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**ACQUISITION OF 100% INTEREST IN FREEHOLD GRADE A OFFICE BUILDING AT  
55 CURRIE STREET, ADELAIDE, AUSTRALIA**

**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 Suntec REIT, through Perpetual Corporate Trust Limited as trustee of Suntec REIT 55 Trust (formerly known as Suntec Southgate Trust), has entered into a contract for sale and purchase ("**Contract for Sale**") with AEP Currie Pty Ltd, as trustee of AEP 55 Currie Street Office Trust (the "**Vendor**") in relation to the acquisition of a freehold office building at 55 Currie Street, Adelaide, Australia (the "**Property**" or "**55 Currie Street**"). Suntec REIT 55 Trust is an indirectly wholly-owned sub trust of Suntec REIT.

Pursuant to the Contract for Sale, Suntec REIT 55 Trust will acquire from the Vendor, a 100% interest in the Property (the "**Acquisition**"). The purchase consideration payable by Suntec REIT 55 Trust for the Acquisition is A\$148.3 million.

The Acquisition of 55 Currie Street is expected to be completed by end August 2019.

**2 INFORMATION ON THE PROPERTY**

55 Currie Street is located within the western core of Adelaide's Central Business District ("**CBD**") and is 5 minutes' walk to Adelaide railway station. It is also strategically located at the centre of Adelaide's burgeoning laneway network. The Property is a Grade A office building of approximately 282,000 square feet ("**sq ft**") in net lettable area ("**NLA**") and comprises 12 storeys and a basement carpark. It has highly efficient floor plates of between 16,000 to 28,000 sq ft with a large central atrium that allows for natural lighting within the building.

Completed in 1988, 55 Currie Street has had several rounds of refurbishment. In the recent asset enhancement exercise completed in 2018, major mechanical and electrical plant and equipment that were upgraded included the lift system, chillers and building management system. Solar panels were also installed to improve the sustainability of the building. A 4.5-

star NABERS<sup>1</sup> Energy rating was obtained after the upgrading. In addition, end-of-trip facilities were installed together with the upgrading of the central atrium, lift lobbies and toilets.

The committed occupancy of 55 Currie Street is 91.6% and a 27-month rent guarantee will be provided for the vacant spaces. The weighted average lease expiry (including rent guarantee) is approximately 4.4 years<sup>2</sup> (by NLA). Key tenants within the Property include the Commonwealth Government, South Australian Government, Allianz and Data Action.

### **3 DETAILS OF THE TRANSACTION**

#### **3.1 Valuation and Purchase Consideration**

The purchase consideration payable by Suntec REIT 55 Trust for the Property is A\$148.3 million and was negotiated on a willing-buyer and willing-seller basis, taking into account the independent valuation conducted by Knight Frank Valuations (“**Knight Frank**”).

The open market valuation of the Property is A\$148.3 million based on a valuation dated 18 April 2019 conducted by Knight Frank, the independent valuer appointed to value the Property. Knight Frank has valued the Property based on the discounted cash flow method and capitalisation approach.

#### **3.2 Estimated Total Acquisition Cost**

The estimated total cost of the Acquisition for Suntec REIT (the “**Total Acquisition Cost**”) is approximately A\$151.5 million, comprising:

- 3.2.1 the purchase consideration payable of A\$148.3 million;
- 3.2.2 the acquisition fee payable to the Manager for the acquisition of the Property pursuant to the trust deed dated 1 November 2004 constituting Suntec REIT (as amended and restated) of approximately A\$1.5 million;
- 3.2.3 estimated professional and other fees and expenses of approximately A\$1.7 million.

#### **3.3 Contract for Sale**

Suntec REIT 55 Trust has entered into a Contract for Sale with the Vendor to acquire 100% interest in a freehold Grade A office at 55 Currie Street, Adelaide, Australia.

The terms and conditions of the Contract for Sale were negotiated on an arm’s length basis.

#### **3.4 Rent Guarantee**

The Vendor will be responsible for all outstanding tenant incentives and provide a 27-month rent guarantee on all vacant spaces. The outstanding tenant incentives and rent guarantee will be paid by the Vendor into an escrow account at settlement.

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1 “**NABERS**” means the National Australian Built Environment Rating System that measures the environmental performance of Australian buildings.

2 As at 1 July 2019.

As the rent guarantee is calculated based on market rents, the board of directors of the Manager is of the view that the rent guarantee is on normal commercial terms and is not prejudicial to the interests of Suntec REIT and its minority unitholders.

#### **4. RATIONALE FOR THE ACQUISITION**

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

##### **4.1 Acquisition of a high quality freehold Grade A office building strategically located in the heart of Adelaide's CBD**

55 Currie Street is a Grade A office building located at the heart of Adelaide's CBD. The latest asset enhancement exercise ensures that it remains best in class. The Property also has large, easily divisible floor plates and excellent natural lighting.

##### **4.2 Improve earnings and enhanced distributions to Unitholders**

The Acquisition is expected to be DPU accretive for Unitholders. The initial net property income yield of approximately 8.0% (including rent guarantee) will provide immediate accretion upon completion of acquisition. The Acquisition will also provide income growth through rent escalation between 3.50% to 3.75%.

##### **4.3 Entry into a growing office market**

Adelaide is expected to benefit from increased public and infrastructure spending. Sustained investment in defence, medical and renewable energy industries provides a positive outlook for the Adelaide economy. These investments are anticipated to create jobs and boost demand for office space in Adelaide. On the back of these investments, Adelaide's CBD has seen new entrants such as BAE Systems, Babcock and Boeing, reducing available stock with contiguous floors. Vacancy rates are expected to fall, and office rents to rise, underpinned by the increased investments.

##### **4.4 Enhances stability of Suntec REIT's income**

The Acquisition is in line with the growth strategy to acquire quality commercial properties in key cities. 55 Currie Street further enhances the stability of the REIT's income. Together with the completion of the existing projects under development and the recent acquisition of 21 Harris Street in Pyrmont, Sydney, approximately 17% of Suntec REIT's assets under management and approximately 23% of the income contribution will be from Australia.

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

### 5.1 Method of Financing

The Total Acquisition Cost will be funded via proceeds from the private placement on 25 April 2019<sup>3</sup>.

### 5.2 Financial Effects

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on the distributions per unit in Suntec REIT (“Unit”) and net asset value (“NAV”) per Unit presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of Suntec REIT and its subsidiaries (the “Suntec REIT Group”) for the financial year ended 31 December 2018 (the “Suntec REIT Group 2018 Audited Financial Statements”).

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 Distribution per Unit<sup>4</sup> (“DPU”)

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on Suntec REIT’s DPU for the financial year ended 31 December 2018 (“FY2018”), as if the Acquisition was completed on 1 January 2018 are as follows:

	Before the Acquisition	After the Acquisition
Net Profit before Tax (S\$’000)	225,593	236,313 <sup>5</sup>
DPU from operations (cents)	8.529	8.596 <sup>6,7</sup>

#### 5.2.2 Pro Forma NAV

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on the NAV per Unit as at 31 December 2018, as if the Acquisition was completed on 31 December 2018 are as follows:

	Before the Acquisition	After the Acquisition
NAV per Unit (S\$)	2.103	2.092 <sup>7,8</sup>

<sup>3</sup> See announcement titled “Close of Placement of 111,111,000 of new Units in Suntec REIT at an Issue Price of S\$1.80 per new Unit to Raise Gross Proceeds of Approximately S\$200 million” on 25 April 2019.

<sup>4</sup> Rule 1010(9) of the Listing Manual requires that the issuer discloses the effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year. The effect of the transaction on the distribution per Unit is disclosed instead as it is a more appropriate measure for a real estate investment trust.

<sup>5</sup> Based on net operating income from the Property post acquisition, less other trust expenses at an average AUD:SGD rate of 0.96.

<sup>6</sup> Based on distributable income attributable to the Property post acquisition at an average AUD:SGD rate of 0.96.

<sup>7</sup> Based on 82,428,830 new placement units at \$1.80.

<sup>8</sup> Based on AUD:SGD rate of 0.96.

## 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.

### 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 of the Property by Suntec REIT	Suntec REIT	Relative figure (%)
Rule 1006(b)	10.7 <sup>9</sup>	178.9 <sup>10</sup>	6.0%
Net Profits (S\$ million)			
Rule 1006(c)	142.3 <sup>11</sup>	5,421.6 <sup>12</sup>	2.6%
Consideration against market capitalisation (S\$ million)			

Accordingly, given that the relative figure computed on the basis under Rule 1006(b) as set out above exceeds 5% but does not exceed 20%, the Acquisition is regarded as a "discloseable transaction" under Chapter 10 of the Listing Manual.

## 7. DOCUMENTS FOR INSPECTION

A copy of the following is available for inspection during normal business hours at the registered office of the Manager<sup>13</sup> located at 5 Temasek Boulevard, #12-01 Suntec Tower Five, Singapore 038986 for a period of three months commencing from the date of this announcement:

- (i) a copy of the Contract for Sale; and
- (ii) a copy of the valuation report by Knight Frank.

## 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.

<sup>9</sup> Based on net operating income from the Property post acquisition, less other trust expenses at an average AUD:SGD rate of 0.96.

<sup>10</sup> Based on Suntec REIT's annualised unaudited first quarter financial statements for the financial year ending 31 December 2019

<sup>11</sup> Based on AUD:SGD rate of 0.96

<sup>12</sup> Based on closing price of S\$1.94 per unit on SGX-ST on 12 July 2019, the date prior to the announcement of this Acquisition.

<sup>13</sup> Prior appointment will be appreciated.

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  
15 July 2019

## **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 50.0% 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 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](http://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 a premier global integrated real assets fund manager. Gross Assets Managed by ARA Group and its Associates is more than S\$80 billion<sup>14</sup> across over 100 cities in 23 countries.

Driven by a vision to be the best-in-class real assets fund management company, ARA Group and its Associates' businesses include:

- (a) **REITs** – ARA is one of the largest REIT managers in Asia Pacific. The Group directly manages Fortune REIT, dual-listed in Singapore and Hong Kong; Suntec REIT, Cache Logistics Trust and ARA US Hospitality Trust, listed in Singapore; and Hui Xian REIT and Prosperity REIT, listed in Hong Kong. It also indirectly manages REITs in Japan, Australia, Singapore and Malaysia through its associate companies.
- (b) **Private real estate funds** – The Group manages private funds providing investment opportunities in diverse real estate sectors and geographies that cater to different investor risk appetites.
- (c) **Country desks** – ARA operates country desks in China, Korea, Japan, Malaysia, Australia, Europe and the United States. The country desks employ a strong understanding of each local market to facilitate the flow of inbound and outbound capital and cross-country

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<sup>14</sup> Includes assets under management by ARA Asset Management Limited and the Group of companies ("ARA Group") and its Associates.

collaborations. ARA has an expanded presence in Japan via its strategic stake in Kenedix, Inc. and in Europe via its strategic stake in Cromwell Property Group.

- (d) **Infrastructure** – ARA Infrastructure was established in 2018 to cater to strong investor demand for global infrastructure investment.
- (e) **Real estate management services** – As part of the Group's investor-operator philosophy, its dedicated property management teams actively work the ground to manage its assets globally.

ARA's multi-platform, multi-product global fund management strategy, combined with its dedicated teams with in-depth local knowledge, enables the Group to offer enduring value to investors. 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>.

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**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.

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