground Floor Retail Tenants (on a 50.0% basis) over the Income Guarantee Period.

3.2.2 Safeguards

As a safeguard against the ability the Vendors to pay the Income Guarantee, the Vendors will, immediately following Completion, place the Income Guarantee Amount into an escrow account.

Any amount not withdrawn in the escrow account will be refunded to the Vendors after the Income Guarantee Period.

3.2.3 Independent Valuers' Opinion

The Independent Valuer is of the opinion that the Income Guarantee is in line with market as the Income Guarantee Amount is sufficient to cover monthly gross rental payable by the Ground Floor Retail Tenants (on a 50.0% basis) over the Income Guarantee Period.

3.2.4 Directors' Opinion

The directors of the Manager are of the view that the Income Guarantee is on normal commercial terms and is not prejudicial to the interests of Suntec REIT and its minority Unitholders as the Income Guarantee Amount is sufficient to cover monthly gross rental payable by the Ground Floor Retail Tenants (on a 50.0% basis) over the Income Guarantee Period.

3.3 Total Acquisition Outlay

The total acquisition outlay (the "**Total Acquisition Outlay**") is estimated to be £434.8 million (or approximately S\$773.9 million) comprising:

- (i) the estimated Purchase Consideration of £426.0 million (or approximately S\$758.3 million);
- (ii) an acquisition fee of £4.3 million (or approximately S\$7.6 million) (the "**Acquisition Fee**") payable in cash to the Manager; and
- (iii) transaction-related expenses of £4.5 million (or approximately S\$8.0 million) incurred or to be incurred by Suntec REIT.

3.4 Establishment of Suntec REIT UK 1 Pte. Ltd.

Suntec REIT UK 1 Pte. Ltd., a wholly-owned subsidiary of Suntec REIT, was incorporated on 5 October 2020 pursuant to the Acquisition, and has an issued and paid up share capital of S\$1.00.

3.5 Certain Terms and Conditions of the Sale and Purchase Agreement

The Sale and Purchase Agreement contains customary provisions relating to the Acquisition, including representations and warranties, indemnities and pre-completion covenants and other commercial terms.

Completion shall take place after the condition precedent in the Sale and Purchase Agreement (the "**Condition**") has been fulfilled or waived. The Condition requires that the Acquisition be approved by the unitholders of Suntec REIT (the "**Unitholders**") at the Extraordinary General Meeting convened by any director of the Manager or by the Trustee for the purpose of obtaining Unitholders' approval for the Acquisition (the "**EGM**").

3.6 Amended Partnership Deeds and Amended Shareholders Agreements

Upon the completion of the Acquisition (the “**Completion**”), both Suntec REIT and Landsec, as partners, will each hold 50.0% interest in the LPs and GPs which in turn hold 100% of the Property. Prior to Completion, the Victoria Unit Trusts and Landsec will enter into two amended partnership deeds and two amended shareholder agreements in relation to the respective LPs and GPs (the “**Amended Partnership Deeds**” and the “**Amended Shareholder Agreements**” respectively), which will take effect upon Completion.

The terms of the Amended Partnership Deeds include a right of first offer (“**ROFO**”) and a right for any partner to request for the Property to be sold in the market subject to certain conditions, details of which are set out in paragraph 3.7 below.

3.7 Waiver from the MAS

Paragraph 6.5(b)(ix) of Appendix 6 in the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) requires a REIT to have a veto right over the sale of the asset where it holds the asset through a joint venture.

The existing partnership deeds in relation to the two LPs (the “**Existing Partnership Deeds**”) do not contain such veto rights as it has a provision which allows any partner (the “**Selling Partner**”) to serve a notice on the other partner (the “**Non-Selling Partner**”) requesting that the Property (or any buildings which comprise part of the Property) (the “**Relevant Drag Building(s)**”) be sold in the market (the “**Property Drag**”).

Before the exercise of the Property Drag, the Non-Selling Partner has a ROFO to purchase the Relevant Drag Building(s) at a price offered by the Selling Partner (“**Offer Price**”). If the Non-Selling Partner does not exercise the ROFO, the Selling Partner has the right to market and sell the Relevant Drag Building(s) at a price not lower than 97.5% of the Offer Price. The Amended Partnership Deeds contain an additional protection which requires the price payable for the Relevant Drag Building(s) to be equal to or higher than an independent valuation commissioned by the Non-Selling Partner. If the actual price is lower than the independent valuation, the Property Drag may only be exercised with the consent of both the Selling Partner and Non-Selling Partner so as to protect the interests of the Unitholders. If the party purchasing the Relevant Drag Building(s) is an interested party of Suntec REIT (as defined in the Property Funds Appendix), the Property Drag may only be exercised subject to approval of the Unitholders so as to protect the interests of the Unitholders.

In respect of the Property Drag, the Manager has obtained a waiver from the Monetary Authority of Singapore (the “**MAS**”) on 5 December 2019 from compliance with paragraph 6.5(b)(ix) of the Property Funds Appendix, subject to the condition that the proposed Acquisition is approved by way of an Ordinary Resolution⁴ at a general meeting, with no Unitholder being disenfranchised.

By way of illustration, if Landsec (Selling Partner) wishes to sell its interest in the Relevant Drag Building(s), Suntec REIT (Non-Selling Partner) has a ROFO to purchase the Relevant Drag Building(s) at the Offer Price. If Suntec REIT does not exercise the ROFO, Landsec

4 “Ordinary Resolution” means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

can only sell the Relevant Drag Building(s) at a price not lower than 97.5% of the Offer Price and not lower than the independent valuation commissioned by Suntec REIT.

If Landsec intends to sell the Relevant Drag Building(s) at an Offer Price that is lower than Suntec REIT's original Total Acquisition Cost of its interest in the Property, the resultant net property income yield ("**NPI Yield**") is likely to be higher than Suntec REIT's acquisition yield since the rents of the Property are secured by long leases. Taking into consideration factors such as the overall economic and property market conditions, asset performance and cost of funding, Suntec REIT may exercise the ROFO to purchase the remaining 50.0% interest in the Relevant Drag Building(s) held by Landsec if the acquisition is deemed to be beneficial to Unitholders. This would improve the blended NPI Yield of the Property for Suntec REIT.

If the Offer Price is higher than Suntec REIT's original Total Acquisition Cost of its interest in the Property, Suntec REIT may still exercise the ROFO if the acquisition of the Relevant Drag Building(s) is deemed to be beneficial to Unitholders. In the event the acquisition of the Relevant Drag Building(s) is deemed not to be beneficial to Unitholders, Unitholders can still benefit from the higher sale proceeds in the event the Property Drag is exercised as profits could be distributed to Unitholders or the sales proceeds could be redeployed for the acquisition(s) of other yield-accretive asset(s).

For the avoidance of doubt, the Property will not be sold at a price lower than the independent valuation without the consent of both the Selling Partner and Non-Selling Partner.

In the event that the Property Drag is exercised and Suntec REIT's interest in the Relevant Drag Building(s) is sold, Suntec REIT will consider one or a combination of the following measures to utilise the sale proceeds to protect Unitholders' interest and mitigate a loss in distributable income:

- (1) redeploying capital for the acquisition(s) of other yield-accretive asset(s) to enhance the distribution per unit of Suntec REIT ("**Units**", and distribution per Unit, "**DPU**");
- (2) distributing the capital and/or profits to Unitholders or using the capital and/or profits to repurchase Units from the Unitholders to enhance DPU; and/or
- (3) repaying loans to lower its aggregate leverage ratio and reduce interest expense.

A circular is expected to be issued to Unitholders in due course (the "**Circular**"), together with a notice of extraordinary general meeting of Unitholders, for the purpose of seeking the approval of Unitholders for the proposed Acquisition.

4. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

4.1 Strategic expansion into Central London, United Kingdom

The Acquisition provides Suntec REIT with an attractive entry point into the United Kingdom (“**UK**”), the second⁵ largest economy in Europe, as well as London, its largest and most dynamic city.

The transparent and business-friendly environment has propelled the UK to be one of the top recipients of Foreign Direct Investments (“**FDI**”) in Europe, receiving approximately US\$0.6 trillion in FDI between 2015 to 2019. Regarded as a hub for innovation and talent, the UK is a highly attractive investment destination.

London is ranked as the top city on the Global Power City Index⁶ for eight consecutive years, backed by strong performance across economic, research and development, cultural interaction, and accessibility.

The Central London office market is the largest and most liquid office market in amongst key European cities and presents an attractive investment proposition.

Despite the uncertainty related to Brexit, leasing demand have remained robust. Leasing volumes in Central London exceeded the 10-year average of 10.6 million square feet (“**sq ft**”) between 2017 to 2019.

Vacancy in the West End office market stood at 5.2% as at 2Q2020, which was higher than West End’s 10-year average of 4.0%. While the leasing market has slowed down in 1H2020, active demand⁷ in the West End reached 3.4 million at end of 2Q2020 and was slightly above the 10-year average of 3.3 million sq ft⁸. In the medium term, vacancy rate is expected to remain stable with prime rents to improve underpinned by limited new supply.

The Central London office capitalisation rates and yield spread over the UK government 10-year bond yield also compare favourably to other key European cities. The Acquisition presents Suntec REIT an opportunity to enter into the Central London market at an attractive yield.

4.2 High quality, Grade A Property in Key Location

The Property is located in the heart of Victoria precinct in London’s West End office market. It has excellent connectivity as it is strategically situated opposite Victoria Station, UK’s second busiest railway station. The Victoria Station is a direct train ride to Gatwick Airport and is also an important interchange for the London Underground network and Victoria Coach station. The Property is also within close proximity to many landmark attractions in West End such as Buckingham Palace, Westminster Abbey and the Houses of Parliament.

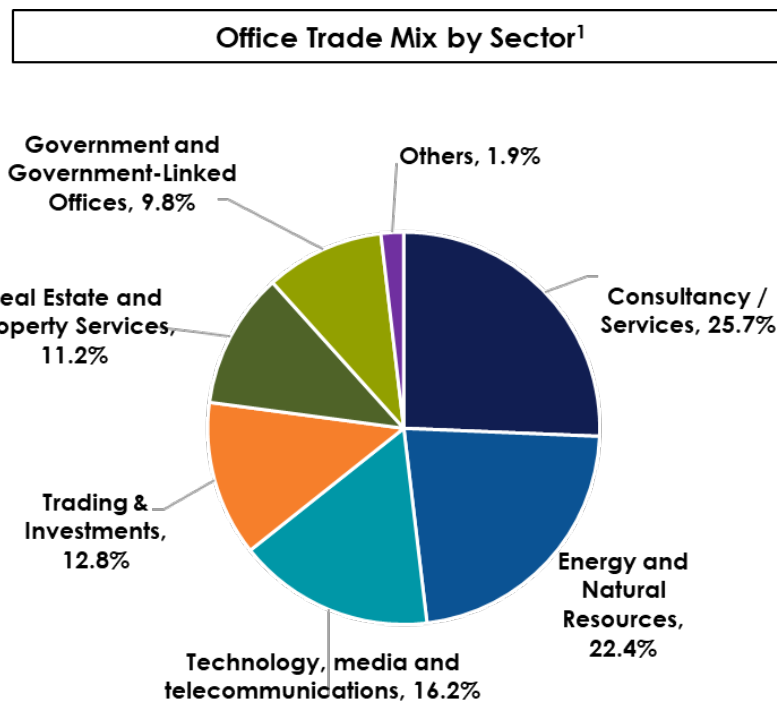
5 Source: Statista

6 The Mori Memorial Foundation Global Power City Index evaluates and ranks the major cities according to their comprehensive power to attract people, capital, and enterprises from around the world.

7 Active demand relates to companies who are known to be out looking for office space and excludes companies who may have intent to lease.

8 Source: Jones Lang LaSalle Research dated September 2020

The Property is 100% let to a strong mix of tenants with office tenants contributing 89.6% of the total income and retail tenants contributing the balance 10.4%. It also has a long WALE of 11.1 years⁹ with no expiries till 2027.



Notes:

(1) Based on committed monthly gross office rental income as at 30 June 2020.

The Property has a highly diversified tenant mix with the office revenue not reliant on any single sector.

The Property offers dining, entertainment and leisure choices, providing a unique mix of food and beverage offerings and fitness amenities. The dining options ranges from cafes and bars to restaurants. The retail mix also provides a unique experiential gym and a darts bar. Key retail tenants include Shake Shack, 1Rebel, Flight Club and Greenwood.

4.3 DPU Accretive to Unitholders

The Net Property Income (“NPI”) for the Property is 4.6%, based on passing income as at 30 June 2020 divided the Total Acquisition Cost. Based on the assumption that the Acquisition is funded 100% via debt, on a pro forma FY2019 basis, DPU from operations would have increased by 3.6% from 8.570 cents to 8.878¹⁰ cents after the Acquisition.

The above financial impact on the DPU is FOR ILLUSTRATIVE PURPOSES ONLY, and the actual impact on the DPU would be dependent on the cost and actual amount

⁹ Based on NLA as at 30 June 2020.

¹⁰ Please refer to the assumptions set out in paragraph 5.2(i) below.

of debt raised for the Acquisition. The Acquisition also provides possible upside through lease rent reviews¹¹.

The Acquisition presents Suntec REIT with an opportunity to purchase the Property at a 1.2% discount to Independent Valuation and at a yield in line with recent transactions in West End, London.

Property	Transaction Date	Net Internal Area (sq ft)	Price (£ mil)	Capital Value (£ psf)	Yield ⁽¹⁾	Year of Building Completion / Major Refurbishment
Nova Properties, Victoria, SW1 (the Acquisition)	2020 Q4	559,103	430.6 (50.0 interest %)	1,540	4.6% ⁽²⁾	2016/2017
Sanctuary Buildings, SW1, West End	2020 Q1	225,428	300.0	1,331	4.0%	Major refurbishment completed in 2009
The Post Building, SW1, West End	2019 Q4	302,300	607.5	2,011	4.0%	2019
1 New Oxford Street, WC1, West End	2020 Q3	109,300	173.0	1,583	4.2%	Major refurbishment completed in 2017
25 Cabot Square, E14, Canary Wharf	2020 Q3	481,605	380.0	790	4.6%	Major refurbishment completed in 2020

Source: Jones Lang LaSalle Research dated September 2020

Notes:

- (1) Based on passing income and expressed as a percentage of capital value after adding notional purchaser's costs.
- (2) Based on passing income as at 30 June 2020 divided by Total Acquisition Cost.

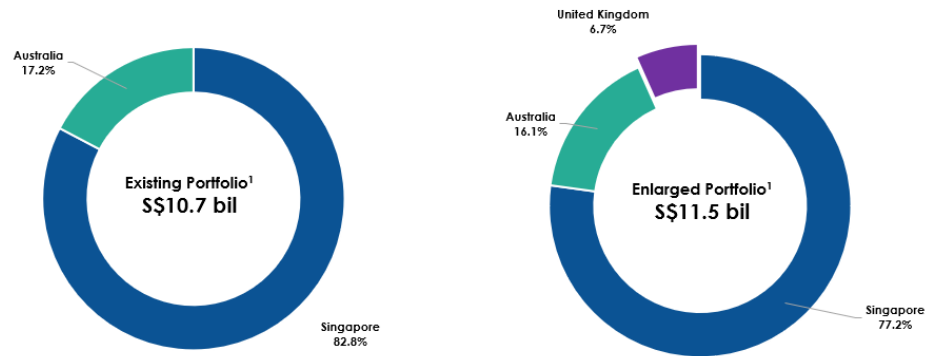
4.4 Enhances resilience, diversification and quality of Suntec REIT's portfolio

4.4.1 Increases portfolio value and provides further geographical diversification

Following the completion of the Acquisition, Suntec REIT's portfolio will increase from S\$10.7 billion as at 30 June 2020 to S\$11.5 billion and the overseas exposure will increase from 17.2% to 22.8%, of which Australia will contribute 16.1% and UK will contribute 6.7%.

¹¹ Generally every five years at market or existing rent, whichever is the higher.

Asset Valuation

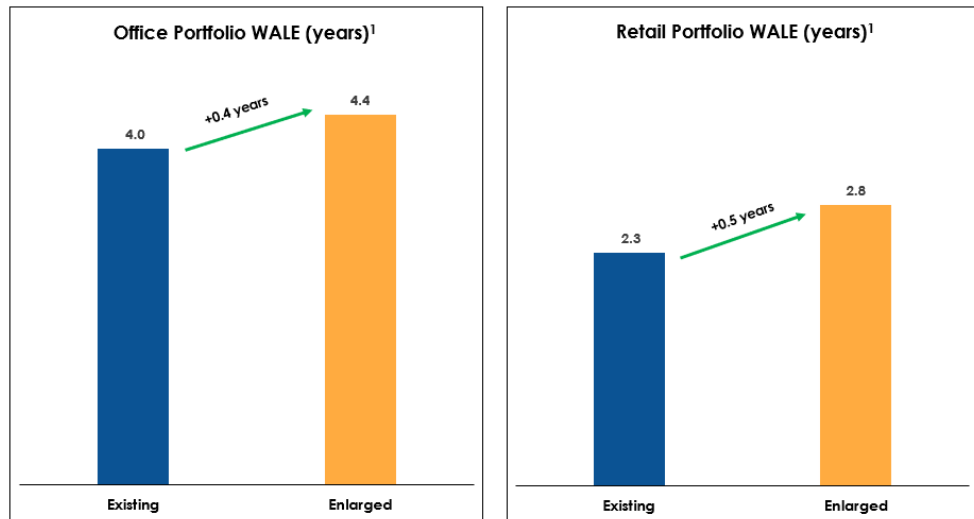


Note:

(1) As at 30 June 2020, including the additional capital injection in Suntec Singapore and the completion value of 477 Collins Street.

4.4.2 Lengthens Portfolio’s WALE & Increases Income Stability

The Property’s long weighted average lease expiry (WALE) of 11.1 years¹² increases income stability of Suntec REIT. The WALE of Suntec REIT’s office and retail portfolios would be extended from 4.0 years to 4.4 years and 2.3 years to 2.8 years respectively.



Notes:

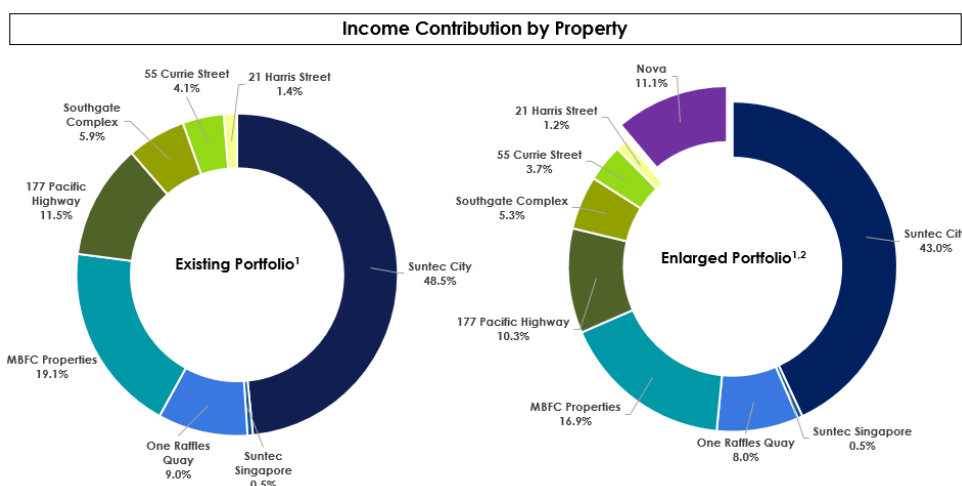
(1) Based on the NLA of Suntec REIT’s interests in its respective properties as at 30 June 2020.

4.4.3 Strengthens Portfolio’s Resilience and Diversification

Suntec REIT’s income contribution from any property and tenant would be further diversified.

The Manager expects that the maximum contribution to Suntec REIT’s income by any single property within Suntec REIT’s portfolio including Joint Ventures will be reduced from approximately 48.5% in 1H2020 to 43.0%.

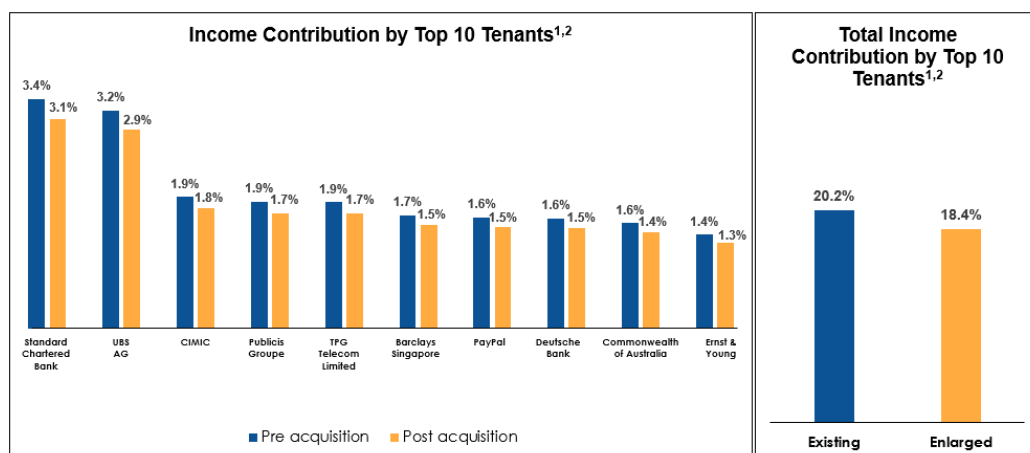
¹² Based on NLA as at 30 June 2020.



Notes:

- (1) Refers to NPI and Income Contribution from Joint Ventures for 1H2020.
- (2) Assumes Suntec REIT owns the property from 1 January 2020 to 30 June 2020.

The reliance on gross rental income contribution from top 10 tenants as at 30 June 2020 would be lowered from 20.2% to 18.4% on a pro forma basis with no single tenant contributing more than 3.1%.



Notes:

- (1) Based on total committed monthly gross rental income of Suntec REIT's top 10 tenants as at 30 June 2020.
- (2) Based on Suntec REIT's interests in its respective properties as at 30 June 2020.

4.5 Leverages on established and experienced joint venture partner

Landsec, listed on the London Stock Exchange, is a leading diversified UK property group with integrated development and asset management capabilities. As at 31 March 2020, Landsec owns and manages approximately 24.0 million sq ft of space and has a combined portfolio value of £12.8 billion. Suntec REIT would benefit from local knowledge and best-in-class practices. The Property is developed by Landsec and Landsec will continue to provide property management services to the Property.

5. METHOD OF FINANCING AND PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

5.1 Method of Financing

The Manager intends to finance the Total Acquisition Outlay with (i) the existing internal resources of Suntec REIT and (ii) external bank borrowings.

5.2 Pro Forma Financial Effects of the Acquisition

The pro forma financial effects of the Acquisition on DPU and NAV per Unit presented below are strictly for illustrative purposes and were prepared based on financial statements of Suntec REIT for FY2019 based on 100% debt financing and assuming the following funding structure:

- (i) £200.0 million (or approximately S\$356.0 million) at indicative interest rate of 2.9% per annum for GBP denominated loans; and
- (ii) Up to S\$417.9 million (or approximately £234.8 million) at indicative interest rate of 2.3% per annum for SGD denominated loans.

The pro forma financial effects are for **ILLUSTRATIVE PURPOSES ONLY** and do not represent Suntec REIT's DPU and NAV per Unit following the completion of the Acquisition.

5.2.1 Pro Forma Net Profit and DPU

FOR ILLUSTRATIVE PURPOSES ONLY: On the bases and assumptions set out above, the pro forma financial effects of the Acquisition on Suntec REIT's DPU for FY2019, as if the Acquisition was completed on 1 January 2019 are as follows:

	Before the Acquisition	After the Acquisition
Net Income (S\$'000)	260,550	269,193 ⁽¹⁾
Distributable income from operations (S\$'000)	236,728	245,297
Issued and issuable Units ('000)	2,811,143 ⁽²⁾	2,812,663 ⁽³⁾
DPU from operations (cents)	8.570	8.878
DPU Accretion (%)		3.6

Notes:

- (1) Based on historical consolidated income statement of Victoria Unit Trusts for the period from 1 April 2019 to 31 March 2020, adjusted for extraordinary items including rental top up, less corporate and trust expenses, loan interest expense and corporate tax. As the financial year for the limited partnerships is from 1 April to 31 March, historical financial information for the comparable period from 1 January 2019 to 31 December 2019 was not available.
- (2) Number of Units issued and issuable as at 31 December 2019.
- (3) Includes 1,520,495 asset management base and performance fee Units in relation to the Acquisition.

5.2.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on Suntec REIT Group's NAV per Unit as at 31 December 2019, as if the Acquisition was completed on 31 December 2019 are as follows:

	Before the Acquisition	After the Acquisition
Net Tangible Assets ("NTA") (S\$'000)	5,977,058	5,955,003
Issued and issuable Units ('000)	2,811,143 ⁽¹⁾	2,812,663 ⁽²⁾
Net Tangible Assets per Unit (S\$) ⁽³⁾	2.126	2.117

Notes:

- (1) Number of Units issued and issuable as at 31 December 2019.
(2) Includes 1,520,495 asset management base and performance fee Units in relation to the Acquisition.
(3) NTA per unit is computed based on the net tangible assets attributable to Unitholders

5.2.3 Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Suntec REIT Group as at 31 December 2019, as if the Acquisition was completed on 31 December 2019, is as follows:

	Actual (S\$ '000)	After the Acquisition (S\$ '000)
Short-term borrowings		
Unsecured borrowings	589,429	589,429
Long-term borrowings		
Unsecured borrowings	2,676,260	2,676,260
Secured borrowings	364,559	1,138,768
Total borrowings	3,630,248	4,404,457
Unitholders' funds	5,977,058	5,963,013
Total Capitalisation	5,153,870⁽¹⁾⁽²⁾	5,153,870⁽¹⁾⁽²⁾

Notes:

- (1) Based on last done price of S\$1.84 per Unit on SGX-ST as at 31 December 2019.
(2) Based on 2,801,016,053 Units issued as at 31 December 2019.

6. OTHER INFORMATION

6.1 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transactions contemplated in relation to the Acquisition. It should be noted that separate from the Acquisition, directors of the Manager may be appointed or replaced in line with the normal board renewal process.

6.2 Relative Figures under Chapter 10 of the Listing Manual

The relative figures for the Acquisition using the applicable bases of comparison in Rule 1006 of the Listing Manual are set out in the tables below.

Comparison of	Acquisition	Suntec REIT	Relative figure (%)
Rule 1006(b): Net Profits (S\$ million)	32.5 ⁽¹⁾	128.0 ⁽²⁾	25.4
Rule 1006(c): Consideration against market capitalisation (S\$ million)	766.5 ⁽³⁾	4,145.5 ⁽⁴⁾	18.5

Notes:

- (1) Based on historical consolidated income statement of Victoria Unit Trusts for the period from 1 April 2019 to 31 March 2020, adjusted for extraordinary items including rental top up, less trust expenses. As the financial year for the limited partnerships is from 1 April to 31 March, historical financial information for the comparable period from 1 January 2019 to 31 December 2019 was not available
- (2) Based on annualised net income of Suntec REIT Group from 1 January 2020 to 30 June 2020. There are no comparative figures for the period 1 April 2019 to 31 March 2020 as the financial year for Suntec REIT Group begins on 1 January, which differs from the financial year start of the Victoria Unit Trusts.
- (3) Based on Agreed Property Value of £430.6 million at an exchange rate of £1.00 to S\$1.78.
- (4) Based on the weighted average traded price of S\$1.4696 per Unit on SGX-ST as at 7 October 2020, being the day immediately prior to the date of the Sale and Purchase Agreement.

Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a “discloseable transaction” under Chapter 10 of the Listing Manual, and where any of the relative figures exceed 20.0% the transaction is classified as a major transaction which must be conditional upon approval of unitholders in a general meeting, unless the only limit breached is that of Rule 1006(b) (being the net profits test). Accordingly, the Listing Manual requires that Suntec REIT must immediately make an announcement in relation to the transaction pursuant to the requirements of the Listing Manual, however no approval of Unitholders is required pursuant to Chapter 10 of the Listing Manual. Nonetheless, further to the condition under the waiver granted by MAS on 5 December 2019, the Acquisition will still be subject to the specific approval of Unitholders.

7. DOCUMENTS FOR INSPECTION

A copy of the following is available for inspection during normal business hours at the registered office of the Manager¹³ located at 5 Temasek Boulevard, #12-01 Suntec Tower Five, Singapore 038985 for a period of three months commencing from the date of this announcement:

- (i) a copy of the Sale and Purchase Agreement;
- (ii) a copy of the Amended Partnership Deeds;
- (iii) a copy of the Amended Shareholders Agreements; and
- (iv) a copy of the independent valuation report on the Property by the Independent Valuer.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial shareholders of Suntec REIT has, any interest, direct or indirect, in the Acquisition.

By Order of the Board

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

Chong Kee Hiong
Director
8 October 2020

¹³ Prior appointment will be appreciated.

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 66.3% 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 also holds a 100% interest in a commercial building located at 177 Pacific Highway, Sydney, a 100% interest in a commercial building located at 21 Harris Street, Pyrmont, Sydney, a 50.0% interest in Southgate Complex, Melbourne, a 50.0% interest in a commercial building located at Olderfleet 477 Collins Street, Melbourne and a 100% interest in a commercial building located at 55 Currie Street, Adelaide, Australia. Its aim is to invest in income-producing real estate which is primarily used for office and/or retail 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" or the "Group").

ARA is a leading APAC real assets fund manager with a global reach. With S\$110 billion¹⁴ in gross assets under management as at 30 June 2020, ARA manages listed and unlisted real estate investment trusts (REITs), private real estate equity and credit funds, and infrastructure funds in 28 countries. As part of its investor-operator philosophy, ARA also operates a real estate management services division with local teams to manage its assets worldwide.

ARA's multi-platform, multi-product global fund management business is supported by dedicated local teams with in-depth knowledge and expertise and empowered by a forward-looking real estate technology strategy. Built on a foundation of strong corporate governance and business integrity, ARA counts some of the world's largest pension funds, sovereign wealth funds, financial institutions, endowments and family offices as its investors.

For more information, please visit <http://www.ara-group.com>.

¹⁴ Includes assets under management by ARA Asset Management Limited and the Group of companies ("ARA Group") and its Associates as at 30 June 2020

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 Suntec REIT (the “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.

This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, European Economic Area, Canada, Japan or Australia, and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations.

The securities referred to herein have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, and any such New Units 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 and in compliance with any applicable state securities laws. Any public offering of securities to be made in the United States would be made by means of a prospectus that may be obtained from an issuer and would contain detailed information about such issuer and the management, as well as financial statements. There will be no public offering of the securities referred to herein in the United States.

This announcement has not been reviewed by the Monetary Authority of Singapore.
