
DIVESTMENT OF A PORTFOLIO OF STRATA UNITS IN SUNTEC CITY OFFICE

1. INTRODUCTION

1.1 Proposed Divestment

ARA Trust Management (Suntec) Limited, in its capacity as the 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, has today entered into sale and purchase agreements (the "**Sale and Purchase Agreements**") with unrelated third party purchasers¹ (collectively, the "**Purchasers**"), each of which is wholly-owned by the same parent, to divest a portfolio of office strata units located at 7 Temasek Boulevard, Suntec Tower One, Singapore and 9 Temasek Boulevard, Suntec Tower Two, Singapore (collectively, the "**Portfolio**", and the divestment of Portfolio, the "**Divestment**").

1.2 Description of the Portfolio

The Portfolio comprises of 3 office strata units located across Suntec Tower One and 7 office strata units located across Suntec Tower Two. The details of the Portfolio are set out below.

Strata area	78,491 square feet ⁽¹⁾
Net Lettable Area	77,813 square feet
Title	99-year leasehold from 1 March 1989 (67 years remaining)
Independent Valuation	S\$180.9 million ⁽²⁾ by Savills (as defined herein)

Note:

- (1) Representing 1.9% of the share value in the entire Suntec City development
- (2) The valuation of the Portfolio was derived by multiplying the Rate of Lettable Floor Area (S\$ per square metre) per the 31 December 2020 valuation report by the net lettable area of the Portfolio.

¹ Being Sunbright Investment Pte Ltd, Sunsolar Investment Pte Ltd, Suncore Investment Pte Ltd, Sungreen Investment Pte Ltd, Sun glow Investment Pte Ltd and Sunray Investment Pte Ltd.

2. DETAILS OF THE DIVESTMENT

The aggregate sale consideration for the Divestment is S\$197.0 million (the “**Sale Consideration**”), which was arrived at on a willing buyer willing seller basis, after taking into account the independent valuation of the Portfolio as at 31 December 2020. The Sale Consideration is payable in cash.

The valuation of the Portfolio at S\$180.9 million was derived² with reference to the valuation report by Savills Valuation and Professional Services (S) Pte Ltd (“**Savills**”) (“**Independent Valuation**”) as at 31 December 2020, using the income capitalisation, discounted cashflow and direct comparison methods. The Sale Consideration is approximately 8.9% above the Independent Valuation.

In accordance with the trust deed dated 1 November 2004 constituting Suntec REIT, as amended, supplemented and/or restated from time to time (the “**Trust Deed**”), the Manager is entitled to a divestment fee of approximately S\$1.0 million, being 0.5% of the Sale Consideration.

Completion of the Divestment is expected to take place in the third quarter of 2021.

3. RATIONALE FOR AND BENEFITS OF THE DIVESTMENT

The Manager believes that the Divestment will bring the following benefits to unitholders of Suntec REIT.

3.1 Active portfolio management to enhance value for Unitholders

The Divestment is in line with the Manager's pro-active portfolio management strategy to enhance unitholders' value. The Manager is divesting the Portfolio to improve Suntec REIT's financial flexibility to pursue growth opportunities to further enhance the resilience, diversification and value of Suntec REIT's portfolio for Unitholders.

The net property income yield is estimated at 3.1%³ over the Sale Consideration.

The Manager may use the net proceeds to pare down bank borrowings to improve Suntec REIT's aggregate leverage ratio or be redeployed to acquire accretive, higher yield assets.

3.2 Realise value of capital appreciation

The Divestment allows Suntec REIT to realise capital gains from the Portfolio with its portfolio remaining largely in the Singapore office market.

The Sale Consideration of S\$197.0 million or S\$2,510 per square foot (based on strata area) is approximately 8.9% higher than the Independent Valuation of the Portfolio.

2 The valuation of the Portfolio was derived by multiplying the Rate of Lettable Floor Area (S\$ per square metre) per the 31 December 2020 valuation report by the net lettable area of the Portfolio.

3 Based on passing income of the Portfolio as at 1 April 2021.

4. USE OF SALE PROCEEDS

After taking into account the Divestment related expenses (including the divestment fee payable to the Manager), the net proceeds from the Divestment would be approximately S\$194.8 million, resulting in an estimated net gain of approximately S\$13.9 million. The net proceeds from the Divestment may be used to pare down bank borrowings and/or be redeployed to fund accretive acquisitions.

5. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

None of the directors of the Manager or controlling Unitholders has any interest, direct or indirect, in the Divestment.

6. OTHER INFORMATION

6.1 Classification of Divestment

The Divestment is classified as a non-discloseable transaction under Chapter 10 of the Listing Manual.

6.2 Documents Available for Inspection

Copies of the Sale and Purchase Agreements and Savills Independent Valuation report are available for inspection during normal business hours at the registered office of the Manager⁴ at 5 Temasek Boulevard, #12-01 Suntec Tower Five Singapore 038985 from the date of this announcement up to and including the date falling three (3) months after the date of this announcement.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Suntec REIT is in existence.

BY ORDER OF THE BOARD

ARA Trust Management (Suntec) Limited

(as manager Suntec REIT)

(Company Registration No. 200410976R)

Chong Kee Hiong
Director

29 June 2021

⁴ Prior appointment will be appreciated. Please contact Suntec REIT Investors Relations team (telephone: +65 6835 9232).

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. Suntec REIT 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. Suntec REIT also holds a 50.0% interest in Nova Properties located in London, United Kingdom. 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").

ARA is the largest real assets manager in Asia Pacific with S\$116 billion⁵ in gross assets under management. ARA Group operates a multi-product platform diversified across assets, strategies and geographies in both public and private markets, managing real estate investment trusts (REITs) and private funds in real estate, infrastructure and credit globally. ARA's vertically-integrated business includes development and value-add asset management capabilities, an in-house capital raising team, and property management expertise in local markets where ARA invests and manages assets. With a resolute focus on creating sustainable value, ARA manages funds on behalf of many of the world's largest pension funds, sovereign wealth funds and financial institutions.

For more information, please visit www.ara-group.com.

⁵ Includes assets under management by ARA Asset Management Limited and the Group of companies ("ARA Group") and its Associates as at 31 December 2020.

Important Notice

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

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

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.

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 similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Manager's current view of future events.